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If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares, please immediately forward this document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

This document, which comprises an admission document drawn up in accordance with the AIM Rules for Companies, has been issued in connection with the proposed application for re-admission of the entire issued and to be issued ordinary share capital of the Company to trading on AIM. This document contains no offer to the public within the meaning of the FSMA, the 1985 Act, the 2006 Act or otherwise. Accordingly, this document does not comprise a prospectus within the meaning of section 85 of the FSMA and has not been drawn up in accordance with the Prospectus Rules or approved by the Financial Services Authority.

The Directors and Proposed Directors, whose names and functions appear on page 3 of this document, and the Company accept responsibility, both collectively and individually, for the information contained in this document and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors, Proposed Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made conditional upon, *inter alia*, Resolution 2 in the Notice of Extraordinary General Meeting being passed for the issued shares comprising the Enlarged Share Capital, to be admitted to trading on AIM. It is expected that Re-Admission will become effective and that dealings will commence in the Ordinary Shares on 25 June 2009. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Re-Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The whole of this document should be read. An investment in the Company includes a significant degree of risk and may not be suitable for all recipients of this document. Potential investors should consider carefully the risk factors set out in Part II of this document.

TMN Group plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 03925319)

Proposed acquisition of Progressive Digital Media Group Limited Approval of waiver of obligations under Rule 9 of The City Code Re-Admission to trading on AIM Proposed name change to Progressive Digital Media Group plc and Notice of Extraordinary General Meeting

Nominated Adviser and Broker



Authorised		Share capital immediately following Re-Admission	Issued and fully paid	
Amount	Number		Amount	Number
£100,000	1,000,000,000	Ordinary shares of 0.01p each	£36,955	369,547,686
£100,000	100,000	Deferred shares of £1.00 each	£100,000	100,000

The Consideration Shares to be issued pursuant to the Acquisition will, on Re-Admission following allotment, rank *pari passu* in all respects with the Existing Ordinary Shares, and will rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares.

The Ordinary Shares and the Consideration Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, or with any securities regulatory authority of any state or other jurisdiction of the United States or under the applicable securities laws of Australia, Canada, the Republic of Ireland, the Republic of South Africa or Japan. Subject to certain exceptions, the Ordinary Shares may not be offered, sold, taken up, delivered or transferred in, into or from the United States, Australia, Canada, the Republic of Ireland, the Republic of South Africa or Japan or to or for the account or benefit of any national, resident or citizen of Australia, Canada, the Republic of Ireland, the Republic of South Africa or Japan or any person located in the United States. This document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Investec, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser to the Company in connection with the proposed Acquisition and Re-Admission and will not be acting for any other person or otherwise be responsible to any person for providing the protections afforded to customers of Investec or for advising any other person in respect of the proposed Acquisition and Re-Admission. Investec's responsibilities as the Company's nominated adviser and broker under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation, express or implied, is made by Investec as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Osborne Clarke, One London Wall, London EC2Y 5EB from the date of this document until the date being one month after the date on which Re-Admission takes place, which is expected to be 25 June 2009.

Notice of an Extraordinary General Meeting of TMN Group plc, to be held at the offices of Investec at 2 Gresham Street, London EC2V 7QP at 10 a.m. on 24 June 2009, is set out at the end of this document. To be valid the accompanying Form of Proxy for use in connection with the meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Capita Registrars Limited, Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by not later than 10 a.m. on 22 June 2009. Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting should they so wish. For full details on proxy appointments, see the notes to the Notice of Extraordinary General Meeting and the Form of Proxy.

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DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

Directors	Peter Harkness	<i>(Non-executive Chairman)</i>
	Mark Smith	<i>(Chief Executive Officer)</i>
	Craig Dixon	<i>(Chief Financial Officer)</i>
	Vince Smith	<i>(Non-executive Director)</i>
	Bruce Fair	<i>(Non-executive Director)</i>
	Michael Danson	<i>(Non-executive Director)</i>

all of whose business address is at the Company's registered and head office set out below

Proposed Directors	Kenneth Appiah	<i>(Executive Director)</i>
	Simon Pyper	<i>(Executive Director)</i>

whose business address is at 55 North Wharf Road, London W2 1LA

Registered and Head Office 2nd Floor, 69-73 Theobalds Road, London WC1X 8TA

Company Secretary Craig Dixon

Proposed Company Secretary Kenneth Appiah

Nominated Adviser and Broker Investec Bank plc
2 Gresham Street
London EC2V 7QP

Solicitors to the Company Osborne Clarke
One London Wall
London
EC2Y 5EB

Solicitors to Progressive Foot Anstey
Salt Quay House
Sutton Harbour
Plymouth
PL4 0BN

Auditors to the Company Grant Thornton UK LLP
Enterprise House
115 Edmund Street
Birmingham
B3 2HJ

Reporting Accountants Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Registrars Capita Registrars Limited
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire
HD8 0GA

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“1985 Act”	the Companies Act 1985 (as amended)
“2006 Act”	the Companies Act 2006 (as amended)
“Acquisition”	the proposed acquisition by the Company of Progressive pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional agreement dated 5 June 2009 and made between (1) the Company and (2) Michael Danson relating to the Acquisition, details of which are set out in Part VI of this document
“the Acts”	the 1985 Act and the 2006 Act
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules for Companies”	the AIM rules for Companies published by the London Stock Exchange from time to time
“Articles”	the articles of association of the Company
“Board” or “Directors”	the directors of the Company, whose names are set out on page 3 of this document
“City Code”	the City Code on Takeovers and Mergers
“Combined Code”	the combined code on corporate governance published by the Financial Reporting Council from time to time
“Company” or “TMN Group”	TMN Group plc
“Completion”	completion of the Acquisition in accordance with the terms of the Acquisition Agreement
“Concert Party”	together Michael Danson and Simon Pyper (each a “Concert Party Member”)
“Consideration Shares”	the 291,942,672 new Ordinary Shares to be allotted and issued by the Company pursuant to the Acquisition Agreement
“CREST”	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and holding shares in uncertificated form which is administered by Euroclear
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended)
“Disclosure and Transparency Rules”	the Disclosure and Transparency Rules made by the Financial Services Authority pursuant to section 73A of the FSMA
“EMI”	enterprise management incentives, under the terms of the EMI code as defined in section 527 of the Income Tax (Earnings and Pensions) Act 2003
“EMI Options”	Enterprise Management Incentive options granted in accordance with Schedule 5 to Income Tax (Earnings and Pensions) Act 2003, subject to the rules of the TMN Group plc Unapproved Scheme)

