



SPG MEDIA GROUP PLC

Opening doors to new ideas

Interim Report 2007/08

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Operating highlights

Revenue	£6.5 million	(2006: £6.9 million)
Operating loss before amortisation of website publishing rights and exceptional items	£0.8 million	(2006: £0.5 million)
Operating loss before interest and taxation	£1.0 million	(2006 restated: £1.1 million)
Cash utilised by operations	£0.3 million	(2006: £1.3 million)
Cash in hand	£2.7 million	(2006: £0.9 million)

Key Performance Indicators

	Six months ended 30 Sept 2007	Six months ended 30 Sept 2006	Year ended 31 March 2007
Order intake	+13.2%	-22.5%	-11.1%
Sales revenue recognition (conversion of orders into revenue in the period)	84%*	101%	110%
Orders per sales person	+2%	-6%	+24.5%
Cash conversion (operating (loss)/profit to cash from operations)	-0.36	-1.22	3.38
EBITDA	£(0.7) million	£(0.6) million	£1.4 million

*note forward orders increased by 15%

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Chairman's Statement

Trading results

I have pleasure in presenting our interim results for the six months ended 30 September 2007. On a like for like basis our revenues were flat against last year. However excluding the effect of holding three fewer conferences this year, like for like revenues increased by 2.0%, excluding discontinued events, contra revenue and the revenue from the disposal of the India operation. Our India subsidiary was sold to Visage Media India in May 2007. We continue to invest in our people and our products. However, there is a lag between that investment and revenue generation, particularly in the events division, which we believe will be achieved in 2008. Our order intake for the six months to 30 September 2007 is up 13.2% and our net cash was £2.7 million.

Group revenue fell from £6.9 million to £6.5 million, a fall of £0.4 million, of which India accounted for £0.1 million. The remainder was accounted for by discontinued events. Contra revenue of £0.2 million (2006: £0.3 million) is included in the group revenue.

The operating loss for the six months ended 30 September 2007 was £1.0 million (2006: £1.1 million). The operating loss before amortisation of publishing rights and exceptional items was £0.8 million (2006: £0.5 million). This is the result of our planned investment in editorial, both staff and content, marketing and research. This expenditure is in line with budget.

Since my last statement, as required, we have adopted the International Financial Reporting Standards. Other than some reclassification of software assets as intangible assets, and the depreciation thereon as amortisation, the only change to the income statement has been the removal of the amortisation charge for goodwill. Goodwill is now subject to an annual impairment review. The comparative numbers have been restated to eliminate this charge from previous periods.

Online

Revenue in our Online division increased by 4.1% to £3.4 million (2006: £3.2 million), like for like, excluding India websites, the growth rate is 4.5%. We have begun an extensive review of our products and have initiated an investment programme to update our websites. Our engineers have begun a training programme to become compliant with the latest operating language (.NET) which will improve our ability to produce interactive web propositions for our clients. In addition we have initiated a wholesale redesign of our websites. We anticipate launching the improvements at the end of the year. We have also launched, in November 2007, our jobsite, industryappointments.com, which is generating significant early interest. We have specific job pages on five of our top websites which feed into industryappointments.com. We believe this is an exciting addition to our online proposition.

Supporting this has been an investment in our web editorial team to increase the level of content on each of our websites to keep them fresh and up to date.

Print

On a like for like basis the revenues are flat, and including our new CIMA title and Hospital Management, launched in the second half of last year, revenues are up 10.3%. In total our print revenue for the six months to 30 September 2007 was £1.9 million (2006: £2.1 million). Consolidating the print sales team has worked and I am pleased to announce we have finally halted the decline in print revenues.

Events

Our Events revenue is down from £1.6 million to £1.2 million. This was the result of running three fewer conferences, which accounted for £0.1 million in the equivalent period last year, and the LEAF Interiors Forum, which had accounted for £0.2 million. In the previous period we benefited from the receipt of monies from prior period events and therefore the like for like revenue is flat.

As I have said previously we are reliant on the performance of our events and conferences in the second half of the year. This year is no exception, however with the investments we have made, we feel that the second half will be delivered.

