

Contents

1	Board of Directors
2	Chief Executive's Statement
6	Directors' Report
10	Report on Directors' on Remuneration
15	Independent Auditors' Report
16	Consolidated Profit and Loss Account
17	Consolidated Statement of Total Recognised Gains and Losses
17	Reconciliation of Movements of Shareholders' Funds
18	Consolidated Balance Sheet
19	Consolidated Cash Flow Statement
20	Company Balance Sheet
21	Notes to the Accounts
32	Five-Year Financial Summary

Financial Headlines

	2005 £'000s	2004* £'000s
Turnover		
Print	7,919	13,698
Internet	5,947	5,474
Events	4,801	4,112
Other	173	667
Joint venture	21	-
Total	18,861	23,951
Operating (loss)/profit before exceptional items (523)		72
Property provision	(2,445)	(340)
Redundancy costs	(416)	(677)
Impairment of intangible assets	-	(500)
Operating loss	(3,384)	(1,445)
Share of JV operating loss	(10)	-
Profit on disposal of Debrett's	429	-
Finance charges net	(75)	(96)
Loss before taxation	(3,040)	(1,541)
Operating cash inflow	666	2,199
Net funds/ (debt)	178	(341)
Expressed as % of shareholders' funds	3.0%	(3.8%)

* restated for impact of UITF 38 – see note 1 for more details.

“The outlook for the business looks exciting.”

“We are at an early stage of implementing a new strategy which fundamentally changes the orientation of the business.”

Steve Nicholson, Chief Executive

Board of directors



Stephen Davidson



Steve Nicholson



Christopher Haines



Chris Blake

Directors

Stephen Davidson, Chairman^{1,2,3}

Mr Davidson has extensive experience in banking, media and telecommunications. He is a director of The Wireless Group Plc and was previously vice-chairman of investment banking and global head of technology, media and telecommunications at WestLB Panmure. He is a former chief executive of Telewest Communications Plc and chairman of sports and entertainment group ENIC plc. Aged 49.

Steve Nicholson, Chief Executive³

Mr Nicholson has wide experience in change management and growing businesses, through a broad exposure to business & consumer markets with responsibilities spanning retail, finance, media, communications and technology markets and with wide international experience covering Asia, Europe, USA and Canada. Aged 49.

Christopher Haines, Senior Non-Executive Director^{1,2,3}

Mr Haines joined the board in October 1996 and was until December 2001 executive chairman. He was previously chief executive of the Jockey Club. Aged 66.

Chris Blake, Non-Executive Director^{1,2,3}

Mr Blake joined the board in December 2004. He has extensive experience within the publishing sector, and has previously been Managing Director of publishing companies within the Reed Elsevier and Thomson groups. He also has extensive experience of internet publishing. Aged 45.

¹ member of the Audit Committee

² member of the Remuneration Committee

³ member of the Nominations Committee

Advisers

Brokers and financial advisers

Rowan Dartington & Co

Solicitors

Olswang

Remuneration consultants

New Bridge Street

Independent Auditors

Deloitte & Touche LLP

Principal bankers

Lloyds TSB Bank plc

Registrars

Capita IRG plc

Corporate Information

Head Office and Registered Office

55 North Wharf Road, London W2 1LA

Website

www.spgmedia.com

Company Registration No.

1309004

Key Events

Year End: 31 March 2005

Preliminary announcement: 23 June 2005

Annual General Meeting: 4 August 2005

SPG MEDIA

Marketing solutions that
deliver measurable results

Chief Executive's Statement



Steve Nicholson, Chief Executive

“The group is making substantial investments developing new market leading products.”

The Group has made positive progress throughout 2004, aggressively pursuing its strategy to build a world-class business to business international media company founded on outstanding products and services.

Over a relatively short period of time the company has recruited a strong and knowledgeable board of directors, strengthened its management team and driven through the majority of planned operational changes to reduce costs, streamline processes and align the business to targeted markets.

The implementation of this strategy necessitated a substantial amount of structural change and product rationalisation. This has taken longer than we envisaged and has directly impacted our short-term performance.

At the heart of our strategy is a broad acceptance that the needs of our customers, the world's leading executives, are rapidly changing and that our traditional print products will not deliver sustainable value to this group of people.

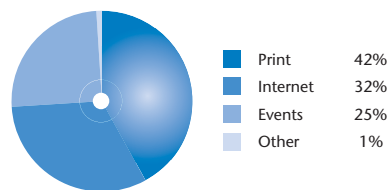
In recognition of these facts the Group is focused on building a market based technology enabled business founded on rich data and content assets. This strategy will lead to the group delivering our customers, global industry decision makers, outstanding publishing and Internet services supported by memorable business conferences and industry summit events.

We visualise that the transition of the business away from advertising led products to the multi-channel customer centric international media company will take a further 18 to 24 months, as the major structural changes are completed and that significant levels of investment in product development have commenced.

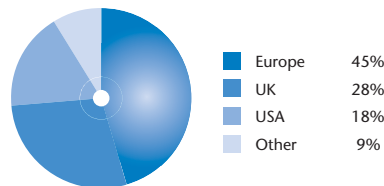
Financial headlines

Revenues	2005	2004*
	£m	£m
Print	8.0	13.7
Internet	5.9	5.5
Events	4.8	4.1
Other	0.2	0.7
	18.9	24.0
Cost of sales	(10.5)	(13.0)
Gross Profit	8.4	11.0
GP Margin	44%	46%
Distribution	(0.4)	(0.9)
Administrative expenses before exceptional items	(8.5)	(10.0)
Operating (loss)/profit before exceptional items	(0.5)	0.1
Restructuring	(0.4)	(0.7)
Property Provision	(2.5)	(0.3)
Impairment	-	(0.5)
Operating loss	(3.4)	(1.4)
Net cash/(debt)	0.2	(0.3)

Analysis of turnover by channel



Analysis of turnover by geographical destination



* restated for impact of UITF 38 – see note 1 for more details.

2004/2005 products by industry sector*

Sectors	Publishing	Emedia	Events
Leadership	5	-	1
Pharmaceutical & Healthcare	10	3	16
Energy	3	6	1
Construction	1	1	1
Packaging	1	3	2
Defence	2	4	-
Transport	1	5	2
Technology & Telecommunications	2	3	23
Hospitality & Leisure	6	1	1
Other	2	-	1

2005/2006 plans by industry sector*

Sectors	Publishing	Emedia	Events
Leadership	2	-	2
Pharmaceutical & Healthcare	3	3	9
Energy	1	6	2
Construction	1	1	3
Packaging	1	1	4
Defence	-	4	-
Transport	1	4	2
Technology & Telecommunications	-	1	16
Hospitality & Leisure	3	-	1
Other	-	2	-

* excludes India sales channels

In 2004, the Group absorbed operational investments exceeding £500,000 focusing on building our Indian operations, developing our underlying technology platforms and importantly starting the process of building world class media products that are planned for launch from September 2005.

We also entered a joint venture with Emedia to strengthen our Internet proposition and start the process of providing our customers with response based electronic bulletins, applying the highly successful Emedia business model internationally, £65,000 being invested to launch the business.

From a financial perspective the trading position did not match our expectations, principally due to a very poor fourth quarter in the print business with sales failing to achieve forecast.

Debrett's was successfully sold for £1.1 million, as part of the rationalisation program, providing a net gain of £429,000.

The business is currently debt free, cash positive and increasingly cash generative, performing broadly in line with our expectations.

The board made significant provisions for non-operational properties reflective of our plans to develop an international media business not necessarily wholly based in London.

Offices have been opened in Hyderabad, India, where we currently have around 125 people and in Nottingham where all future UK expansion will arise, we currently have around 25 people in these offices. We have no further plans for geographic expansion in the immediate future.

I believe the outlook for the business to be very exciting as we are at the early stages of

a turnaround program designed to fundamentally change the commercial orientation of the business.

The planned transfer to AIM from the official list of the London Stock Exchange will take place on the 25th July 2005.

In view of the company's size and market capitalisation, it makes more sense to trade on AIM where the Group will incur less administrative overhead and potentially attract greater investment interest given the advantageous taxation benefits for many investors.

Our immediate challenge is to balance the required levels of investment with the need to return the business to profitability whilst not losing sight of the fact that we are determined to create sustainable and growing shareholder value.

The Board will not be recommending the payment of a dividend, though the Board remains hopeful that dividends will be payable as soon as practicable.

Operational review
Management

The Group continues to strengthen its executive management team with the planned appointments of an experienced Publishing Managing Director and a Group Financial Director in August 2005.

The strengthening of the board and the executive team are fundamental to the attainment of the strategy with the planned appointments delivering the experience and commercial balance to execute the communicated strategy.

Emedia

There is a broad recognition that marketing spend is generally moving from print based media to the Internet as businesses embrace

the ability of the Internet to fulfill many of their research and information requirements.