	further details of which are set out in paragraph 11 of Part VI of this document
“Enlarged Group”	the Group, as enlarged following Completion
“Enlarged Share Capital”	the 369,547,686 issued Ordinary Shares upon Re-Admission, comprising the Existing Ordinary Shares and the Consideration Shares
“Escrow Completion”	completion of the Acquisition Agreement subject, <i>inter alia</i> , to Re-Admission
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales
“Existing Ordinary Shares”	the 77,605,014 Ordinary Shares in issue immediately prior to Re-Admission being the entire issued ordinary share capital of the Company prior to the issue of the Consideration Shares
“Existing Shareholders”	holders of Existing Ordinary Shares
“Existing Share Option Schemes”	together, the Unapproved Scheme and the EMI Options
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at the offices of Investec, 2 Gresham Street, London EC2V 7QP at 10 a.m. on 24 June 2009
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“Form of Proxy”	the form of proxy to be used by Existing Shareholders in connection with the Extraordinary General Meeting
“Group”	the Company and its subsidiary undertakings at the date of this document and “Group Company” should be interpreted accordingly
“HMRC”	Her Majesty’s Revenue and Customs
“IFRS”	International Financial Reporting Standards
“ITEPA”	the Income Tax (Earnings and Pensions) Act 2003
“Independent Directors”	the Directors other than Michael Danson
“Independent Shareholders”	the Shareholders other than the Concert Party Members at the date of this document
“Investec”	Investec Bank plc, the Company’s nominated adviser (as defined in the AIM rules for Nominated Advisers) published by the London Stock Exchange from time to time
“London Stock Exchange”	London Stock Exchange plc
“Non-executive Directors”	each of Vince Smith, Bruce Fair, Michael Danson and Peter Harkness
“Notice of Extraordinary General Meeting”	the notice convening the Extraordinary General Meeting, which is set out on pages 213 and 216 of this document
“Official List”	the Official List of the UKLA

“Ordinary Shares”	ordinary shares of 0.01p each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Progressive”	Progressive Digital Media Group Limited
“Progressive Group”	Progressive and its subsidiaries and subsidiary undertakings
“Proposed Directors”	Kenneth Appiah and Simon Pyper
“Prospectus Rules”	the prospectus rules made by the Financial Services Authority pursuant to section 73A of the FSMA
“Re-Admission”	the re-admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules for Companies
“Registrar”	Capita Registrars Limited, Northern House, Woodsome Park, Fenay Bridge, Huddersfield, West Yorkshire HD8 0GA
“Resolutions”	the resolutions set out in the Notice of Extraordinary General Meeting
“Shareholder”	a holder of Ordinary Shares
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UKLA” or “United Kingdom Listing Authority”	the Financial Services Authority, acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
“uncertificated” or “in uncertificated form”	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“Unapproved Scheme”	the TMN Group plc Share Option Plan adopted on 23 May 2000, further details of which are set out in paragraph 11 of Part VI of this document
“US”, “USA” or “United States”	the United States of America, each state thereof, its territories and possessions and the District of Columbia and all other areas subject to its jurisdiction
“VAT”	UK value added tax
“Whitewash Resolution”	the ordinary resolution of the Independent Shareholders concerning the waiver of obligations under Rule 9 of the City Code to be proposed on a poll at the Extraordinary General Meeting and set out in the Notice of Extraordinary General Meeting

MARKET AND FINANCIAL INFORMATION

The data, statistics and information and other statements in this document regarding the markets in which the Group operates, or the Group's position therein, are based on the Group's records or are taken or derived from statistical data and information derived from the sources described in this document.

In relation to these sources, such information has been accurately reproduced from the published information, and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

Unless otherwise indicated, and except for the audited consolidated financial statements of SPG Media Group Limited (formerly SPG Media Group plc) for the years ended 31 March 2006 and 2007 set out in Section D of Part III, the financial information in this document, including the historical financial information on the Progressive Group set out in Part III of this document, has been prepared in accordance with IFRS.

Various figures and percentages in tables in this document have been rounded and accordingly may not total. Certain financial data has also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

All times referred to in this document are, unless otherwise stated, references to London time.

FORWARD-LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors' current intentions, beliefs or expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the Group's markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements. Factors that might cause such a difference, include, but are not limited to the risk factors set out in Part II of this document.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Prospective investors should therefore specifically consider the risk factors contained in Part II of this document that could cause actual results to differ before making an investment decision. Save as required by law or by the AIM Rules for Companies, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document.

DOCUMENT AVAILABILITY

This Re-Admission Document is being made available to Shareholders electronically in “read only” format on the TMN Group website at <http://www.tmnplc.com/tmn/investors/reports/> where it can be printed.

All Shareholders have the right to receive this Re-Admission Document and copies of any documents incorporated by reference in this Re-Admission Document solely upon a written or verbal request as detailed below. Such request must state the address to which the documentation must be sent and confirm whether or not they wish for future correspondence in relation to the Acquisition to be sent in printed form. Requests for copies of any such document should be directed to: Capita Registrars, Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by telephoning the shareholder helpline on 0871 664 0321 (or +44 (0)20 8639 3399, if telephoning from outside the UK) or by emailing: ssd@capitaregistrars.com. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider’s network extras. Following such request, copies of this Re-Admission Document and copies of any documents incorporated by reference in this Re-Admission Document will be provided within two business days, without charge.