Costs

Our direct costs have increased in line with our budget and the decision to increase the number of sales personnel. Under our accounting policies sales costs are taken as a period cost and therefore appear higher but it is an expectation that this increased sales resource will generate extra revenue in later periods. Given the nature of our business, staff churn rates are relatively high, which inevitably has an impact on expenditure.

Our distribution costs have been controlled well with a further reduction. We have reduced overhead salary costs by some £200,000 and our depreciation and amortisation charge has also reduced by £208,000. We continue to control our costs effectively but we must also continue to invest in editorial, research, marketing and engineering if we are to remain competitive in the future. We released a further £213,000 (2006: £215,000) of credit balances held on the balance sheet for which the board feels the exposure has been extinguished.

For consistency we have shown the redundancy costs as exceptional, together with the disposal of India.

Net Funds

The Group utilised net cash flow from operating activities of £0.3 million in the six months (2006: £1.3 million). Together with other cash flow adjustments, the Group finished the period with net funds of £2.7 million (2006: £0.9 million).

Outlook

As with the previous year the majority of our events and conferences are in the second six months of the year. Accounting Standards do not allow the matching of sales costs with revenue and therefore the second six months will show the revenues generated throughout the year for which the sales cost has been expensed as incurred. We are mindful of the pressure on the US dollar and the effect this may have on our business as some 18% of our sales are generated in North America. We have implemented a number of strategies and investments to give long term growth for the business and together with our cash position and forward orders as reflected in the positive key performance indicator on order intake, the Board remains confident of meeting management expectations.

Stephen Davidson
Chairman
22nd November 2007

Consolidated Profit and Loss Account

		Six months ended 30 Sept 2007 (unaudited)	Six months ended 30 Sept 2006 Restated (unaudited)	Year ended 31 March 2007 Restated (unaudited)
	Notes	£'000	£'000	£'000
Revenue	2	6,491	6,938	16,597
Cost of sales		(3,451)	(3,112)	(7,567)
Gross profit		3,040	3,826	9,030
Distribution costs		(164)	(198)	(380)
Administrative expenses		(3,844)	(4,754)	(8,260)
Administrative expenses (before website amortisation and exceptional items)		(3,701)	(4,101)	(7,916)
Amortisation of website publishing rights		(60)	(71)	(141)
Exceptional items	3	(83)	(582)	(203)
Total administrative expenses		(3,844)	(4,754)	(8,260)
Operating (loss)/profit		(968)	(1,126)	390
Net finance income/(expense)		50	39	(34)
(Loss)/profit on activities before taxation		(918)	(1,087)	356
Taxation	4	-	-	(2)
(Loss)/profit on ordinary activities after taxation and retained loss for the period		(918)	(1,087)	354
Basic (loss)/profit per share	5	(1.08)p	(1.28)p	0.42p
Diluted (loss)/profit per share	5	(1.08)p	(1.28)p	0.42p

Consolidated Balance Sheet

	As at 30 Sept 2007 (unaudited) £'000	As at 30 Sept 2006 Restated (unaudited) £'000	As at 31 March 2007 Restated (unaudited) £'000
Assets			
Non-current assets			
Intangible assets	4,315	4,828	4,483
Property, plant, and equipment	412	598	471
	4,727	5,426	4,954
Current assets			
Trade and other receivables	5,187	5,665	4,104
Cash and cash equivalents	2,708	889	3,039
	7,895	6,554	7,143
Total assets	12,622	11,980	12,097
Current liabilities			
Trade and other payables	(9,620)	(8,506)	(8,025)
	(9,620)	(8,506)	(8,025)
Non-current liabilities			
Provisions	(1,019)	(2,020)	(1,157)
	(1,019)	(2,020)	(1,157)
Total liabilities	(10,639)	(10,526)	(9,182)
Net assets	1,983	1,454	2,915
Equity			
Share capital	4,293	4,293	4,293
Share premium account	7,262	7,262	7,262
Capital redemption reserve	7,874	7,874	7,874
Other reserves	733	733	733
Retained earnings	(18,179)	(18,708)	(17,247)
Total equity	1,983	1,454	2,915