The Group currently operates 22 industry reference sites principally providing engineers with information on industry projects, manufacturers and suppliers.

In the year ending March 2005 the Internet business's revenue grew organically by around 10% to £6 million with an average of over 100,000 daily user sessions indicating that we are reaching a bigger and broader audience.

Further rationalisation of our current Internet products is planned with various web sites being transferred to India where a lower cost base will provide improved return.

The Group is making a substantial investment in product development improving basic functionality through to launching new industry portals planned from September 2005.

Significant investments are being made to develop the functionality of the Internet sites with the objective of introducing new services from September 2005.

In addition we are advancing our search engine developments announced around 12 months ago: the underlying technology is fully functional; the user interface is being developed; and the database developed out of India.

This business, Qmina, will not launch until late 2006 or early 2007 albeit we envisage using the underlying technology and data assets in conjunction with our current sites from September 2005.

The outlook for this business is favourable with a strong and commercially competent team aggressively pursuing the implementation of the new three-year business plan.

Emedia: 'Definitive point of reference for industry professionals'



Emedia International Ltd

SPG Media entered a 50:50 joint venture with Emedia Ltd to launch an international version of their highly successful 'E' bulletin response business.

The business was launched in January 2005 with modest expectations for the first year as the business recruits the management team and develops the international products and proposition. SPG Media has the first rights of refusal to acquire the business and sees this business as providing a valuable additional service to the core Internet business.

Publishing

The majority of our challenges remain in the historic advertising led controlled circulation print publishing business that has been in decline since 2001.

Investments in building our circulation assets, improving product design and editorial content are all ongoing and to mitigate future risk the group has further rationalised the print publishing business in recognition of the broad swing away from traditional Business to Business (B2B) print advertising to online media, direct marketing and lead generation services.

The Group discontinued a number of duplicate, weak or non-core publishing products during 2004 which contributed approximately £4.5m of annual revenue. This does include the sale of the Debrett's International Collection titles sold as part of the Debrett's business.

In 2005, after much reorganisation, the business will have around 12 publications serving our most profitable sectors and whilst some further rationalisation may be necessary, I am increasingly confident that we have the right strategy in place to begin improving the performance of this division in the medium term.

The Group has consciously limited its exposure to any further market downturn by reducing the number of markets serviced and, consequently, the number of publications distributed.

The Board remains cautious about its outlook for the print publishing business noting the recent recruitment of an outstanding and proven managing director with an extensive background in B2B publishing and the general improvements in product quality and circulation.

Events

The Group's Events business performed well with growth of 20% on an annualised basis.

The Group currently has two events businesses that will be merged into one business during 2005.

The conferences business acquired in 2003 was fully integrated into the group in early 2004 with significant rationalisation coupled to the recruitment of new management.

The executive forums business progressed well with strong incremental year on year revenue growth of 39% .

The integration of these businesses and resultant synergies presents a significant organic growth opportunity for the Group in addition to cost saving benefits.

The general outlook for the Events business is favourable with the Board confident that the business has a strong management team with a substantial organic growth opportunity.

India

The Indian business is developing rapidly growing from 10 to over 120 people, between January 2004 and January 2005, with significant investments in premises and technology to provide the group with its core market intelligence functions.

A significant proportion of the Group's data and circulation developments are now executed out of India and we are in the process of creating a market intelligence function that will provide the group with the research materials and market knowledge to launch outstanding products and services.

A variety of Internet products, historically sold from the UK, have been transferred to India who have a sales team of around 45 selling worldwide on these products.

In addition we will hold our first event run out of India, in June 2005, with plans for a further event in March 2006.

We recently started the process of building our publishing expertise in India and have launched our first magazine, Pharma Asia.

Revenues continue to grow with current order intake indicating further rapid growth in 2005.

The outlook for India is very positive based on a strong order book and the quantum of organic growth opportunities in a fast developing economy.

Nottingham

In February 2005 we opened a satellite office in Nottingham to reduce our dependence on London given the historic challenges of recruiting and retaining sales people and the general higher costs of operating in London compared with a regional location, such as Nottingham.

All future UK expansion is planned to come in Nottingham, where we currently have approximately 25 people.

Debrett's

Debrett's was successfully sold to private investors in December 2004 for £1.1 million, generating a profit on disposal of £0.4m

Print propositions for an electronic age



Financial review

Accounting Policies

The Group accounts include the consolidated results of SPG Media Group plc and its subsidiaries and joint venture. Accounting policies have been applied consistently, year on year. The Financial Statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards on a basis consistent with the previous year (except for restatement concerning ownership of own shares necessitated by a new accounting standard 'UITF 38') across all companies in the Group.

Trading Result

Group turnover declined 21% year on year principally due to the rationalisation of the print business where a 40% reduction in print advertising revenues reflected the quantum of change in the business and the declining interest of advertisers in standalone controlled circulation propositions.

Gross margins for the year were 44% (2004: 46%) reflecting the changing business mix, reflecting the level of investments in product development of £0.35 million.

The adjusted operating loss before exceptional items is £523,000 against a profit last year of £72,000.

Exceptional Items

Exceptional items comprise redundancy payments of £416,000 (which included compensation for loss of office to a director of £203,000) and an additional provision against non-operational properties of £ 2,445,000.

After exceptional items the operating loss was £3,384,000 (2004: loss of £1,445,000).

A profit on disposal of Debrett's of £ 429,000 was also realised.

Net finance costs were £ 75,000 (2004: £96,000).

Cash flow & Funding

The cash inflow from operating activities was £666,000 and after capital expenditure of £569,000 and the proceeds from the sale of Debrett's the overall cash flow of £574,000 results in positive net funds of £178,000 (2004: net debt £341,000).

Future developments

Strategy & Market Developments

We envisage market conditions remaining unpredictable noting an expectation of the trend to continue away from traditional print based advertising to online media and response based services.

We are starting to see a clear trend evolve where our customers are focused on securing a direct return from their marketing investments – increasingly interested in response based services that deliver genuine sales opportunities providing the ability to quantify return on investment.

The use of the Internet as a legitimate business tool is rapidly extending beyond financial, travel, community and e-commerce sectors into a broader range of markets where information has traditionally been provided through print media.

Our market analysis would imply that business users are increasingly frustrated by the array of Internet information options and are seeking definitive points of reference to bookmark, search and frequently use. The conferences and events market remains strong noting that over supply and the diversity of service providers offering weak or poor events will naturally polarise the market as businesses seek the safety of established brands and reputations.

SPG anticipates changes in the marketing

services arena as businesses increasingly focus on marketing campaigns that deliver precision as opposed to blanket market coverage.

The use of outbound call centres coupled to the increased use of intrusive direct mail will inevitably make access to senior executives and decision makers increasingly challenging, hence the strategy SPG are engaged in implementing.

The focus and orientation of the group is structured around building an international market leading media business skilled and competent at providing customers with solutions and services, that deliver tangible and measurable marketing results.

Our objective is to ensure that SPG is a name synonymous with quality as opposed to quantity and professionalism as opposed to mediocrity.

Our structural, technological and research related investments are significant for a company the size of SPG.

We believe that our investments in building extensive data and content assets will lead to the development of a portfolio of outstanding products and services that in time will provide tangible differential and the basis for long term and sustained growth.

S P Nicholson, Chief Executive
22 June 2005

Chairman's Statement

It has been a difficult, but productive year for SPG. The company's focus and cost structure have improved significantly, but we operate in highly competitive sectors and now in a weakening advertising market. This will be another challenging year.

Stephen Davidson, Chairman



Face to face networking at an SPG event



Event figures	2005	2004
No of Conferences	40	40
No of Forums	12	8
Revenues	£m 4.8	£m 4.1



Directors' Report

For the year ended 31 March 2005

The directors present their report and Group financial statements for the year ended 31 March 2005.

Principal activities

The principal activity of the Group is to support its customers in achieving their marketing objectives by bringing buyers and sellers together through print media, on websites and at events.

Results and dividends

The Group adjusted operating loss before interest, exceptional items and tax for the year was £0.52 million (2004: profit £0.07 million). Adjusted loss is calculated as operating loss less exceptional items. The operating loss was £3.38 million (2004: loss £1.45 million). This is after exceptional items of £2.86million, which includes a £2.4 million provision against non-operational properties. The loss attributable to shareholders was £3.05 million (2004: £1.54 million).

No interim dividend was paid (2004: nil) and the directors do not recommend payment of a final dividend (2004: nil).

The loss transferred from reserves was £3.05 million (2004: £1.48million).

Business review and future developments

A review of the business is set out in the chief executive's statement on pages 2 to 5.