Copies of this Re-Admission Document and copies of any documents incorporated by reference in this Re-Admission Document will not be provided unless such a request is made.

IMPORTANT NOTICE TO NON-UK PERSONS

It is the responsibility of any person outside the UK wishing to purchase any Ordinary Shares to satisfy themselves as to the full observance of the laws of any relevant territory outside the UK in connection with such purchase, including obtaining any required governmental or other consents or observing any other applicable formalities.

RE-ADMISSION STATISTICS

Number of Existing Ordinary Shares in issue prior to the Acquisition	77,605,014
Number of Consideration Shares being issued by the Company pursuant to the Acquisition	291,942,672
Number of Ordinary Shares in issue following Re-Admission	369,547,686
Percentage of Enlarged Share Capital represented by the Consideration Shares	79 per cent.
Percentage of Enlarged Share Capital represented by Existing Ordinary Shares	21 per cent.
Percentage of Enlarged Share Capital held by Michael Danson immediately following Re-Admission	84.87 per cent.
Percentage of Enlarged Share Capital held by the Concert Party immediately following Re-Admission	84.88 per cent.
ISIN number	GB00B12GCQP32

EXPECTED TIMETABLE

	2009
Publication of this document	5 June
Latest time and date for receipt of Forms of Proxy	10 a.m on 22 June
Extraordinary General Meeting	10 a.m on 24 June
Record Date for voting	22 June
Expected date for Re-Admission to trading on AIM and commencement of dealings in the Ordinary Shares on AIM	25 June
Expected date for CREST accounts to be credited, where applicable	25 June
Expected date for despatch of definitive share certificates, where applicable	2 July

Notes:

1. Unless otherwise stated, all references are to London time.

PART I

LETTER FROM THE CHAIRMAN OF TMN GROUP PLC

TMN Group plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 03925319)

Directors:

Peter Harkness (Non-executive Chairman)
Mark Smith (Chief Executive Officer)
Craig Dixon (Chief Financial Officer)
Vince Smith (Non-executive Director)
Bruce Fair (Non-executive Director)
Michael Danson (Non-executive Director)

Registered Office:

2nd Floor
69-73 Theobalds Road
London
WC1X 8TA

5 June 2009

To Shareholders

Dear Shareholder,

**Proposed acquisition of Progressive Digital Media Group Limited
Approval of waiver of obligations under Rule 9 of the City Code
Re-Admission to trading on AIM
Proposed name change to Progressive Digital Media Group plc
and
Notice of Extraordinary General Meeting**

1. Introduction and summary

Your Board announced today that it had conditionally agreed to acquire the entire issued share capital of Progressive through the issue of 291,942,672 new Ordinary Shares to Michael Danson, Progressive's sole shareholder and a non executive director of TMN Group.

Progressive is a business to business publishing company and information provider founded in 2007 by Michael Danson the former CEO and founder of Datamonitor plc, which was sold to Informa in 2007 for £502m. Further information regarding Progressive is set out in paragraph 4 below.

Under the AIM Rules for Companies, the Acquisition constitutes a reverse takeover. Accordingly the Acquisition is conditional on the approval by the Existing Shareholders of Resolution 2 at the Extraordinary General Meeting which is being convened for this and other purposes on 24 June 2009 at 10 a.m. Approval of the Independent Shareholders is also required to approve the Whitewash Resolution as the Concert Party will hold the majority of the Enlarged Share Capital post-Acquisition further details of which are set out in paragraph 8 below.

If the Resolutions are duly passed at the Extraordinary General Meeting then it is expected that the Enlarged Share Capital will be re-admitted to trading on AIM on 25 June 2009.

The purpose of this document is to provide you with information about the background to and the reasons for the Acquisition, to explain why the Board considers the Acquisition to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting, notice of which is set out at the end of this document.

Further details of the Acquisition and the Acquisition Agreement are set out below and in Part VI of this document.

2. Background to and reasons for the Acquisition

The recent deterioration in the macro-economic environment has had a significant impact on the trading performance of the Company. Whilst the Directors have reacted swiftly to implement a programme of cost savings, the benefit of which will be received predominantly in the current financial year to 30 April 2010, this has been outweighed by the considerable decline in email display advertising revenues and particularly in the financial services and automotive sectors to which the Company has a large exposure. Trading in the current financial year has stabilised, albeit at lower levels, and although the benefits of the cost reduction programme implemented last year will begin to appear in the current financial year, visibility of earnings remains poor and the outlook for the markets in which it operates remains uncertain.

The Directors and Proposed Directors believe that the acquisition by TMN Group of Progressive will provide a number of benefits to existing TMN Group Shareholders, including:

- *Broader Revenue Base:* Progressive operates across a number of industry verticals which include defence, energy, and pharmaceutical and offers a broad range of product solutions for its extensive customer base. Consequently, Progressive is well placed to exploit earnings opportunities in both growing and mature markets and at the same time to ameliorate and manage decline in any one or more of its market sectors or product ranges.
- *Greater Financial Stability:* The increase in the Enlarged Group's profitability and cash flow will allow for increased investment in product development, product delivery and service execution. Furthermore given the recent decline in TMN Group's profitability and cash flow in the context of its current banking facilities, it has been necessary to reduce the level of capital expenditure within the Group which in certain circumstances has restricted the ability to grow revenues. The £9 million term loan within the Progressive business which will be assumed by TMN Group has no covenants, bears no interest and is repayable in full in ten years' time unless otherwise agreed by the Board. In addition, there will be a short term loan provided to TMN Group of £2 million which will have no covenants, bear no interest and will be repayable in full in two years' time unless otherwise agreed by the Board. Further information regarding the term loans is set out in paragraph 14(j) of Part VI below.
- *Enhanced Management Team:* the Progressive team is led by Michael Danson who has considerable experience in delivering shareholder value in publicly listed companies in the UK. The wider team includes a number of senior managers who have experience of working in and running either public companies or sizeable divisions of public companies.
- *Increased Opportunities for Growth:* Progressive has enjoyed rapid growth since its formation and is now well positioned to benefit from the significant investment made in the business in the short to medium term. The business model allows for a diversification of products across multiple verticals and at multiple price points which will provide an opportunity for significant future growth. This growth will be pursued both organically and by selected acquisitions as appropriate.
- *Enhanced Scale:* The combination of the two businesses will create a company of significantly greater scale providing scope for enhanced financial reporting functions and internal controls and management, with cost savings available in selected areas.

