“Bringing buyers and sellers together worldwide, on paper, online, in person”

Contents

Financial Highlights

- Turnover up 1.7% to £10.9 million
- Pre-tax loss £(0.7) million (2002: loss £(1.5) million)
- Loss per share (0.82)p (2002: loss (2.51)p)
- Positive cash flow with net debt reduced to £1.8 million (2002: £2.1 million)
- Growth in Web, Forum and Conference businesses offset sales decline in Print Media.
- Fundamental review of business and reorganisation into business sectors

Christopher Haines, Chairman

Trading

Difficult trading conditions have persisted over the last six months. Compared with the same period last year, sales in print media declined by 15.5% to £7.1 million. This reflected global economic uncertainty and the stage of the advertising cycle. This sales reduction was offset by growth within the Group from other forms of media, either acquired or from internal business initiatives. The Forum revenue streams, our significant new business development, contributed £0.4 million (2002: £nil), and a further 10.1% growth in sales was recorded in the web-based business to £2.6 million (2002: £2.3 million). In addition, Analysis & Networking, our conference business acquired in March 2003, contributed £0.8 million to turnover, resulting in overall turnover growth of £0.2 million for the Group.

Margins were maintained as we adjusted the number of products and the cost base to the changing mix of revenues.

Operating costs decreased compared with last year. Cost savings were made across the business to mitigate operating losses, particularly in print media, including savings in staff costs achieved by not replacing some of our leavers. In September 2003 we opened an office in India to service our web business. There were a few redundancy payments including approximately £0.3 million in compensation for loss of office to a departing director. These non-recurring costs were offset by receipts from previously written-off bad debts.

Losses per share are (0.82)p (2002: losses – (2.51)p) and the board is, therefore, not proposing an interim dividend, but will review the position again when the outcome for the full year is known.

Net debt and cash flow

The trading losses have been offset by reduced debtors, lower capital expenditure and the positive effect of Forums and Conferences, which, unlike Print Media, are strongly cash generative. As a result, in the period, net debt was further reduced to £1.8m.

Strategy

Following a fundamental review of our business, we have now refocused our strategy to create a more market-facing Group with a stronger affinity with buyers. This will allow us to enhance the quality of the service to our customers, the suppliers of products and services.

The first phase of these changes has already been implemented with the creation of a sector-based product development team. The next phase, which will take place at the end of December, will be the reorganisation of the sales force, currently structured around channels to market, into sector-based units which will have at their disposal skilled sales staff selling across different channels.

We expect to see the benefits of this new structure in the second half of next year.

Management developments

I am delighted to announce that Mr Steven Nicholson has agreed to join the board as full-time executive chairman with effect from 1 December 2003. Mr Nicholson, who has wide experience in change management and growing businesses, has played an important part during his tenure as acting CEO in developing and implementing our strategic vision. His skills will complement those of Simone Kesseler who will be returning from maternity leave in early January 2004 to resume her role as Group Chief Executive. I shall remain on the board as a non-executive director.

Future prospects

Current trading suggests that we can expect further modest growth in our web business for the remainder of the year. Print Media is likely to be at a similar level to the first half. The Forums business is heavily weighted toward the second half, when we have a further eight events planned in contrast to the one event that fell in the first half. Analysis & Networking should do slightly better in the second half, with a greater number of events scheduled and encouraging recent delegate registrations.

Overall, I anticipate that we will achieve an operating profit in the second half although it is difficult to determine at this early stage the extent to which it will offset the first half loss.

With the management team strengthened and a restructured organisation, I believe that we are in the process of securing the foundations for exciting longer term prospects for the Group.