Share capital and substantial interests

Details of the company's share capital are set out in Note 23. As at 21 June 2005 the company had been notified of the following interests in the company's ordinary share capital:

Percentage ordinary shares owned

Utilico Investment Trust plc	29.67%
INVESCO English and International Trust plc	6.99%
Herald Investment Trust	5.93%
Hargreave Hale Special Situations UT	5.11%
Invesco Perpetual UK Smaller Companies Growth UT	3.67%

Directors and directors' interests

The current directors of the Company together with biographical details appear on page 1. In addition the following served as directors during the year – DS Watson (resigned 8 April 2005) and RP Corbett (resigned 30 July 2004)

The interests of directors in the share capital of the company, all of which are beneficial, are as follows:

	31 March 2005	1 April 2004 or date of appointment
S J Davidson	150,000	150,000
S P Nicholson	782,630	462,500
D S Watson	529,822	502,500
C J M Haines	437,500	437,500
C J Blake	62,500	-
RP Corbett	-	200,000

The interests of directors in the options over the ordinary share capital of the Company are set out on page 13.

During the period 1 April 2005 to 21 June 2005 42,858 shares have been allocated under the terms of the Company's Share Incentive Plan to Mr S Nicholson, bringing his total holding to 782,630 shares. None of the directors had interests in the shares of any other group company.

Interests in Transactions

No contracts subsisted during the year in which a director had a material interest.

Re-election of directors

Mr C Haines retires by rotation at the next Annual General Meeting in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election. Mr C Blake, having been appointed director during the year, also stands for re-election.

Creditor payment policy

It is the Company's policy that payments to suppliers are made in accordance with agreed terms provided that the supplier also complies with all relevant terms and conditions. The Company's trade creditors at 31 March 2005 were equivalent to 13 days of purchases during the year ended on that date (2004: 4 days).

The Annual General Meeting

The Annual General Meeting will be held on 4 August 2005 at the Montcalm Hotel at 10:30 am. Full details and an explanation of the special business to be discussed appear in the Notice of the Annual General Meeting.

Disabled Employees

It is the policy of the Group to support the employment of disabled persons where possible, both in recruitment and by the retention of employees who become disabled whilst in the employment of the Group, as well as generally through training and career development.

Employment policies

The Group's employment policies, including the commitment to equal opportunities, are designed to attract, retain and motivate the very best staff regardless of sex, race, religion or disability. Good and effective employee communications are particularly important, and it is the Group's policy to promote the understanding and involvement of all its employees in the Group's business aims and performance.

The Group encourages the participation of staff in the generation of fresh business ideas. The Group actively promotes from within and solicits contributions from all its staff for improvements. Regular meetings are held between staff and management to encourage the interchange of ideas.

Corporate Governance

Statement by the Directors on compliance with the provisions of the Combined Code

The Company is committed to high standards of corporate governance. This statement describes how the Board has applied the principles of good governance set out in the revised Combined Code (the Code) issued in July 2003. The Code is part of the listing rules of the Financial Services Authority. The Company has substantially complied with the provisions of the Code, except as noted below.

The role of chairman and chief executive was combined during the year but has since been separated with the appointment of Mr S Davidson as non-executive chairman on 18 April 2005.

The Board

During the year under review Mr S Nicholson has been responsible as executive chairman for running both the Board and the Group's business. On 18 April 2005 Mr S Davidson was appointed non-executive chairman of the Board, with Mr S Nicholson becoming chief executive. Mr P Corbett resigned as a non-executive director on 30 July 2004 and Mr C Blake was appointed a non-executive director on 12 December 2004. The Board now comprises four directors, of whom three are non-executive and the senior independent non-executive director is Mr C Haines.

The Board met 10 times in the year and there is a formal schedule of matters reserved for the consideration of the Board. The board is responsible to the shareholders for the proper management of the Group. It met monthly, setting and monitoring Group strategy, reviewing trading performance, ensuring adequate funding, examining development possibilities and formulating policy on key issues. Within the strategies and policies set by the Board the operation is delegated to management.

The company secretary ensures that the Board and its committees are supplied with papers to enable them to consider matters in good time for meetings and to enable them to discharge their duties. Procedures are in place for the directors, in the furtherance of their duties, to take independent professional advice, if necessary at the Company's expense, as required under the code.

The chairman is responsible for the running of the Board and determining strategy in conjunction with the chief executive, who is responsible for the day to day running of the Group's businesses supported by divisional managing directors.

The non-executive directors have the opportunity to meet without the executive directors in order to discuss the performance of the Board, its committees and the individual directors. A performance review of the Board has been carried out.

All directors are required to stand for re-election at least once every three years. The terms and conditions of appointment of the non-executive directors are available for inspection.

The Board has established a number of committees with mandates to deal with specific aspects of its business. The Board and the committees met the following number of times in the year:

	Board Meetings	Committees		
		Remuneration	Nomination	Audit
Mr S Davidson	10	1	1	3
Mr S Nicholson	10	-	1	3*
Mr D Watson	10	-	-	3*
Mr C Haines	10	1	1	3
Mr C Blake	3	-	-	1
Mr P Corbett	1	1	-	-

*Mr S Nicholson and Mr D Watson attended part of the audit committee meetings by invitation from the committee

Nomination Committee

The nomination committee comprised Mr S Nicholson (chairman), Mr C Haines and Mr S Davidson. The nomination committee leads the process for board appointments and makes recommendations to the Board. The committee evaluates the balance of skills, knowledge and experience on the Board and, in the light of the evaluation, prepares a description of the role and capabilities required for a particular appointment. The terms and conditions of appointment of the non-executive directors are available for inspection.

Audit Committee

The audit committee comprises Mr C Haines (chairman), Mr S Davidson and Mr C Blake and has specific terms of reference, which deal with its authority and duties. It met three times in the year with the external auditors attending by invitation.

The committee is responsible for reviewing the Interim Report and the Annual Report and Accounts and it oversees the controls necessary to ensure the integrity of the financial information reported to shareholders. The audit committee discusses the nature, scope and findings of the audit with the external auditors, and monitors the independence of the external auditors. The committee is also responsible for considering the appointment or re-appointment of the external auditors and the audit fee. During the year the audit committee has assessed the effectiveness of the external auditors. The terms of reference of the audit committee are available for inspection on request.

The audit committee discharges its responsibilities through receiving reports from management and advisers, working closely with the auditors, carrying out and reviewing risk assessment and taking counsel where appropriate in areas when required to make a judgement.

The audit committee has considered the need for a separate internal audit function but due to the size of the company and procedures in place to monitor both trading performance and internal controls, it was concluded the costs of a separate internal audit department would outweigh the benefits.

The audit committee reviews arrangements by which staff may raise possible improprieties in matters relating to financial reporting.

The audit committee members bring considerable experience including Mr S Davidson, an experienced banker who is non-executive director and audit committee member of two other listed companies, and has been a finance director of a UK publicly listed company, together with Mr C Haines and Mr C Blake who both have several years experience at board level in a range of businesses in the media sector.

Remuneration Committee

The remuneration committee comprises Mr C Blake (chairman of the committee), Mr S Davidson and Mr C Haines. Mr S Davidson was chairman of this committee until he became chairman of the Board on 18 April 2005. The remuneration committee was responsible for determining the service contract terms, remuneration and other benefits of the executive directors details of which are set out in the Remuneration Report. The terms of reference of the remuneration committee are available for inspection on request.

Internal Control and Risk Management

The Board has overall responsibility for the Group's system of internal controls and for monitoring its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Under the Code there is a requirement that the directors review the effectiveness of the Group's system of internal controls. This extends the existing requirement in respect of internal financial controls to cover all controls including financial, operational, compliance and risk management.

An ongoing process for identifying, evaluating and managing the significant risks faced by the Group was put in place in 2001. This has included a review of the risks and prioritisation of those risks identified together with mitigation steps. The process is reviewed regularly by the Board and is in accordance with the Turnbull requirements.

The Board has formally adopted a schedule of matters required to be tabled for discussion and approval. This ensures that the directors maintain overall control over all significant strategic, financial, operational and compliance issues. The Board recognises its responsibility for ensuring a system of internal control is in place, which is appropriate to the business environments in which the Group operates.

The following are the main features of the internal control framework:

Financial information: The Group has a comprehensive system for reporting financial results to the Board; monthly results are prepared for each operating unit with a comparison against budget. The Board reviews these for the Group as a whole and determines appropriate action.

Quality and integrity of personnel: The Group has clear external recruitment procedures, training as appropriate and published Group policies.

Operating unit financial controls: Key controls over major financial risks include reviews against performance indicators and exception reporting. The operating units make regular assessments of their exposure to major financial risks and the extent to which these risks are controlled.

Computer systems: The Group has established appropriate controls over the security of data held on computer systems and has put in place disaster recovery arrangements.

Control over central functions: A number of the Group's key functions, including treasury and taxation, are dealt with centrally and are required to report to the Board on a monthly basis.

A review of the effectiveness of the system of internal control for the year ended 31 March 2005 has been undertaken by an independent consultant, which the Board has considered.

Regular financial information and management information is received from the partners in the joint venture, International Emedia Ltd, and the Group is satisfied with the controls in operation.