The Directors and Proposed Directors believe that the Enlarged Group will be well positioned to deliver significant shareholder value in the medium and long term which the Group otherwise would not be able to deliver as an independent company.

The existing TMN Group businesses will continue to be run as an independent entity within the Enlarged Group and focus on similar markets, benefiting from the support of additional capital to maximise the existing TMN Group's businesses revenue potential.

3. Irrevocable undertakings

The Independent Directors who hold Ordinary Shares have entered into irrevocable undertakings to vote in favour, or procure the vote in favour of, the Whitewash Resolution in respect of their beneficial interests in Ordinary Shares amounting, in aggregate, to 654,341 Ordinary Shares, representing 0.8 per cent. of the Existing Ordinary Shares and 1.2 per cent. of the Existing Ordinary Shares not held by the Concert Party.

The Directors who hold Ordinary Shares have in total entered into irrevocable undertakings to vote in favour, or procure the vote in favour of, resolutions 2 to 7 in respect of their beneficial interests in Ordinary

Shares amounting, in aggregate, to 22,351,850 Ordinary Shares, representing 28.8 per cent. of the Existing Ordinary Shares.

In addition, TMN Group has received irrevocable undertakings or letters of intent from certain other Shareholders to vote in favour, or procure the vote in favour of, the Resolutions in respect of their beneficial interests in Ordinary Shares amounting, in aggregate, to 14,252,976 Ordinary Shares, representing 18.4 per cent. of the Existing Ordinary Shares and 25.5 per cent. of the Existing Ordinary Shares not held by the Concert Party.

Accordingly TMN Group has received irrevocable undertakings from Shareholders to vote in favour of resolutions 2 to 7 in respect of, in aggregate, 36,604,826 Ordinary Shares, representing 47.2 per cent. of the Existing Ordinary Shares and has received irrevocable undertakings or letters of intent from Shareholders to vote in favour, or procure the vote in favour of the Whitewash Resolution in respect of, in aggregate 14,907,317 Ordinary Shares, representing 26.7 per cent. of the Existing Ordinary Shares not held by the Concert Party.

Further details of these irrevocable undertakings and letters of intent are set out in Part VI of this document.

4. Business of the Enlarged Group

Information on TMN Group

TMN Group was established in 1999 under the name “themutual.net” as an internet community in which members could obtain a stake and receive information free of charge through a message board system. Themutual.net was listed on AIM in 2000 and gained expertise in the email marketing sector. TMN Group is now one of the UK’s leading online digital marketing organisations, operating through four key channels: Affiliate Marketing, Email Marketing, Publishing and Online Research. These channels are serviced by a number of different companies within the group and include:

TMN Media – email marketing and website publishing

TMN Media specialises in email and website marketing, with access to highly profiled, permission-based email addresses, millions of visitors to its websites and distribution technology that ensures strong deliverability. TMN Media manages a comprehensive portfolio of email databases in the UK and offers a full online advertising solution. TMN Group also operates websites including MutualPoints and Plum Prizes.

EDR – digital agency

TMN Group acquired EDR, an online interactive advertising agency, in November 2005. EDR was established in 2000 to offer full services in email broadcast, sales and delivery. TMN Group’s EDR division fulfils the full planning and buying requirements for numerous blue chip clients’ lead generation marketing campaigns. In 2006, EDR divested its owned and managed lists to TMN Media and now focuses on email strategy and investment, with access to over 30 million opt-in email addresses from around 100 email lists. EDR is an important email-buying agency and plans campaigns across a large number of third party lists, including TMN Media.

AffiliateFuture – affiliate marketing

Launched in 2002, AffiliateFuture, the Company’s affiliate marketing business, is an important affiliate network specialising in travel, telecoms, retail and finance delivering thousands of transactions per week to hundreds of clients who range from small businesses to major international operators. AffiliateFuture operates primarily on a CPA (Cost Per Acquisition) model, whereby clients pay an agreed percentage of, or a fixed amount for, sales or leads that are generated by the network, as such directly linking results to advertising costs. AffiliateFuture was acquired in 2008 as part of the acquisition of Internet Business Group plc.

iD Factor/ICD Research – online research

ICD Research carries out consultative research utilising online focus groups. Specialist online market research agency, iD Factor, was formed in 2001 to offer online survey management and fieldwork services to the market research industry and was acquired by TMN Group in December 2005 for a consideration

of £1.2 million. Core services of this division include sample provision, the design and implementation of web based surveys as well as full data processing and tabulation.

Tapps – email marketing and lead generation

Tapps is a prominent email marketing specialist in The Netherlands offering advertisers access to branded email lists. In 2007 Tapps launched Premium Brand Survey which allows advertisers to build prospect leads in a high quality environment.

Information on Progressive

The Progressive Group was created to acquire, invest and manage assets that operate in markets which demonstrate significant growth potential. Progressive is wholly owned by Michael Danson who is also a non executive director of TMN Group. Michael Danson has considerable experience of managing business-to-business media companies. He was previously the CEO of Datamonitor plc (a company he founded in 1988) until its sale to Informa Acquisitions Limited, a wholly-owned indirect subsidiary of Informa plc, in July 2007 for approximately £502 million.