Consolidated Interim Statement of Recognised Income and Expenses

	Six months ended 30 Sept 2007	Six months ended 30 Sept 2006 Restated (unaudited)	Year ended 31 March 2007 Restated (unaudited)
	(unaudited)		
	£'000	£'000	£'000
Exchange movement	(14)	(7)	(4)
Net expense recognised directly in equity (Loss)/Profit for the period	(14) (918)	(7) (1,087)	(4) 354
Total recognised income and expense for the period	(932)	(1,094)	350

Consolidated Interim Cash Flow Statement

	Six months ended 30 Sept 2007	Six months ended 30 Sept 2006 Restated (unaudited)	Year ended 31 March 2007 Restated (audited)
	(unaudited)		
	£'000	£'000	£'000
Notes			
Cash flows from operating activities	(358)	(1,346)	981
Cash flows from investing activities			
Interest received and similar items	55	43	82
Interest element of finance lease payments	-	(2)	(2)
Purchase of property, plant and equipment	(72)	(218)	(341)
Net cash used in investing activities	(17)	(177)	(261)
Cash flows from financing activities			
Interest paid	(2)	-	-
Overseas corporation tax paid	-	(2)	(2)
Net cash inflow from sale of subsidiary	46	40	39
Capital element of finance lease payments	-	45	-
Net cash used in financing activities	44	83	37
Net (decrease)/increase in cash and cash equivalents	(331)	(1,440)	757
Cash and cash equivalents at start of year	3,039	2,329	2,282
Cash and cash equivalents at the end of period	2,708	889	3,039

Notes to the consolidated interim financial statements

1. Accounting policies

a) Basis of preparation

The interim financial statements do not constitute statutory accounts as defined within the Companies Act 1985 and have not been audited.

The interim financial statements have been prepared under the historical cost convention and in line with the requirements of the AIM rules. The Directors have not adopted the requirements of IAS34 'Interim Financial Reporting' in preparing this report.

The principal accounting policies applied in the preparation of the consolidated interim financial statements are set out below. These policies have been applied consistently to all periods presented, unless otherwise stated.

These are the first set of interim financial statements since the adoption of International Financial Reporting Standards (IFRS) and have been prepared in accordance with IFRS issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee's (IFRIC) interpretations as adopted by the European Union, applicable as at 31 March 2008, and those parts of the Companies Act 1985 applicable to companies reporting under IFRS. In accordance with EU legislation, the Group's first annual IFRS financial statements will be prepared for the year ended 31 March 2008.

Since these are the Group's first consolidated interim financial statements, IFRS 1 - 'First-time Adoption of International Financial Reporting Standards' - has been applied. The comparative information has been restated from the Group's previously published accounts for 2007 prepared under UK GAAP, to comply with IFRS. The Group's date of transition to IFRS was 1 April 2006 and reconciliations between IFRS and UK GAAP of the previously reported equity at 1 April 2006 and 31 March 2007 and of the profit for the year ended 31 March 2007 are presented in note 7.

The audited UK GAAP statutory accounts for the year ended 31 March 2007, upon which an unqualified audit opinion was given, have been delivered to the Registrar of Companies.

First time adoption of IFRS

The procedures for first time adoption of IFRS, that the Group must follow, are set out in IFRS 1. The general principle is that all IFRS standards be retrospectively applied. However IFRS 1 includes optional exemptions and mandatory exceptions relating to retrospective applications. The most significant of these that impact the Group are as follows:

- a) Business combinations - The Group has elected not to apply IFRS 3 to business combinations that occurred prior to the transition date of 1 April 2006.
- b) Share based payments - The Group has elected not to apply IFRS 2 to share options and warrants granted prior to 7 November 2002 and, as this relates to all current awards, the results have not been affected. This is consistent with the previous UK GAAP treatment.
- c) Fair value or revaluation as deemed cost - The Group has elected not to fair value selective items of property, plant and equipment at the date of transition.

b) Basis of consolidation

The Consolidated Income Statement and Balance Sheet include the financial statements of the Company and its subsidiary undertakings up to 30 September 2007. The results of subsidiaries sold or acquired are included in the Consolidated Income Statement up to, or from, the date control passes. Intra group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to these assets and liabilities, and the resulting gains and losses that arise after the Group has gained control of the subsidiary are credited or charged to the post acquisition Income Statement.

c) Revenue recognition

Revenue 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). Revenue derived from barter transactions is valued on an arms length basis.

d) Property, plant and equipment

Property, plant and equipment is stated at initial cost, including expenditure that is directly attributable to the acquired item, less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight line basis over the deemed useful life of an asset and is applied to the cost less any residual value. The asset classes are depreciated over the following periods:

Plant and machinery – over 5 years,

Leasehold property improvements - over the term of the lease or useful economic life if shorter

The useful life, the residual value and the depreciation method is assessed annually.