Shareholder relationships

The Company is active in communicating with both its institutional and private shareholders. All shareholders have at least 20 working days' notice of the annual general meeting at which directors are introduced and available for questions.

Services provided by external auditors

The auditors fees for the year are £71,000 (2004: £71,000).

In order to maintain the independence of the external auditors, the Board has determined that non-audit work will not be offered to the external auditors unless there are clear efficiencies and value added benefits to the Company.

Health and safety

It is the policy of the Group to conduct all business activities in a responsible manner free from recognised hazards and to respect the environment, health and safety of our employees, customers, suppliers, partners, neighbours and the community at large.

Going concern

After making relevant enquiries the directors have a reasonable expectation that the Group as a whole has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing these financial statements.

Report on Directors' Remuneration

This report has been prepared in accordance with the Directors' Remuneration report Regulations 2002 (The Regulations), which introduced new statutory requirements for the disclosure of directors' remuneration in respect of periods ending on or after 31 December 2002. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the Principles of Good Governance relating to directors' remuneration. As required by the Regulations, a resolution to approve the report will be proposed at the Annual General Meeting of the company at which the financial statements will be approved.

The Regulations require the auditors to report to the company's members on the "auditable part" of the Directors' Remuneration report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations). The report has therefore been divided into separate sections for audited and unaudited information.

A. Information not subject to audit

The Remuneration Committee

The remuneration committee consists of Mr C Blake (chairman), Mr C Haines and Mr S Davidson. In the matters to be decided, members have no personal financial interests, other than as shareholders, nor are they involved in the day-to-day running of the business. The committee consults the chief executive about its proposals.

Best practice

The Company complied throughout the year with Section A of the best practice provisions on directors' remuneration annexed to The London Stock Exchange Listing Rules. In framing its remuneration policy the committee has also given full consideration to all of the matters referred to in Section B of the best practice provisions.

Director's remuneration policy

Executive directors' and senior executives' remuneration

In assessing all aspects of pay and benefits the committee compares packages offered by similar companies. These companies are chosen having regard for the Company's size, diversity and complexity.

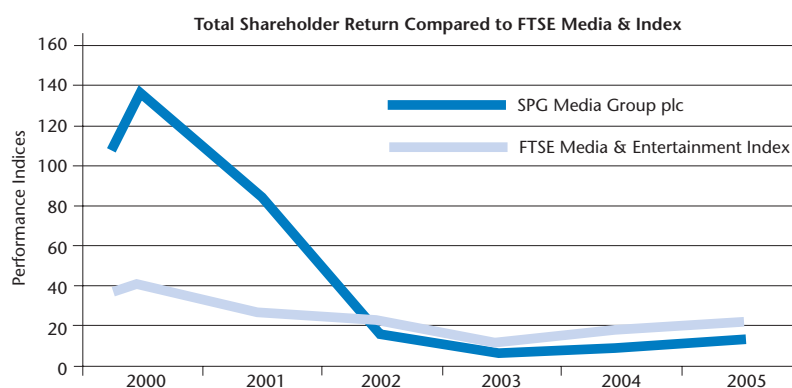
Executive remuneration packages are designed to attract, motivate and retain directors and senior executives, and to reward them for delivering to predetermined targets and for enhancing long-term value to shareholders.

The main elements of the remuneration package for executive directors are:

- **Basic annual salary** - Salaries are reviewed annually but the committee does not automatically grant an increase.
- **Long-term incentive arrangements** - Long-term incentives are achieved by aligning directors' and shareholders' interests through shares held under options and the annual bonus plan, both of which include performance criteria linked to growth in earnings per share.
- **Performance bonuses** - There is a performance related bonus arrangement for executive directors, based on achievement of agreed profit levels capped at a total bonus of 50% of salary. On 13 April 2004 the remuneration committee approved an additional discretionary bonus scheme for the year to 31 March 2005 for executive directors to complement the existing profit based scheme and capped at 25% of salary. No bonuses are payable in respect of the year to 31 March 2005.
- **Other benefits** - These include a car allowance, mobile telephone, medical cover for the directors and immediate family and contributions to personal pension plans.

Non-executive directors' remuneration

All non-executive directors have letters of appointment and their remuneration is determined by the board having regard to the level of fees for similar companies. Non-executive directors cannot participate in any of the Company's share option schemes unless they were granted options while holding an executive position. Non-executive directors are not entitled to any contribution in respect of pensions.



The above chart shows the performance of the Group for the five years ended 31 March 2005 by comparing Total Shareholder Return for the Group against comparative performance of the FTSE Media Index rebased to 31 March 2000. In the opinion of the directors this comparison is the most appropriate in judging the relative performance of the Group from a shareholder perspective.

Directors' service agreements

It is the Group's policy that directors should not have service agreements with notice periods capable of exceeding twelve months. The existing service agreements have neither fixed terms nor contractual termination payments but do have fixed notice periods. Non-executive directors have letters of appointment with the Company. The details of the service agreements or letters of appointment of those who served during the year are:

	Agreement date	Notice period
Executive		
S P Nicholson	1 December 2003	12 months
Non executive		
C J M Haines	26 November 2001 amended 16 April 2004	1 month
S J Davidson	12 February 2004	1 month
C J Blake	12 December 2004	1 month

B. Audited Information

Aggregate directors' remuneration

The total amounts for directors' remuneration were as follows:

	2005 £'000	2004 £'000
Emoluments	378	494
Money purchase pension contributions	23	43
Compensation for loss of office	178	479
Total	579	1,016

Directors' emoluments

	2005 Salary and fees £'000	2005 Compensation for loss of office £'000	2005 Bonus £'000	2005 Pension £'000	2005 Other benefits £'000	2005 Total £'000
Executive directors						
SP Nicholson	177	-	-	-	12	189
DS Watson	125	178	-	23	1	327
Non-executive directors						
CJM Haines	24	-	-	-	-	24
RP Corbett	15	-	-	-	-	15
SJ Davidson	18	-	-	-	-	18
C J Blake	6*	-	-	-	-	6
Total remuneration	365	178	-	23	13	579

*Payment in respect of period since joining the Board; Mr Blake's annual salary is £18,000. In addition to the above amounts £14,250 was paid to Mr Blake in respect of consultancy services provided to the Group prior to joining the Board on 12 December 2004.

	2004 Salary and fees £'000	2004 Compensation for loss of office £'000	2004 Bonus £'000	2004 Pension £'000	2004 Other benefits £'000	2004 Total £'000
Executive directors						
SP Nicholson	57**	-	-	-	-	57
DS Watson	110	-	-	21	1	132
SE Kessler	122	198	-	14	15	349
LS Garman	88	270	18	8	8	392
Non-executive directors						
CJM Haines	33	-	-	-	-	33
RP Corbett	15	-	-	-	-	15
SJ Davidson	2	-	-	-	-	2
DRW Harrison	15	3	-	-	-	18
KE Turner	10	8	-	-	-	18
Total remuneration	452	479	18	43	24	1,016

**In addition to the above amounts in the year to 31 March 2004 Mr SP Nicholson was paid £83,625 in respect of his services to the Group prior to him joining the Board on 1 December 2003.

Pension arrangements

There is no Company managed pension scheme but the Group operates a defined contribution group personal pension scheme as well as making contributions to other individuals' personal pension schemes. The assets of all these schemes are held separately from those of the Group and in independently administered funds. The pension cost charge represents contributions payable by the Group to these funds and during the year amounted to £115,000 (2004: £144,000) including £23,000 (2004: £43,000) on behalf of the executive directors.

Share option schemes

The Company currently has four options schemes for directors and other employees each of which is controlled by the remuneration committee. The schemes are as follows:

(i) Sterling Publishing Group 1996 Approved Share Option Scheme ("Approved Scheme")

Under the terms of the Approved Scheme, options may only be exercised provided the average annual growth in earnings per share over a three-year period exceeds inflation by at least 2%.

As at 31 March 2005 there were options in force over 392,600 shares as follows:

Number of shares	Grant date	Exercise price (pence)	First exercise date	Last exercise date
29,600	28 Jul 1997	22.50	28 Jul 2000	27 Jul 2007
25,000	19 Dec 1997	18.50	19 Dec 2000	18 Dec 2007
85,000	07 Jul 1998	15.00	07 Jul 2001	06 Jul 2008
20,000	06 Jul 1999	33.00	06 Jul 2002	05 Jul 2009
128,000	15 Dec 1999	76.50	15 Dec 2002	14 Dec 2009
105,000	20 Dec 2002	11.25	20 Dec 2005	19 Dec 2012

(ii) Sterling Publishing Group 1990 Unapproved Share Option Scheme ("Unapproved Scheme")

There are no performance criteria under the terms of the Unapproved Scheme.