At the request of the board of Informa plc, Michael Danson remained with Datamonitor plc to support the smooth transition of responsibilities to the new owners and, in May 2008, he left to pursue a number of business and charitable interests. To date, Michael Danson has made a number of investments within the business-to-business media sphere, which includes the acquisition of certain business-to-business publishing titles from Wilmington Group plc and the recommended takeover of SPG Media Group plc.

Progressive is a business-to-business media company providing a large range of products and services across a number of industry sectors. Revenues are principally derived from business conferences and events, controlled circulation magazines and web-based reference portals. A significant level of investment has been made in the group of companies since acquisition to move them from traditional business-to-business print, conference and events assets towards more data rich online models. The company has over 200 sales personnel, 400 product creators, 65 developers and over 100 websites through which it can deliver content.

Having made this significant investment, Progressive is now well placed to capitalise on the solid scalable platform that has been created and leverage its data rich assets across multiple products and platforms, the financial benefits of which will substantially come through in the financial year ending 31 December 2010.

The businesses comprising the Progressive Group at the time of the Acquisition have not formed one legal group or sub-group throughout the three year period to 31 December 2008. Accordingly financial information for Progressive's two main trading businesses, SPG Media Group Limited and Progressive Media Markets & Dewberry Redpoint have been set out in Part III of this document.

5. Current trading and prospects

Progressive

Performance in the current financial year to date has been encouraging with sales, revenue and operating profit performing in line with expectations and ahead of last year. Whilst there has been some softening in performance in the more discretionary spend areas such as automotive and design, performance elsewhere has compensated and supports management's view that Progressive's broad industry base and wide product set provide a stable platform from which to deliver long term profitable growth. Progressive has made significant investment in the last financial year in broadening its product offering, delivery capabilities and levels of service which it expects to leverage in the coming financial year and beyond.

TMN Group

On 30 January 2009 the Company released its trading update in which the Directors stated that, "profit will be approximately 50 per cent. below the Board's expectations" for the financial year ended 30 April 2009.

The trading conditions experienced by the Group remain challenging and the Directors continue to carefully manage the Group's profitability, cost base and expenditures. Trading in the current financial year has stabilised in recent months, albeit at lower levels, and although the benefits of the cost reduction programme implemented last year will begin to appear in the current financial year, visibility of earnings remains poor and the outlook for the markets in which the Company operates remains uncertain. Should trading not improve, the Directors believe the Company may need to renegotiate banking covenants in order to meet its near term financial obligations. The Directors may seek to dispose of certain assets within the business to generate additional near term cash or pursue alternative sources of funding in case a renegotiation of its banking covenants is not successful.

6. Directors, Proposed Directors and employees

It is proposed that each of Mark Smith, Craig Dixon, Vince Smith and Bruce Fair will resign and that the Proposed Directors will join the Company's board of directors with effect from Re-Admission. Accordingly, the Enlarged Group's board of directors will consist of Michael Danson, Simon Pyper, Kenneth Appiah and Peter Harkness. Brief biographies of the Directors and the Proposed Directors of the Enlarged Group are set out below. Paragraph 7 of Part VI of this document contains further details of current and past directorships and certain other important information regarding the Directors and Proposed Directors. Further details regarding corporate governance are set out in paragraph 9 below.

Directors

Peter Harkness, aged 60 – Non-executive Chairman

Peter Harkness has 23 years' experience as a director or Chairman of a number of successful businesses, predominantly in the media sector. Peter has played an active role in a number of private equity deals and has gained extensive experience on the boards of both public and private companies. In addition to his position as Non-executive Chairman of TMN Group, he is also currently Chairman of Chrysalis Venture Capital Trust plc. In addition he is chairman of MyHobbyStore Ltd, the crossmedia publisher and Optima DIS, the magazine data and subscription specialists. He was a non-executive director of Datamonitor plc until its sale to Informa plc. In recent years he has also been Chairman of IT analysts the Butler Group until its sale to Datamonitor and was Executive Chairman of media monitoring group, Precise Media, until it was to Phoenix Private Equity. Peter joined the Board of TMN as a non-executive director in August 2007 and became chairman in 2008.

Mark Smith, aged 38 – Chief Executive Officer

Mark Smith became CEO of TMN Group in June 2004, driving its rapid growth and acquisition activity. He had initially been a consultant to TMN Group and then became commercial director before assuming the CEO role. Prior to TMN Group, Mark had a 15-year career at the forefront of new media and publishing including taking Rapide Publishing to a £20m turnover during the 1990s, and helping DealTime UK, later Shopping.com, move to strong and consistent revenues after starting up. Mark joined the Board on 1 April 2004.

Craig Dixon, aged 46 – Chief Financial Officer

Craig Dixon joined TMN Group in June 2007. He qualified as a Chartered Accountant with PricewaterhouseCoopers. He has 20 years of financial management experience, predominantly within the media and entertainment sectors. He spent 10 years in the Virgin group of companies, in both corporate finance and finance director roles. After leaving the Virgin Group he was CFO of The Telstar Music Group and The Hospital Group before rejoining Virgin as CFO of V2 Music Group. Craig joined the Board on 17 July 2007.

Vince Smith, aged 51 – Non-executive Director

Vince Smith has been an active private equity investor for 20 years concentrating on high growth companies within a variety of sectors. He qualified as a chartered accountant and spent four years at Price Waterhouse in London. He moved into an investment role with HIT Investments plc, the corporate venture capital subsidiary of Hilldown Holdings plc, which provided venture capital to public and private companies specialising in turnaround situations. In 1992 he founded Cairnsford Associates, a private equity firm investing in smaller UK companies. Cairnsford supported and developed a number of companies into market leading businesses including Acis, a provider of intelligent transport systems, Antenna Audio, which became the world leader in audio and audio-visual interpretation to the culture and

leisure sectors, and the themutual.net (forerunner to TMN), a provider of online marketing services. Vince acted as Chairman of all three Companies, leading them through their formative years and to a successful exit. Other investments included Ted Baker which was listed on the LSE in 1997 and Carluccio's. Vince co-founded Icen Capital in 2005 which raised its first fund in 2006. Icen invests in service based businesses within the UK with enterprise values below £20 million.