The carrying value of the property, plant and equipment is compared to the higher of value in use and the pre-tax realisable value. If the carrying value exceeds the higher of the value in use and pre-tax realisable value the asset is impaired and its value reduced by charging additional depreciation to the Income Statement.

e) Intangible assets

i) Goodwill

Goodwill is recognised to the extent that it arises through a business combination. In respect of business combinations that have occurred since 1 April 2006, goodwill represents the difference between the cost of the acquisition and the fair value of net identifiable assets acquired. In respect of business combinations prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. As permitted by IFRS 7 Goodwill arising on acquisitions prior to April 2006 is stated in accordance with UK GAAP and has not been remeasured on transition to IFRS.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to appropriate cash generating units (those expected to benefit from the business combination) and is no longer amortised but is tested for 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. On disposal or closure of a previously acquired business, the attributable goodwill previously written off to reserves is included in determining the profit or loss on disposal.

ii) Computer software and websites

Non-integral computer software purchases are capitalised at cost. These costs are amortised over their estimated useful lives (over 5 years).

iii) Impairment of intangible assets

Assets that have an indefinite useful life are not subject to amortisation but are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

f) Investments in subsidiary undertakings

Investments are stated at cost less provision for any impairment.

g) Leased assets

Assets acquired under finance leases are capitalised as tangible fixed assets and depreciated in accordance with the Group's normal accounting policies for tangible fixed assets. The interest element of rental obligations is charged to the income statement 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 income statement in equal amounts over the term of the lease.

h) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using rates substantially enacted at the balance sheet date, and any adjustments to the tax payable in respect of previous years.

Deferred taxation is provided in full on timing differences between the carrying amount of the assets and liabilities in the financial statements and the tax base. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets and liabilities are not discounted. Deferred tax is determined using the tax rates that have been enacted or substantially enacted by the balance sheet date, and are expected to apply when the deferred tax liability is settled or the deferred tax asset is realised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax is recognised in the income statement, except where it relates to items recognised directly in equity, in which case it recognised in equity.

i) Foreign currencies

The results are recorded in Sterling which is deemed to be the functional currency of the Group, the Company and all its subsidiaries.

Foreign currency transactions are expressed in Sterling at the rates of exchange ruling at the date of the transaction, and if still in existence at the year end the balance is retranslated at the rates of exchange ruling at the Balance Sheet date. Differences arising from changes in exchange rates during the year are taken to the Income Statement.

j) Pensions

The Group's contributions to pension schemes for its employees, all of which are defined contribution schemes, are charged to the income statement as incurred.

k) Investment in own shares

Shares in the Company held in the Group's Employee Benefit Trust ("EBT") have been deducted from shareholders' funds and debited against the retained earnings.

l) Share schemes

The Company applies the requirements of IFRS 2 "Share-based Payment" to equity-based employee compensation schemes in respect of awards granted after 7 November 2002 which remained unvested at 1 January 2005 the dates specified in IFRS 2.

The cost of employees' services received in exchange for grant of rights under equity-based employee compensation schemes is measured at the fair value of the equity instruments granted and is expensed over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the equity instruments granted, excluding the impact of any non-market vesting conditions (eg earnings per share). Non-market vesting conditions are included in the assumptions about the number of equity instruments that are expected to become exercisable. At each balance sheet date, the company revises its estimates of the number of equity instruments that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity. The fair value is measured based on an appropriate valuation model taking into account the terms and conditions upon which the equity instruments were granted.

m) Provisions

A provision is recognised in the balance sheet when the Group has a legal obligation or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle that obligation, and a reliable estimate of the amount can be made. Provisions are discounted.

2. Segmental reporting analysis

All activities are classed as continuing.

a) Primary reporting format - Business segments

Unaudited for the six months to 30 September.