Christopher Haines

Christopher Haines
Chairman
18 November 2003

Consolidated Profit and Loss Account

Year ended 31 March 2003 (audited) £'000		Six months ended 30 September 2003 (unaudited) £'000	Six months ended 30 September 2002 (unaudited) £'000
24,709	**Turnover** (note 2)	10,947	10,769
(12,415)	Cost of sales	(5,536)	(5,509)
12,294	**Gross profit**	5,411	5,260
(947)	Distribution costs	(459)	(489)
(12,25)	Administration expenses	(5,666)	(6,070)
903	**Operating loss**	(714)	(1,299)
17	Interest receivable and similar income	-	-
(99)	Amounts written back/(off) investment in own shares (note 3)	88	(79)
(181)	Interest payable and similar charges	(57)	(73)
(1,166)	**Loss on ordinary activities before tax**	(683)	(1,451)
(607)	Taxation (note 4)	-	(607)
(1,773)	**Loss on ordinary activities after tax**	(683)	(2,058)
(10)	Dividends – non-equity	-	(10)
(1,783)	**Loss attributable to equity shareholders**	(683)	(2,068)
-	Dividends – equity	-	-
(1,783)	**Retained loss for the period**	(683)	(2,068)
(2.16)p	Basic loss per share (note 5) – Net basis	(0.82)p	(2.51)p
(2.16)p	Diluted earnings per share (note 5) – Net basis	(0.82)p	(2.51)p

There were no recognised gains or losses other than those included in the profit and loss account. The results for each period are from continuing operations.

Consolidated Balance Sheet

As at 31 March 2003 (audited) £'000		As at 30 September 2003 (unaudited) £'000	As at 30 September 2002 (unaudited) £'000
	Fixed assets		
6,274	Intangible assets	6,202	5,024
3,553	Tangible assets	3,346	3,401
86	Investment in own shares (note 3)	174	106
9,913		**9,722**	**8,531**
	Current assets		
4,149	Stocks and work in progress	4,836	5,142
7,002	Debtors	5,907	7,099
255	Cash at bank and in hand	166	55
11,406		**10,909**	**12,296**
	Creditors – amounts falling due within one year		
(7,126)	Trade and other creditors	(7,181)	(7,498)
(1,962)	Bank loans and overdrafts	(1,856)	(1,933)
(9,088)		**(9,037)**	**(9,431)**
2,318	**Net current assets**	**1,872**	**2,865**
12,231	**Total assets less current liabilities**	**11,594**	**11,396**
(307)	**Creditors – amounts falling due after more than one year**	(307)	(50)
(1,088)	**Provisions for liabilities and charges** (note 8)	(1,134)	(1,254)
10,836	**Net assets**	**10,153**	**10,092**
	Capital and reserves		
4,223	Called up share capital	4,258	4,187
407	Shares to be issued	357	-
7,231	Share premium account (note 9)	7,246	7,215
7,874	Capital redemption reserve (note 9)	7,874	7,874
733	Other reserves (note 9)	733	733
(9,632)	Profit and loss account (note 9)	(10,315)	(9,917)
10,836	**Shareholders' funds**	**10,153**	**10,092**
	Comprising:		
10,836	Equity interests	10,153	10,092
-	Non-equity interests	-	-
10,836		**10,153**	**10,092**

Consolidated Cash Flow Statement

Year ended 31 March 2003 (audited) £'000		Six months ended 30 September 2003 (unaudited) £'000	Six months ended 30 September 2002 (unaudited) £'000
3,080	**Net cash inflow from operating activities** (note 6)	471	1,872
	Returns on investments and servicing of finance		
17	Interest received and similar items	-	-
(89)	Interest paid	(22)	(51)
(30)	Dividends paid – non equity	-	(30)
(38)	Interest element of finance lease payments	(8)	(22)
	Taxation		
336	Corporation tax repaid	-	291
	Capital expenditure and financial investment		
(1,224)	Payments to acquire tangible fixed assets	(347)	(531)
	Acquisitions and disposals		
(316)	Payment to acquire subsidiary undertaking	-	-
65	Cash acquired with subsidiary undertaking	-	-
(83)	**Equity dividends paid**	-	(83)
1,718	**Net cash flow before financing**	94	1,446
	Financing		
(203)	Capital element of finance lease payments	(77)	(102)
(717)	Redemption of preference shares	-	(717)
29	Issue of ordinary shares	-	29
798	**Decrease in net debt in the period**	17	627
	Reconciliation of net cash flow to movement in net debt		
798	Increase in cash in the period	17	627
203	Cash outflow from lease financing	77	102
1,001	Change in net debt resulting from cash flows	94	729
(2,860)	Opening net debt	(2,860)	(3,063)
(2,860)	**Closing net debt**	**(1,765)**	**(2,131)**

Notes to the Accounts

1. Preparation of interim financial statements

The abridged profit and loss account and balance sheet for the previous financial year do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985 and are extracted from the latest published statutory accounts for the year ended 31 March 2003, which have been delivered to the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain any statement under Section 237 of the Companies Act 1985.