Bruce Fair, aged 32 – Non-executive Director

Bruce Fair is the Managing Director of Kelkoo UK & Ireland. Bruce joined Kelkoo in 2002 working for 4 years as Sales Director responsible for driving revenue growth in the flagship UK market. Kelkoo was acquired by Yahoo Inc in March 2004 for \$600 million. At this time Bruce worked as Commercial Director for Yahoo! Marketplace properties, including Kelkoo UK. He has over seven years extensive e-commerce experience covering the full business cycle, and specialises in the field of online retail. Previous employers include Hitwise (an Experian company) and Shopping.com (an eBay company).

Michael Danson, aged 46 – Non-executive Director

Michael Danson founded Datamonitor in 1988. Having returned to the business in 2002, he grew the business from a loss making operation to one with c.30 per cent. EBITDA (earnings before interest, taxes, depreciation and amortisation) margins and revenues of £70m before selling the company to Informa Acquisitions Limited in 2007 for £502 million. Previously Michael was with Strategic Planning Associates where he was a consultant in their technology practice and worked extensively in the telecoms industry. Mr Danson received an MA degree from Oxford University. Michael joined the Board on 6 October 2008.

Proposed Directors

The following individuals will join the board of directors of the Company with effect from Re-Admission.

Simon Pyper, aged 42 – Chief Executive Officer

Simon Pyper is the Chief Executive Officer of the Progressive Group. Simon joined Progressive from Datamonitor plc where he was Group Finance Director until its sale to Informa plc in August 2007. During Simon's tenure he supported the business as it delivered significant increases in revenues, earnings and shareholder returns. Simon received an MBA from Henley in 2003 and is a qualified accountant.

Kenneth Appiah, aged 42 – Finance Director

Kenneth Appiah joined the Progressive Group as Finance Director in 2008. Prior to this Kenneth was Finance Director of SPG Media plc until it was acquired by Progressive Capital Ltd in November 2008. Before joining SPG Media Group plc Kenneth was Group Financial Controller at The Wireless Group PLC.

Other TMN Group employees

Other than the board changes described above, there is currently no intention following Re-Admission to make any material changes to TMN Group's staffing levels, nor to any conditions of employment, including pension rights, as a result of the proposed transaction. There is also no current intention to change the places of business of TMN Group or to re-deploy fixed assets.

7. Terms of the Acquisition

Pursuant to the terms of the Acquisition Agreement, the Company has conditionally agreed to acquire from Michael Danson the entire issued share capital of Progressive through the issue of 291,942,672 new Ordinary Shares at Completion which will represent 79 per cent. of the Enlarged Share Capital. The Acquisition Agreement is conditional upon, *inter alia*, the Resolutions being duly passed at the Extraordinary General Meeting.

The Acquisition Agreement contains certain warranties from Michael Danson to the Company which are in a customary form for such a transaction. The aggregate liability of Michael Danson under the Acquisition Agreement shall not exceed the value of the Consideration Shares he receives by reference to the closing price of an Ordinary Share on 18 February 2009 (the business day on which trading in the Ordinary Shares were suspended following the announcement that TMN Group was in discussions which might or might not lead to a reverse takeover for TMN Group).

In determining the number of Consideration Shares to be issued and therefore the relative valuation of TMN Group and the Progressive Group, the Directors have taken into consideration the current trading and prospects of both TMN Group and the Progressive Group, the expected relative financial contributions of the two companies and the benefits that Progressive and the Proposed Directors will bring to the overall operations of the Enlarged Group.

Application will be made to the London Stock Exchange for the Consideration Shares to be admitted to trading on AIM. It is expected that such admission will occur on 25 June 2009.

The Consideration Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive dividends and other distributions declared following Re-Admission.

Further details of the Acquisition Agreement are set out in Part VI of this document.

8. The City Code

General

The City Code governs, *inter alia*, transactions which may result in a change of control of a public company to which the City Code applies. Under Rule 9 of the City Code ("**Rule 9**"), any person or group of persons acting in concert (as such term is defined in the City Code) who acquires shares which, taken together with shares already held by him or shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly when any person or persons, acting in concert, already holds more than 30 per cent. but not more than 50 per cent. of the voting rights of a company, a general offer will normally be required if any further shares are acquired by any such person.

An offer under Rule 9 must be made in cash and at the highest price paid within the preceding 12 months for any shares in the company by the person required to make the offer or any person acting in concert with him.

Persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate to obtain or consolidate control of a company.

The Concert Party Members are Michael Danson, the vendor of Progressive and Simon Pyper who is an Existing Shareholder and who is also involved in the business of Progressive as a director. The Concert Party Members have agreed with the Company that they are acting in concert for the purposes of the City Code.

Assuming that the Resolutions are duly passed and the Consideration Shares issued under the terms of the Acquisition Agreement, the Concert Party will hold, in aggregate 313,661,948 Ordinary Shares representing approximately 84.88 per cent. of the Enlarged Share Capital of which Michael Danson will hold in his private capacity 313,640,181 Ordinary Shares representing approximately 84.87 per cent. of the Enlarged Share Capital. The relevant holdings of the Concert Party Members assuming that the Resolutions are duly passed and the Consideration Shares issued under the terms of the Acquisition Agreement are set out in paragraph 10 of Part VI together with detail of the Concert Party Members.

In the absence of a waiver granted by the Panel, Rule 9 of the City Code would require the Concert Party to make a general offer for the balance of the Ordinary Shares in issue immediately following the Acquisition. The Panel has agreed, subject to the approval on a poll by the Independent Shareholders of Resolution 1 set out in the Notice of Extraordinary General Meeting, to waive the obligation that would otherwise arise under Rule 9, resulting from the issue of the Consideration Shares pursuant to the Acquisition, for a general offer to be made by the Concert Party for the balance of the issued Ordinary Shares not already held by the Concert Party.