	Online		Events		Publishing		Group	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Revenue	3,366	3,232	1,229	1,604	1,896	2,102	6,491	6,938
Operating results	1,627	1,627	(1,070)	(351)	267	213	824	1,489
Depreciation charge							(88)	(119)
Amortisation of software							(127)	(304)
Amortisation of website publishing rights							(60)	(71)
Group costs							(1,517)	(2,121)
Net finance income							50	39
Loss before taxation							(918)	(1,087)
Taxation							-	-
Loss for the period							(918)	(1,087)

b) Secondary reporting format - Geographical segments:

Turnover is analysed by the location of the customer.

	Six months ended 30 Sept 2007 £'000	Six months ended 30 Sept 2006 £'000	Year ended 31 March 2007 £'000
UK	1,445	1,572	3,892
USA	1,161	986	3,208
Europe (other than UK)	3,179	3,436	7,774
Other	706	944	1,723
	6,491	6,938	16,597

3. Exceptional items

The following exceptional items are included in administrative expenses:

	Six months ended 30 Sept 2007 £'000	Six months ended 30 Sept 2006 Restated £'000	Year ended 31 March 2007 Restated £'000
Property provisions	-	-	603
Write down of Indian fixed assets	-	-	(81)
Tax exposure on Indian employees	-	-	(101)
Costs associated with potential offer	-	-	(44)
Loss on disposal of subsidiary	(4)	-	-
Redundancy costs and compensation for loss of office	(79)	(582)	(580)
	(83)	(582)	(203)

In the period to 30 September 2007 we have identified the loss on the disposal of the Indian subsidiary, SPG Media Pvt Limited and redundancy costs as exceptional. The redundancy costs in previous periods included compensation for loss of office.

In the year to 31 March 2007 we identified the write down of assets in India of £81,000 and a provision of £101,000 was made for personal tax liability of employees in India. A claim is to be pursued against the individuals to reclaim this tax.

The costs of the potential offer for the Company relate to adviser fees and legal costs.

The release of property provisions at 31 March 2007 was the result of empty properties being let allowing the release of provisions made in previous periods.

4. Taxation

The annual effective tax rate is 30% (six months ended 30 September 2006: 30%, year ended 31 March 2007: 30%). There is no tax charge as there are trading losses brought forward.

5. Loss per share

The loss per share of 1.08p (2006: 1.28p) and the diluted loss per share have been calculated on the attributable loss to shareholders of £918,000 (2006: profit £1,087,000).

The weighted average number of shares in issue during the period (excluding those held by the Group's Employee Benefit Trust) were:

	Six months ended 30 Sept 2007	Six months ended 30 Sept 2006 Restated	Year ended 31 March 2007 Restated
	Number '000	Number '000	Number '000
Basic	85,857	85,857	85,857
Shares held in employee benefit trust	(1,214)	(1,214)	(1,214)
	84,643	84,643	84,643
Share option adjustment	492	-	74
Diluted	85,135	84,643	84,717

6. Provisions

	Six months ended 30 Sept 2007 £ '000
As at 1 April 2007	(1,157)
Amount Used	167
Unwinding of discount	(29)
As at 30 September 2007	(1,019)
Analysed as:	
Current	(276)
Non-current	(743)
	(1,019)

7. Explanation of the transition from UK GAAP to IFRS

These half-yearly financial statements are the first set to be prepared under IFRS and as such the following disclosures are required in the year of transition. The date of transition is 1 April 2006.

(i) Reconciliation of profit for the period

	6 months ended 30 Sept 2007 £'000	6 months to 31 Sept 2006 £'000	12 months to 31 March 2007 £'000
Profit under UK GAAP	(968)	(1,137)	254
Amortisation of Goodwill	50	50	100
(Loss)/profit under IFRS	(918)	(1,087)	354