The interim financial statements have been prepared on the basis of the accounting policies set out in the statutory accounts for the year ended 31 March 2003. These statements were approved by a committee of the Board of Directors on 18 November 2003 and are neither audited nor reviewed.

2. Segmental reporting analysis

All of the turnover and operating profit is derived from international business-to-business communication and originates in the UK.

The geographical analysis of turnover by destination is as follows:

2002/03 Full year £'000		2003/04 Half year £'000	2002/03 Half year £'000
9,925	United Kingdom	2,600	2,681
8,844	Europe (other than UK)	4,966	4,862
4,503	United States of America	2,862	2,417
1,437	Other	519	809
24,709		**10,947**	**10,769**

3. Investment in own shares

The investment in own shares comprises 1,214,395 (30 September 2002: 1,214,395, 31 March 2003: 1,214,395) ordinary shares of 5p each in the company held by the Sterling Publishing Group employee benefit trust.

2002/03 Full year £'000		2003/04 Half year £'000	2002/03 Half year £'000
185	Market value at beginning of period	86	185
(99)	Amounts written back/(off) in the period	88	(79)
86	Market value at end of period	**174**	**106**

4. Tax charge

The annual effective tax rate is 30% (six months to 30 September 2002: 30%, year ended 31 March 2003: 30%), but no credit has been taken for the operating loss as there are currently no taxable profits against which it can be offset.

5. Earnings per share

The loss per share of (0.82)p (six months to 30 September 2002: loss per share (2.51)p) and the diluted loss per share of (0.82)p (six months to 30 September 2002: loss per share (2.51)p) have been calculated based on the attributable loss to shareholders of £(683,000) (six months to 30 September 2002: loss £(2,058,000)) less preference dividends of £nil (six months to 30 September 2002: £10,000).

FRS14 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. Where a company is reporting a net loss and there are outstanding share options, the net loss per share could only be increased by the exercise of out-of-the-money options. Since it is inappropriate to assume that option holders would act irrationally, no adjustment has been made to the diluted loss per share for out-of-the-money options.

The weighted average number of shares in issue during the period (excluding those held by the Sterling Publishing Group employee benefit trust) were:

	2003/04 Half year ’000	**2002/03 Half year ’000**
Basic	83,667	82,535
Share option adjustment	-	-
Diluted	83,667	82,535

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

2002/03 Full year £'000		2003/04 Half year £'000	2002/03 Half year £'000
(903)	Operating loss	(714)	(1,299)
69	Amortisation of goodwill	72	33
1,008	Depreciation of tangible fixed assets	554	421
752	Stocks and work-in-progress	(687)	(241)
2,915	Debtors	1,095	2,615
(1,049)	Creditors	132	(165)
288	Provisions for liabilities and charges	19	508
3,080	Net cash inflow from operating activities	**471**	**1,872**

7. Analysis of net debt

31 March 2003 £'000		30 September 2003 £'000	30 September 2002 £'000
255	Cash	166	55
(1,962)	Borrowings	(1,856)	(1,933)
(152)	Finance lease obligations	(75)	(253)
(1,859)	Net debt	**(1,765)**	**(2,131)**

8. Provisions

The movement in provisions for the six months was as follows:

	£'000
As at 31 March 2003	1,088
Utilised	(150)
Adjustment arising from discounting	27
Charge for period – additional provision made	169
As at 30 September 2003	**1,134**

9. Reserves

The movement on reserves for the six months was as follows:

	Share premium £'000	Capital redemption reserve £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
As at 31 March 2003	7,231	7,874	733	(9,632)	6,206
Loss for the period	-	-	-	(683)	(683)
Shares issued	15	-	-	-	15
As at 30 September 2003	**7,246**	**7,874**	**733**	**(10,315)**	**5,538**