Following implementation of the Acquisition and Re-Admission (including the issue of the Consideration Shares) both Michael Danson in his own personal capacity and the Concert Party Members between them will hold more than 50 per cent. of the Company's voting share capital

and (in the case of the Concert Party Members, for so long as they continue to be treated as acting in concert) any further increase in Michael Danson's personal shareholding or the Concert Party's aggregate shareholding will not be subject to the provisions of Rule 9. However, in the case of all Concert Party Members other than Michael Danson, the Panel should be consulted before any such individual Concert Party Member increases their holding through 30 per cent., or, if such holding is already more than 30 per cent. (but not more than 50 per cent.), before any increase in their holding.

9. Corporate Governance

The Directors and Proposed Directors recognise the value and importance of high standards of corporate governance. It is hoped that the Enlarged Group will grow in size in the future and therefore it intends to comply with the main provisions of the Combined Code so far as is practicable and appropriate for a company of its size and nature. The Company also intends to follow the recommendations on corporate governance of the Quoted Companies Alliance ("**QCA**") for companies with shares traded on AIM.

Immediately following Re-Admission however, the Enlarged Group will only have one independent non executive director. The Directors and Proposed Directors intend to appoint a suitably qualified senior independent non-executive as soon as reasonably practicable following Re-Admission in order to further comply with the Combined Code and the QCA guidelines and establish audit and remuneration committees each with formally delegated responsibilities and formal terms of reference.

As the board of directors following Re-Admission will be small, there will not be a separate nominations committee and recommendations for appointments to the board of directors will be considered by the board of directors as a whole.

The Directors intend to comply, and procure compliance with, Rule 21 of the AIM Rules for Companies relating to dealings by directors and other applicable employees in the Company's securities and, to this end, the Company has adopted an appropriate share dealing code.

10. Share Option Schemes

The Directors and Proposed Directors believe that the success of the Enlarged Group will depend to a significant degree on the future performance of the management team. The Directors and Proposed Directors also recognise the importance of ensuring that all employees are well motivated and identify closely with the success of the Enlarged Group.

Accordingly it is proposed that at the earliest possible opportunity a new share option scheme will be put to Shareholders for their approval.

Details of the Existing Share Option Schemes are set out in paragraph 11 of Part VI of this document. Completion will trigger a right to exercise the options. To the extent unexercised, options will lapse three months after Completion. The Existing Share Option Schemes will be terminated as soon as practicable at the end of the three month period following Completion.

A letter will be sent to all holders of options under the Existing Share Option Schemes with information in relation to their options.

11. Dividend Policy

The declaration and payment by the Enlarged Group of any future dividends on the Ordinary Shares and the amount will depend on the results of the Enlarged Group's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time. However, the Directors and Proposed Directors, subject to Re-Admission, intend to pursue a policy to increase dividends broadly in line with earnings growth being cognisant of the Enlarged Group's cash generation, working capital cycle and investment requirements beginning in the next financial year ended 31 December 2010. No dividend will be paid in the current financial year.

12. Taxation

Information regarding taxation in relation to the Re-Admission is set out in paragraph 13 in Part VI of this document. If you are in any doubt to your tax position you should consult your own independent financial adviser immediately.

13. Re-Admission, Settlement and CREST

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be re-admitted to trading on AIM. It is expected that Re-Admission will become effective and dealings in the Enlarged Share Capital will commence on AIM on 25 June 2009.

The Articles permit the Company to issue shares in uncertificated form in accordance with the Uncertificated Securities Regulations 2001. Application will be made and agreed with CREST by the Registrar for the Consideration Shares to be admitted to CREST with effect from Re-Admission. Accordingly, settlement of transactions in Ordinary Shares following Re-Admission may take place within CREST if the individual Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

It is expected that share certificates for Consideration Shares will be despatched by the Registrar by 2 July 2009 and Consideration Shares will be delivered in CREST immediately following Re-Admission.

14. Lock-in arrangement

Michael Danson who holds 28.0 per cent. of the Existing Ordinary Shares and will hold 84.87 per cent. of the Enlarged Share Capital, has undertaken to the Company (subject to certain limited exceptions including transfers to family members or to trustees for their benefit and disposals by way of acceptance of a recommended takeover offer of the entire issued share capital of the Company) not to dispose of the Ordinary Shares held by him (and his connected persons (within the meaning of section 252 of the 2006 Act) (the "**Restricted Shares**")) following Re-Admission or any other securities issued in exchange for or convertible into, or substantially similar to, Ordinary Shares (or any interest in them or in respect of them) at any time prior to the second anniversary of Re-Admission (the "**Lock-in Period**").

15. Extraordinary General Meeting

Set out on pages 214 and 216 of this document is a notice convening the Extraordinary General Meeting to be held on 24 June 2009 at the offices of Investec, 2 Gresham Street, London EC2V 7QP at 10 a.m., at which the Resolutions will be proposed for the purposes of implementing the Acquisition:

Resolution 1

Approval of the Independent Shareholders is required to approve the Whitewash Resolution as the Concert Party will hold the majority of the Enlarged Share Capital post-Acquisition. Resolution 1, which is an ordinary resolution, seeks the Independent Shareholders' approval accordingly. Resolution 1 will be taken on a poll of Independent Shareholders voting in person and by proxy at the Extraordinary General Meeting. A summary of the principal terms of the Acquisition Agreement can be found in paragraph 14(a) of Part VI of this document.

Resolution 2

As the Acquisition will constitute a "reverse takeover" for the Company, in accordance with the AIM Rules for Companies, the Acquisition cannot be completed until the Company's Existing Shareholders have approved it. Accordingly, Resolution 2, which is an ordinary resolution, seeks Existing Shareholders' approval of the Acquisition for such purposes conditional on the passing of Resolution 1.