ii) Reconciliation of equity at 1 April 2006

	Notes	UK GAAP £'000	Transition Adjustment £'000	IFRS £'000
Assets				
Non-current assets				
Intangible assets	b	4,159	946	5,105
Property, plant, and equipment	b	1,590	(946)	644
		5,749	-	5,749
Current assets				
Trade and other receivables		4,861	-	4,861
Cash and cash equivalents		2,329	-	2,329
		7,190	-	7,190
Total assets		12,939	-	12,939
Current liabilities				
Trade and other payables		(8,072)	-	(8,072)
		(8,072)	-	(8,072)
Non-current liabilities				
Trade and other payables		(39)	-	(39)
Provisions		(2,280)	-	(2,280)
		(2,319)	-	(2,319)
Total liabilities		(10,391)	-	(10,391)
Net assets		2,548	-	2,548
Equity				
Share capital		4,293	-	4,293
Share premium account		7,262	-	7,262
Capital redemption reserve		7,874	-	7,874
Other reserves		733	-	733
Retained earnings		(17,614)	-	(17,614)
Total equity		2,548	-	2,548

iii) Reconciliation of equity at 30 September 2006

	Notes	UK GAAP £'000	Transition Adjustment £'000	IFRS £'000
Assets				
Non-current assets				
Intangible assets	a, b	4,038	790	4,828
Property, plant, and equipment	b	1,338	(740)	598
		5,376	50	5,426
Current assets				
Trade and other receivables		5,665	-	5,665
Cash and cash equivalents		889	-	889
		6,554	-	6,554
Total assets		11,930	50	11,980
Current liabilities				
Trade and other payables		(8,506)	-	(8,506)
		(8,506)	-	(8,506)
Non-current liabilities				
Provisions		(2,020)	-	(2,020)
		(2,020)	-	(2,020)
Total liabilities		(10,526)	-	(10,526)
Net assets		1,404	50	1,454
Equity				
Share capital		4,293	-	4,293
Share premium account		7,262	-	7,262
Capital redemption reserve		7,874	-	7,874
Other reserves		733	-	733
Retained earnings	a	(18,758)	50	(18,708)
Total equity		1,404	50	1,454

iv) Reconciliation of equity at 31 March 2007

	Notes	UK GAAP £'000	Transition Adjustment £'000	IFRS £'000
Assets				
Non-current assets				
Intangible assets	a, b	3,918	565	4,483
Property, plant, and equipment	b	936	(465)	471
		4,854	100	4,954
Current assets				
Trade and other receivables		4,104	-	4,104
Cash and cash equivalents		3,039	-	3,039
		7,143	-	7,143
Total assets		11,997	100	12,097
Current liabilities				
Trade and other payables		(8,025)	-	(8,025)
		(8,025)	-	(8,025)
Non-current liabilities				
Provisions		(1,157)	-	(1,157)
Total liabilities		(9,182)	-	(9,182)
Net assets		2,815	100	2,915
Equity				
Share capital		4,293	-	4,293
Share premium account		7,262	-	7,262
Capital redemption reserve		7,874	-	7,874
Other reserves		733	-	733
Retained earnings	a	(17,347)	100	(17,247)
Total equity		2,815	100	2,915

Notes to transition adjustments


a) IAS 38, intangible assets, requires that goodwill is no longer amortised, but is subject to an annual impairment review. In compliance, the goodwill amortisation charged under UK GAAP during the year ended 31 March 2007 has been reversed. The Group has elected, as permitted under IFRS 3, Business Combinations, not to retrospectively restate goodwill relating to acquisitions prior to 1 January 2006 and therefore the UK GAAP goodwill balance at 31 March 2006 has been included in the transition IFRS balance sheet and is longer amortised.

b) Under UK GAAP, all computer software was included within tangible fixed assets in the balance sheet. Under IFRS, only software that is integral to another fixed asset can be included with that asset in tangible fixed assets. All other separately identifiable software must be recorded separately as an intangible fixed asset. The charge to the income statement in respect of such software is classified as amortisation under IFRS rather depreciated under UK GAAP.

At 1 April 2006 and 31 March 2007 net book value of £945,940 and £465,552, respectively, of software was reclassified as an intangible asset. The depreciation of this software of £626,913 for the year ended 31 March 2007 has been reclassified from depreciation to amortisation. This amortization of software has been disclosed within administration expenses on the income statement as these expenses form part of normal trading.

8. Distribution of the Interim financial statement

A copy of the Interim financial statements are being circulated to shareholders. Further copies will be available to the public from the Company Secretary at the Company's registered address at 55-57 North Wharf Road, London, W2 1LA, and at the offices of Capita IRG Plc, the Company's registrars, The registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or from the Group website, www.spgmedia.com



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