As at 31 March 2005 there were options in force over 990,000 shares as follows:

Number of shares	Grant date	Exercise price (pence)	First exercise date	Last exercise date
50,000	19 Dec 1997	18.50	19 Dec 2000	18 Dec 2007
125,000	06 Jul 1999	33.00	06 Jul 2002	05 Jul 2009
745,000	07 Jul 2000	132.50	07 Jul 2003	06 Jul 2010
70,000	24 Nov 2000	135.00	24 Nov 2003	23 Nov 2010

(iii) Sterling Publishing Group 2000 Unapproved Share Option Scheme ("2000 Scheme")

The 2000 Scheme was approved by shareholders on 10 March 2000. The sole purpose of the scheme was to grant options by way of compensation for rights given up under the long term incentive plan. The options were exercisable as to 40% immediately, 35% after one year (10 March 2001) and 25% after two years (10 March 2002). 50% of the share options are subject to a requirement that average earnings per share over a three year period exceed inflation by at least 2%. Provision also exists for option holders to receive the cash equivalent of the excess of the market price of shares over the option exercise price in the event of a general offer for the shares in the Company. No further options may be granted under this scheme.

As at 31 March 2005 there were options in force over 2,666,670 shares as follows:

Number of shares	Grant date	Exercise price (pence)	First exercise date	Last exercise date
2,666,670	10 March 2000	116.50	See above	31 May 2008

(iv) Sterling Publishing Group 2003 Share Option Scheme ("2003 Scheme")

The 2003 Scheme was approved by shareholders on 28 July 2003.

The options granted on 9 December 2003 are subject to the requirement that earnings per share grow at an annual rate of RPI + x%, based on a notional earnings per share for the year ended 31 March 2003 of 1.5p. Where the market value of options granted is less than or equal to 50% of salary, x is equal to 5% and to the extent that the market value of options granted exceeds 50% of salary, x is equal to 8%.

As at 31 March 2005 there were options in force over 2,682,500 shares as follows:

Number of shares	Grant date	Exercise price (pence)	First exercise date	Last exercise date
2,045,000	9 Dec 2003	13.25	9 Dec 2006	8 Dec 2013
637,500	26 July 2004	12.00	26 July 2007	25 July 2014

Share options for directors

The following table shows the details of options in force for each of the directors of the company who served during the year:

	Scheme	Exercise price (pence)	Date of grant	Number at 1 April 2004	Granted	Exercised	Number at 31 March 2005
Executive							
SP Nicholson	(iv)	13.25	9 Dec 2003	1,000,000	-	-	1,000,000
				1,000,000	-	-	1,000,000
DS Watson	(ii)	18.50	19 Dec 1997	50,000	-	-	50,000
	(iii)	116.50	10 Mar 2000	1,333,335	-	-	1,333,335
	(iv)	13.25	9 Dec 2003	450,000	-	-	450,000
	(iv)	12.00	26 July 2004	-	187,500	-	187,500
				1,833,335	187,500	-	2,020,835
Non executive							
CJM Haines	(ii)	33.00p	6 Jul 1999	125,000	-	-	125,000
	(iii)	116.50p	10 Mar 2000	1,333,335	-	-	1,333,335
				1,458,335	-	-	1,458,335

No options over ordinary shares were exercised during the year. The market price of the ordinary shares at 31 March 2005 was 9.5p and the range during the year was 8.75p to 18p.

Long term incentive arrangements for directors

A long term incentive plan (the "Plan") was approved by shareholders in July 1998. On 10 March 2000 two-thirds of these rights were given up as part of the introduction of the 2000 Unapproved Share Option Scheme.

Amounts due under the Plan are determined by reference to the average middle market quotation of the ordinary shares for the ten dealing days following the announcement of the annual results subject to a cap of 30 times the IIMR earnings per share. Sums due are payable up to 30 days thereafter subject to the requirement for the average growth in IIMR earnings per share over a three-year period to exceed inflation by at least 2%. Rights under the Plan expire on 31 May 2008.

Rights over notional shares with a notional base price at 1 April 2004 and 31 March 2005 of 100p were in force under the Plan for those directors who served during the year as follows:

	1 April 2004	Number of notional shares Lapsed	31 March 2005
DS Watson	133,333	-	133,333
CJM Haines	133,333	-	133,333

No amounts are due under the terms of the Plan in respect of the year ended 31 March 2005 (2004: £ nil).

Share Incentive Plan

The Company introduced a share participation plan in December 2004 to enable all UK employees to acquire shares in the Company. It is an approved government scheme under which employees can pay out of gross income for up to £1,500 worth of shares per annum on a regular basis. For every share purchased under the plan the Company pays for one extra matching share. At 31 March 2005 employees had acquired 147,657 shares under the plan and the company had acquired a further 147,657 matching shares, of which the directors interest was as follows:

	Participation	Number of shares Matching	Total
SP Nicholson	13,636	13,636	27,272
DS Watson	13,636	13,636	27,272
	27,272	27,272	54,544

The shareholdings of the directors are included in the directors' interest in the share capital of the company shown on page 6.

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the Company, and of the Group, as at the end of the financial year and of the profit or loss of the Group for that period.

The directors consider that in preparing the accounts, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Directors are required to state whether applicable accounting standards have been followed and prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for the system of internal control, for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming annual general meeting.

By order of the board

OL Thornton, Secretary
22 June 2005

Independent Auditors' Report to the Members of SPG Media Group plc

We have audited the financial statements of SPG Media Group Plc for the year ended 31 March 2005 which comprise the consolidated profit and loss account, the balance sheets, the consolidated statement of total recognised gains and losses, the reconciliation of movements in shareholders funds, the consolidated cash flow statement, and the related notes 1 to 28.

These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the directors' remuneration report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the annual report including the directors' remuneration report. Our responsibility is to audit the financial statements and the part of the directors' remuneration report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section including the unaudited part of the directors' remuneration report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the directors' remuneration report described as having been audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the directors' remuneration report described as having been audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the directors' remuneration report described as having been audited.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2005 and of the loss of the Group for the year then ended; and
- the financial statements and part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Consolidated Profit and Loss Account

For the year ended 31 March 2005

	Notes	Total 2005 £'000	Restated 2004* £'000
Turnover	2	18,861	23,951
Less share of joint venture turnover		(21)	-
Group Turnover		18,840	-
Cost of sales		(10,485)	(12,992)
Gross profit		8,355	10,959
Distribution costs		(366)	(926)
Administrative expenses		(11,373)	(11,478)
Administrative expenses (before exceptional items)		(8,512)	(9,961)
Exceptional Items	5	(2,861)	(1,517)
Total administrative expenses		(11,373)	(11,478)
Operating loss	3	(3,384)	(1,445)
Share of joint venture operating loss		(10)	-
Profit on disposal of business	5	429	-
Finance charges – net	6	(75)	(96)
Loss on ordinary activities before taxation		(3,040)	(1,541)
Tax on loss on ordinary activities	7	(6)	-
Loss on ordinary activities after taxation and retained loss for the financial year		(3,046)	(1,541)
Basic loss per share*	8	(3.60)p	(1.83)p
Diluted loss per share*	8	(3.60)p	(1.83)p

All results derive from continuing operations in both years results of the disposed Debretts business are not presented as a discontinued operation as in the opinion of the Directors the results were not material to the Group.

*During the year the Group has adopted UITF 38 which has necessitated the restatement of the comparative year. See Note 1 for details.

Consolidated Statement of Total Recognised Gains & Losses

	2005	2004
	£'000	Restated £'000
Loss for the financial year		
Group	(3,036)	(1,541)
Joint venture	(10)	-
	(3,046)	(1,541)
Currency translation difference on foreign currency net investments	(5)	-
Total recognised gains & losses for the year	(3,051)	(1,541)
Prior year adjustment (as explained in note 12)	(145)	-
Release of negative goodwill (as explained in note 18)	(225)	-
Total recognised gains & losses since the last annual report	(3,421)	(1,541)

Reconciliation of Movements in Shareholders' Funds

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Loss for the Financial Year (2004 restated)	(3,046)	(1,541)	(12,266)	22
Other recognised gains and losses relating to the year (net)	(5)	-	-	-
	(3,051)	(1,541)	(12,266)	22
Ordinary shares issued	-	101	-	101
Ordinary shares to be issued	-	(407)	-	(407)
Negative Goodwill previously written-off included in retained profit for the year	(225)	-	-	-
Net change in shareholders' funds	(3,276)	(1,847)	(12,266)	(284)
Opening shareholders' funds restated	8,903	10,750	27,405	27,689
Closing shareholders' funds	5,627	8,903	15,139	27,405

Consolidated Balance Sheet

As at 31 March 2005

	Notes	2005 £'000	2004* Restated £'000
Fixed assets			
Intangible assets			
Goodwill	9	1,575	1,684
Other	9	2,832	3,432
Tangible assets	10	2,580	3,038
Investment in joint venture			
- Goodwill	11	65	-
- Share of gross assets	11	75	-
- Share of gross liabilities	11	(85)	-
		55	-
		7,042	8,154
Current assets			
Stocks and work-in-progress	14	4,517	4,496
Debtors	15	4,390	5,940
Cash at bank and in hand		233	103
		9,140	10,539
Creditors - amounts falling due within one year	17	(7,160)	(8,611)
Net current assets		1,980	1,928
Total assets less current liabilities		9,022	10,082
Creditors - amounts falling due after one year	17	(48)	
Provisions for liabilities and charges	19	(3,347)	(1,179)
Net assets		5,627	8,903
Capital and reserves			
Called up share capital	23	4,293	4,293
Share premium account	24	7,262	7,262
Own Shares	24	(86)	(86)
Capital redemption reserve	24	7,874	7,874
Other reserves	24	733	733
Profit and loss account	24	(14,449)	(11,173)
Equity Shareholders' funds		5,627	8,903

*During the year the Group has adopted UITF 38 which has necessitated the restatement of the comparative year. See Note 1 for details.

These financial statements were approved by the board of directors on 22 June 2005.

Steve Nicholson
Director

Consolidated Cash Flow Statement

For the year ended 31 March 2005

	Notes	2005 £'000	2004 £'000
Net cash inflow from operating activities	27	666	2,199
Returns on investments and servicing of finance			
Interest received		8	8
Interest paid		(27)	(44)
Interest element of finance lease payments		(2)	(9)
Taxation			
Overseas corporation tax paid		(6)	-
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(569)	(549)
Investment in joint venture		(65)	
Acquisitions and disposals			
Payment to acquire subsidiary undertaking		-	(87)
Net cash inflow from sale of trading assets	18	569	-
<hr/>			
Cash inflow before financing		574	1,518
Financing			
Capital element of finance lease payments		(3)	(152)
Decrease in cash in the year	28	571	1,366
<hr/>			
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the year before financing		574	1,366
Cash outflow from lease financing		3	152
Change in net debt resulting from cash flow		577	1,518
New finance lease obligations		(58)	-
Movement in net funds/(debt) for the year		519	1518
Opening net debt	28	(341)	(1,859)
Closing net funds/(debt)	28	178	(341)

Company Balance Sheet

As at 31 March 2005

	Notes	2005 £'000	2004* Restated £'000
Fixed assets			
Tangible assets	10	60	-
Investments in subsidiary undertakings	11,13	10,392	33,680
Investment in joint venture	11	65	-
		10,517	33,680
Current assets			
Debtors	15	7,287	5,496
Creditors - amounts falling due within one year	17	(2,458)	(11,601)
Net current assets/(liabilities)		4,829	(6,105)
Total assets less current liabilities		15,346	27,575
Creditors – amounts falling due after one year	17	(48)	-
Provisions for liabilities and charges	19	(159)	(170)
Net Assets		15,139	27,405
Capital and reserves			
Called up share capital	23	4,293	4,293
Own shares	24	(86)	(86)
Share premium account	24	7,262	7,262
Capital redemption reserve	24	7,874	7,874
Other reserves	24	1,701	1,701
Profit and loss account	24	(5,905)	6,361
Equity Shareholders' funds		15,139	27,405

*During the year the Group has adopted UITF 38 which has necessitated the restatement of the comparative year. See Note 1 for details.

These financial statements were approved by the board of directors on 22 June 2005.

Steve Nicholson
Director

Notes to the Accounts

1. Statement of Accounting Policies

The significant accounting policies have been applied consistently throughout the current and prior year, except as noted, in preparing the financial statements:

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards on a basis consistent with the previous year, except for restatement concerning ownership of own shares (see 'n' below).

(b) Basis of consolidation

The consolidated financial statements include the accounts of the company and all of its subsidiary undertakings drawn up to 31 March each year. No profit and loss account is presented for the company as permitted by s230 of the Companies Act 1985.

(c) Acquisitions and disposal

On the acquisition of a business fair values are attributed to the Group's share of separable net assets. Where the cost of acquisition exceeds the fair values attributable to such net assets the difference is treated as purchased goodwill or publishing rights and is capitalised in the Group balance sheet in the year of acquisition. Acquisitions are accounted for under the acquisition method.

Cost of acquisition includes deferred consideration to the extent that it is considered probable that it will become due. The results and cash flows relating to a business are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition or to the date of disposal as appropriate.

(d) Turnover

Turnover comprises amounts derived from services performed or advertisements published by the Group during the year. Print media revenue is recognised on publication, event revenue in the period in which the event is held and internet revenues on a straight-line basis over the contractual term (typically twelve months).

(e) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided over five years on a straight-line basis on fixtures, fittings and other equipment. Short leasehold premises are amortised over the terms of the leases.

(f) Intangible fixed assets and Publishing Rights

Publishing rights and other intangible fixed assets acquired are stated at cost or fair value at the date of acquisition and are not revalued. The directors consider that the assets have an indefinite useful economic life and therefore amortisation is not provided. The intangible fixed assets and publishing rights are subject to an annual impairment review and any impairment of value is written off against profits. No value has been attributed to internally generated titles. This treatment represents a departure from the Companies Act 1985, which requires amortisation systematically over an estimated life. In this respect, the Companies Act conflicts with the UK generally accepted accounting standard above.

(g) Goodwill

Goodwill, being the excess of the consideration paid over the fair value attributed to net assets acquired, is capitalised and amortised through the profit and loss account over its estimated useful life, not exceeding 20 years. The directors regard 20 years as a reasonable estimate of the useful economic life of goodwill. Provision is made for any impairment.

Goodwill arising on acquisitions in the year ended 31 March 1997 and earlier periods was written off to the reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard the goodwill previously written off to reserves has not been reinstated in the balance sheet. On disposal or closure of a previously acquired business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal.

(h) Investments in subsidiary undertakings

Investments are stated at cost less provision for any impairment.

(i) Leased assets

Assets acquired under finance leases are capitalised as tangible fixed assets and depreciated in accordance with the Group's normal accounting policies. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding. Rentals payable relating to all other leases are charged to the profit and loss account in equal amounts over the term of the lease.

(j) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(k) Stocks and work-in-progress

Costs incurred relating to unpublished material and deferred revenue at the year end, including attributable overheads, are treated as work-in-progress which is valued at the lower of cost and net realisable value.

(l) Foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

(m) Pensions

The Group's contributions to the pension schemes for its employees, all of which are defined contribution schemes, are charged against profits in the year when they fall due.

(n) Investments in Own Shares

As a result of the adoption of UITF 38, the Group's Employee Benefit Trust ('EBT') shares, which were previously held within investments, are now presented as a deduction from shareholders' funds. The ordinary shares were transferred at their value on 1 April 2003. The historical cost of the ordinary shares is £1,755,000 and the historical cost was written down to £86,000. The previous write off of this value has not been reversed and remains in the profit and loss account reserve, as in the opinion of the Directors this write down represents a realised loss for the Group. This complies with the latest UK accounting requirements.

2. Segmental Information

Geographical analysis of turnover by destination:

	2005 £'000	2004 £'000
UK	5,328	5,329
USA	3,308	5,773
Europe (other than UK)	8,570	10,625
Other	1,655	2,224
	<hr/> 18,861	<hr/> 23,951

Analysis of turnover by channel:

	2005 £'000	2004 £'000
Print	7,919	13,737
Internet	5,947	5,477
Events	4,801	4,112
Other	194	625
	<hr/> 18,861	<hr/> 23,951

In the opinion of the Directors, the Group operates in one segment, namely business to business communication. As a result, turnover by channel is provided for information purposes only.

3. Operating loss

Operating loss is stated after charging the following amounts:

	2005 £'000	2004 £'000
Staff costs (including directors)		
Wages and salaries	10,594	13,009
Social security costs	1,125	1,318
Other pensions costs	115	144
	<hr/> 11,834	<hr/> 14,471
Depreciation, amortisation and impairment		
Owned assets	995	991
Assets held under finance leases	5	73
Amortisation of goodwill	109	133
Impairment of intangible assets	-	500
Auditors' remuneration		
Audit services – statutory audit	71	71
Further assurance services – tax advisory services	-	-
Other services	-	-
Operating lease rentals		
Other (Land and buildings)	722	888
Plant and machinery	287	523

Information regarding directors' remuneration, share options, bonuses and pension contributions are set out in the report of the board to the shareholders on remuneration on pages 10 to 14.

Included in the audit fee above are fees in respect of the audit of the company of £29,000 (2004: £29,000).

The Group measures its performance by reference to an adjusted measure, "operating profit before exceptional items". This is because in the opinion of the Directors, this provides a better understanding of the underlying performance of the Group.

	£'000	£'000
Operating loss	(3,384)	(1,445)
Exceptional items	2,861	1,517
Operating (loss)/profit before exceptional items and goodwill	<hr/> (523)	<hr/> 72

4. Number of Employees

The average monthly number of persons, including executive directors, employed by the Group during the year was as follows:

	2005 Number	2004 Number
Sales	200	264
Production, editorial and administrative	193	156
Total	<hr/> 393	<hr/> 420

5. Exceptional Items

The following exceptional items are included in administrative expenses:

	2005 £'000	2004 £'000
Operating exceptionals:		
Property provision	(2,445)	(340)
Redundancy costs	(416)	(677)
Impairment of intangible fixed asset	-	(500)
	<hr/> (2,861)	<hr/> (1,517)
Included below operating profit:		
Profit on disposal of Debretts (see Note 18)	429	-
	<hr/> 429	<hr/> -

The property provision represents the additional charge required in respect of the non-operational properties of the Group. Redundancy costs were incurred during the year as part of a restructuring of the management team.

6. Finance charges – net

	2005 £'000	2004 £'000
Interest payable:		
Interest on bank loans and overdrafts repayable within five years	27	44
Interest on finance leases	2	9
Unwinding of discount on provisions	54	51
	83	104
Interest receivable and other income	8	8
	8	8
	75	96

7. Tax on loss on ordinary activities

	2005 £'000	2004 £'000
United Kingdom corporation tax at 30% (2004: 30%)	-	-
Foreign Taxation	6	-
Deferred taxation (see note 16)	-	-
	6	-

The current and prior year current tax charge can be reconciled to tax at the standard rate of 30% as follows:

	2005 £'000	2004 £'000
Loss on ordinary activities before taxation	(3,040)	(1,541)
Corporation tax at 30% (2004: 30%)	(912)	(462)
Effects of:		
Capital gains reliefs utilised	(173)	-
Expenses not deductible for tax purposes	143	74
Excess of capital allowances over depreciation of eligible assets	(12)	11
Reduction in rate due to foreign tax reliefs	(11)	-
Losses carried forward	915	224
Provision against own shares	-	(18)
General bad debt provisions	17	(19)
Amortisation of goodwill	39	40
Write down of intangible fixed assets	-	150
Current tax charge for the year	6	-

8. Earnings per Share

The loss per share of 3.60p (2004: loss 1.83p) and the diluted loss per share of 3.60p (2004: loss 1.83p) have been calculated based on the attributable loss to shareholders for the financial year of £3,046,000 (2004: loss £1,541,000).

The weighted average number of shares in issue during the year, excluding those held by the SPG Media Group employee benefit trust, were:

	2005 000	2004 000
Basic	84,643	84,096
Share option adjustment	-	21
Shares to be issued	-	-
Diluted	84,643	84,117

Financial Reporting Standard 14 requires the presentation of diluted earnings per share when a company could be called upon to issue shares that would decrease net profit or increase net loss per share.

9. Intangible Fixed Assets

Group	Goodwill £'000	Publishing rights and other intangible fixed assets £'000	Total £'000
Cost			
At 1 April 2004	2,306	11,139	13,445
Disposal of Debretts	-	(600)	(600)
At 31 March 2005	2,306	10,539	12,845
Amortisation			
At 1 April 2004	622	7,707	8,329
Charge for the year	109	-	109
At 31 March 2005	731	7,707	8,438
Net book value			
At 31 March 2005	1,575	2,832	4,407
At 31 March 2004	1,684	3,432	5,116

10. Tangible Fixed Assets

Group	Short-term leasehold premises £'000	Owned £'000	Fixtures, fittings, vehicles and other equipment held under finance leases £'000	Total £'000
Cost				
At 1 April 2004	896	4,843	-	5,739
Additions	92	412	65	569
Disposals - Debrett's	-	(166)	-	(166)
Disposals	-	(615)	-	(615)
At 31 March 2005	988	4,474	65	5,527
Depreciation				
At 1 April 2004	320	2,381	-	2,701
Charge for the year	97	898	5	1,000
Disposals - Debretts	-	(139)	-	(139)
Disposals	-	(615)	-	(615)
At 31 March 2005	417	2,525	5	2,947
Net book value				
At 31 March 2005	571	1,949	60	2,580
At 31 March 2004	576	2,462	-	3,038

Company	Fixtures, fittings and equipment owned £'000	Fixtures, fittings and equipment held under finance leases £'000
Cost		
At 1 April 2005	99	-
Disposals	(99)	-
Additions	-	65
At 31 March 2005	-	65
Depreciation		
At 1 April 2005	99	-
Charge for the year	-	5
Disposals	(99)	-
At 31 March 2005	-	5
Net book value		
At 31 March 2005	-	60
At 31 March 2004	-	-

11. Fixed Asset Investments

Investment in Joint Venture	Group	Company
	£'000	£'000
Share of net assets/cost		
At 1 April 2004	-	-
Goodwill/cost of investment	65	65
Share of retained loss for the year	(10)	-
Disposals	-	-
At 31 March 2005	55	65

The following information is given in respect of Group's share of the joint venture:

	2005	2004
	£'000	£'000
Turnover	21	-
Fixed Assets	4	-
Current Assets	71	-
Liabilities due within one year	(85)	-
Net Assets	(10)	-

Subsidiary Undertakings

	Company
	£'000
Cost	
At 1 April 2004	33,680
At 31 March 2005	33,680
Provisions for impairment	
At 1 April 2004	-
Impairment	23,288
At 31 March 2005	23,288
Net Book Value	
at 31 March 2005	10,392
at 31 March 2004	33,680

12. Investments in Own Shares

At 31 March 2005, the Group's EBT held 1,214,395 Ordinary Shares in the Company at an average value of 144p per share. The market value per share at 31 March 2005 was 9.5p. As a result of the adoption of UITF 38, the Group's EBT shares, which were previously held within investments, are now presented as a deduction from shareholders' funds. The Ordinary Shares were transferred at their value on 1 April 2003. The historical cost of the Ordinary Shares is £1,755,000. The previous write off of this value has not been reversed and remains in the profit and loss account as in the opinion of the Directors this represents a realised loss for the Group.

The impact of adopting UITF 38 was accordingly to reduce net assets at 1 April 2003 by £86,000, and to increase the loss for the twelve months to 31 March 2004 by £59,000 (being the previous market-to-market adjustment which has now been reversed). Accordingly, net assets at 31 March 2004 are £145,000 lower than previously reported.

13. Investments in Subsidiary Undertakings

Investments, which are stated at cost, represent shares in Group companies. Provision has been made for impairment where appropriate. The company owns all of the issued ordinary and 5% non-cumulative preference share capital of SPG Media Limited, and all of the issued ordinary share capital of Quasar International Communications Limited, Cornhill Publications Limited, SPG Marketing Solutions (previously Debrett's Limited), Net Resources International Limited, Vision in Business International Limited and SPG Media Private Limited. All of the trading subsidiaries are involved in business to business communication.

Winthrop Publications Limited was dissolved during the year and a joint venture was entered into with Electronic Media Limited in Emedia International Limited. The joint venture is to provide marketing services and is 50% owned by the Group.

All of the above companies are incorporated in and operate in Great Britain and are registered in England and Wales. Other than SPG Media Private Limited which is incorporated in and operates in India.

14. Stocks and Work-in-Progress

Group	2005	2004
	£'000	£'000
Costs attributable to unfulfilled orders and deferred revenues	4,517	4,496

15. Debtors

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Trade debtors	3,333	4,819	-	-
Amounts owed by Group undertakings	-	-	7,092	5,464
Amounts owed by joint venture	65	-	65	-
Other debtors	690	728	122	32
Prepayments and accrued income	302	393	8	-
	4,390	5,940	7,287	5,496

Amounts owed by Group undertakings are repayable on demand and are non-interest bearing.

Included with other debtors for the Group and Company are amounts owing over one year of £180,000 (2004: Nil).

16. Deferred Taxation

There was a deferred tax asset not recognised at the end of the year comprising:

	Group	
	2005	2004
	£'000	£'000
General bad debt provisions	147	130
Capital allowances in excess of depreciation of eligible fixed assets	(29)	(17)
Losses carried forward	1,464	549
As at end of the year	1,582	662

The company had no unrecognised deferred tax asset at 31 March 2005 (31 March 2004: nil)

17. Creditors – Amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Bank overdraft (secured)	-	444	477	617
Trade creditors	364	328	10	5
Amounts due under finance leases	7	-	7	-
Amounts owed to Group undertakings	-	-	1,112	9,865
Social security and other taxes	256	360	128	135
Other creditors	1,624	1,783	34	24
Accruals and deferred income	4,909	5,696	690	955
Balance at 31 March	7,160	8,611	2,458	11,601

The bank overdraft is secured by a debenture over the assets of the Group.

Amounts owed to Group undertakings are repayable on demand and are non-interest bearing.

Creditors – amounts falling due after more than one year

	Group		Company	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Obligations under finance leases	48	-	48	-

18. Sale of trading assets

On 3 December 2004 the group sold 100% of the trading assets of its subsidiary Debrett's Ltd.

The turnover of Debrett's Ltd up to the date of disposal was £70,000 (2004: £475,000) and its operating profit was £19,000 (2004: loss £42,000).

Since the trading assets disposed of included rights to the Debrett's name the subsidiary was renamed SPG Marketing Solutions Limited subsequent to the sale.

Net Assets disposed of and the related sale proceeds were as follows:

	£'000
Fixed assets	27
Current assets	212
Creditors	(154)
Net assets	85
Related Intangible assets	600
Related negative goodwill written back	(225)
Disposal costs	101
Discounting of deferred consideration	50
Proceeds attributable to other subsidiary	10
Net disposal cost	621
Profit on sale	429
Sale proceeds	1,050
Satisfied by:	
Cash	670
Deferred Consideration	380
	1,050
Net cash inflows in respect of the sale comprised:	
Cash consideration	670
Disposal costs	(101)
	569

19. Provisions for Liabilities and Charges

Certain leasehold properties are surplus to requirements for current operations. Provision has been made for the net present value of future residual lease commitments taking into account expected future lettings. Additionally this is based on assumptions about future levels of outflows including, market rents, service charges, insurance and business rates which cannot be known with certainty. The provision is expected to be utilised over the terms of the relevant leases (see note 22).

	Future leasehold obligations	
	Group	Company
	£'000	£'000
Balance at 1 April 2004	1,179	170
Utilised	(331)	(26)
Adjustment arising from discounting	54	6
Charge for year – additional provision made	2,445	9
Balance at 31 March 2005	3,347	159

20. Financial Assets and Liabilities

Short-term debtors and creditors are not considered in this note as permitted under FRS13 "Derivatives and Financial Instruments". The Group operates mainly in sterling and has no material foreign currency exposure. The only financial assets held are cash deposits and current accounts where interest is earned by reference to base rates and the fair value is not materially different to the carrying value. The currency profile of these assets is as follows:

	2005 £'000	2004 £'000
Floating rate assets		
Euro	(10)	28
US dollars	60	72
Indian Rupees	17	3
	67	103

The Group's financial liabilities, which are denominated in sterling, comprise the bank overdraft, which bears interest at 1.5% over the bank base rate. The book values and fair values of the bank overdraft were as follows:

	2005 Book value £'000	2005 Fair value £'000	2004 Book value £'000	2004 Fair value £'000
Bank overdraft	-	-	444	444

The company and its subsidiary undertakings with the exception of SPG India Private operate within a Group banking facility under which there is a right of set-off of balances for each currency.

21. Obligations under finance leases

Obligations under finance leases net of finance charges allocated to future periods are as follows:

	Group		Company	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Amounts due				
In one year or less or on demand	7	-	7	-
Between two and five years	48	-	48	-

The weighted average effective annualised interest rate inherent in these leases is 7.5% with a maturity profile as shown above. The fair value of the obligations is not materially different from the book value.

22. Operating Leases

Minimum annual commitments payable under existing leases may be analysed by date of expiry as follows:

	2005 £'000	2004 £'000
Land and buildings		
Within one year	28	-
Between two and five years	159	24
After five years	916	1,035
	1,103	1,059
Other		
Within one year	58	70
Between two and five years	35	115
	93	185

23. Share Capital

	2005 Number '000	2004 Number '000	2005 £'000	2004 £'000
Authorised				
Ordinary shares of 5p each	223,754	223,754	11,188	11,188
6% convertible cumulative redeemable preference shares 2000 of £1 each	2,044	2,044	2,044	2,044
8.25% convertible cumulative redeemable second preference shares 2002 of £1 each	1,251	1,251	1,251	1,251
Redeemable deferred shares of 1p each	535,621	535,621	5,356	5,356
			19,839	19,839
Allotted and fully paid				
Ordinary shares of 5p each	85,857	85,857	4,293	4,293

Share options

Details of options granted over the company's ordinary share capital are given in the Report of the Board to the Shareholders on Remuneration on pages 12 to 14.

24. Reserves

Group	Capital redemption reserve £'000	Share premium £'000	Own shares £'000	Other reserves £'000	Profit and loss account £'000
At 31 March 2004 as previously stated	7,874	7,262	-	733	(11,114)
Prior year adjustment	-	-	(86)	-	(59)
As at 1 April 2004 as restated	7,874	7,262	(86)	733	(11,173)
Currency translation difference on foreign currency net investments	-	-	-	-	(5)
Retained loss for the year	-	-	-	-	(3,046)
Shares issued	-	-	-	-	-
Negative Goodwill previously written off	-	-	-	-	(225)
As at 31 March 2005	7,874	7,262	(86)	733	(14,449)

Company	Non Distributable			Distributable	
	Capital redemption reserve £'000	Share premium £'000	Own shares £'000	Other reserves £'000	Profit and loss account £'000
At 31 March 2004 as previously stated	7,874	7,262	-	1,701	6,420
Prior year adjustment	-	-	(86)	-	(59)
As at 1 April 2004 as restated	7,874	7,262	(86)	1,701	6,361
Retained loss for the year	-	-	-	-	(12,266)
As at 31 March 2005	7,874	7,262	(86)	1,701	(5,905)

The amount of the loss for the financial year dealt with in the accounts of SPG Media Group PLC is (£12,266,000) (2004 loss: £22,000).

25. Contingent Liabilities

The company had no contingent liabilities in respect of bank borrowings of subsidiary companies at 31 March 2005 (2004: Nil).

26. Capital Commitments

There were no capital commitments at 31 March 2005 or 31 March 2004.

27. Reconciliation of operating loss to net cash inflow from operating activities

In the table below positive amounts represent generation of cash and negative amounts cash utilisation.

	2005 £'000	2004 £'000
Operating loss:		
- Group	(3,384)	(1,445)
- Joint Venture	(10)	-
Amortisation of goodwill	109	133
Impairment of intangible assets	-	500
Depreciation of tangible fixed assets	1,000	1,064
Movement in stocks and work-in-progress	(21)	(347)
Movement in debtors	1,731	1,062
Loan to joint venture	(65)	-
Movement in creditors	(808)	1,192
Provisions for liabilities and charges	2,114	40
Net cash inflow from operating activities	666	2,199

The exceptional items resulted in a net cash inflow of £388,000 (2004: £677,000 outflow)

28. Analysis of Net Funds/(Debt)

	1 April 2004	Cash Flow	Other non cash	31 March 2005
	£'000	£'000	movements	£'000
			£'000	
Cash in hand and at bank	103	130	-	233
Overdraft	(444)	444	-	-
	(341)	574	-	233
Finance lease obligations	-	3	(58)	(55)
Net funds/(debt)	(341)	577	(58)	178

Five-Year Financial Summary

Years ended 31 March

Consolidated profit and loss account

	2001 £'000	2002 £'000	2003 £'000	2004 £'000	2005 £'000
Turnover	37,632	32,910	24,709	23,951	18,861
Operating profit/(Loss) before exceptional items	6,281	1,789	(221)	72	(523)
Share of joint venture operating loss	-	-	-	-	(10)
Exceptional items					
Provision against intangible fixed assets	-	(700)	-	(500)	-
Redundancy costs	-	-	-	(677)	(416)
Profit/(Loss) on Disposal	-	-	-	-	429
Property provision	-	(529)	(682)	(340)	(2,445)
Interest and similar items	(114)	(150)	(164)	(96)	(75)
Profit/(loss) before tax	6,167	410	(1,067)	(1,541)	(3,040)
Taxation	(1,816)	(152)	(607)	-	(6)
Profit/(loss) for the financial year	4,351	258	(1,674)	(1,541)	(3,046)
Dividends	(957)	(225)	(10)	-	-
Transfer to/(from) reserves	3,394	33	(1,684)	(1,541)	(3,046)
Basic earnings/(loss) per share – continuing operations	5.18p	0.34p	(2.04)p	(1.83)p	(3.60)p
Dividends per ordinary share	1.05p	0.20p	-	-	-

Consolidated balance sheet at 31 March

	2001 £'000	2002 £'000	2003 £'000	2004 £'000	2005 £'000
Intangible fixed assets	5,823	5,057	6,274	5,116	4,407
Investment in joint venture	-	-	-	-	55
Tangible fixed assets	2,776	3,291	3,553	3,038	2,580
Net working capital	8,025	7,950	4,177	2,269	1,754
Deferred consideration	(681)	-	(307)	-	-
Provisions for liabilities and charges	(250)	(746)	(1,088)	(1,179)	(3,347)
	15,693	15,552	12,609	9,244	5,449
Shareholders' funds	12,630	12,692	10,750	8,903	5,627
Net (cash)/debt	3,063	2,860	1,859	341	(178)
	15,693	15,552	12,609	9,244	5,449

All amounts are restated for changes in accounting policies.