Resolution 3

As the Acquisition involves a substantial property transaction with Michael Danson, one of the Directors, the Acquisition cannot be completed until the Company's Existing Shareholders have approved it. Accordingly, Resolution 3, which is an ordinary resolution, seeks the approval of the Existing Shareholders for the Acquisition for such purposes conditional on the passing of Resolution 1 and Resolution 2.

Resolution 4

Resolution 4, which is an ordinary resolution, seeks the approval of the Existing Shareholders to change the name of the Company to “Progressive Digital Media Group plc” conditional on the passing of Resolution 1 and Resolution 2.

Resolution 5

Resolution 5, which is an ordinary resolution, authorises the Directors to increase the authorised share capital of the Company.

Resolution 6

Resolution 6, which is an ordinary resolution, authorises the Directors to allot the Consideration Shares and otherwise to allot relevant securities (as defined in Section 80 of the 1985 Act) up to an aggregate nominal amount of £12,318 conditional on the passing of Resolutions 1 and 5.

Resolution 7

Resolution 7, which is a special resolution, empowers the Directors, pursuant to section 95 of the 1985 Act, to disapply the statutory pre-emption rights of the Shareholders in respect of the allotments referred to in Resolution 6 and pre-emptive offerings to Shareholders and to otherwise allot equity securities (as defined in the 1985 Act) for cash on a non pre-emptive basis up to an aggregate nominal amount of £1,847 conditional on the passing of Resolutions 1 and 5.

16. Further information

Your attention is drawn to Part II of this document which contains certain risk factors relating to any investment in the Company and to Parts III to VI of this document which contain further additional information on the Enlarged Group.

17. Action to be taken

A Form of Proxy for use at the Extraordinary General Meeting accompanies this document. The Form of Proxy should be completed and signed in accordance with the instructions thereon and returned to the Company’s registrars, Capita Registrars, Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible, but in any event so as to be received by no later than 10 a.m. on 22 June 2009. The completion and return of a Form of Proxy will not preclude Shareholders from attending the Extraordinary General Meeting and voting in person should they so wish.

18. Recommendation

The Independent Directors, having been so advised by Investec, consider the terms of the Acquisition and waiver of Rule 9 of the City Code to be fair and reasonable and in the best interests of the Company and the Independent Shareholders. In providing advice to the Independent Directors, Investec has taken into account the Independent Directors’ commercial assessments. Accordingly the Independent Directors unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting as, in each case, they have irrevocably undertaken to do so in respect of their beneficial holdings amounting, in aggregate, to 654,341 Ordinary Shares, representing approximately 0.8 per cent. of the Existing Ordinary Shares.

Yours sincerely

Peter Harkness
Chairman

PART II

RISK FACTORS

In addition to all of the other information set out in this document, potential investors should carefully consider the risk factors set out below which the Directors and Proposed Directors consider to be the most significant to the business of the Enlarged Group.

If any of the circumstances identified in the risk factors were to materialise, the Enlarged Group's business, financial condition and operating results could be materially affected. In such cases the price of the Company's shares could decline, and investors may lose all or part of their investment. An investment in the Company may not be suitable for all recipients of this document. Potential investors are therefore strongly recommended to consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 and who specialises in advising upon the acquisition of shares and other securities before making a decision to invest.

RISKS RELATING TO THE BUSINESS OF THE ENLARGED GROUP

Risks of integration not being successful

The success of the Acquisition will be partially dependent on the ability to successfully integrate the Progressive Group. If it cannot be effectively integrated, the Enlarged Group may not be able to fully realise the benefits from the transaction and may not even be able to achieve historical results.

Failure to develop acquired businesses

Both the Progressive Group and the Company have recently made a number of acquisitions. Further details of these transactions are set out under the heading "Material Contracts" in Part VI of this document. The Directors and Proposed Directors expect the Enlarged Group to acquire, or form joint ventures with, other companies or businesses in the future. If the Enlarged Group cannot successfully develop these acquired companies, businesses or joint ventures, it could impact on the Enlarged Group's ability to establish itself in new markets and/or expand its product offering. The integration of newly acquired businesses may be particularly difficult due to different business cultures in the various markets in which the Enlarged Group operates or may operate in the future. Failure to develop joint ventures or acquired businesses successfully could have a material adverse effect on the Enlarged Group's growth, business and financial results.

Anticipated synergies as a result of the Acquisition may not be achieved

The Directors and Proposed Directors believe that, following the Acquisition, the Enlarged Group will benefit from a degree of synergies and cost savings. There is no guarantee that these synergies or cost savings will arise and failure to achieve such cost savings or synergies may adversely impact the Enlarged Group's business, financial condition and operating results.

Management Controls and Reporting Procedures

The ability of the Enlarged Group to implement its strategy in a competitive market requires effective planning and management control systems. The Enlarged Group's future growth will depend on its ability to expand and improve operational, financial and management information and control systems in line with the Enlarged Group's growth. Failure to do so could have an adverse effect on the Enlarged Group's business, financial condition and operating results.

Market development

The Directors and Proposed Directors believe that certain developments will take place in the markets in which the Enlarged Group operates. If the market does not develop as the Directors and Proposed Directors anticipate the Enlarged Group's growth plans, business and financial results may suffer.

Growth management

The Directors and Proposed Directors anticipate that further significant expansion of its operations will be required to address the anticipated growth in the markets in which the Enlarged Group will operate. The Enlarged Group's future success will depend in part on its ability to manage this anticipated expansion. Such expansion is expected to place significant demands on management, support functions, accounting and financial control, sales and marketing and other resources. If the Enlarged Group is unable to manage its expansion effectively, its business and financial results could suffer.

Short operating history and new products

Certain divisions within the Progressive Group have recently launched new products and entered new markets. Accordingly, it is difficult to accurately evaluate the future prospects of these divisions, which may increase the risk that the Enlarged Group will not continue to be successful and may significantly impact the Enlarged Group's trading performance.

Dependence on advertising revenues

The Enlarged Group's business generates a significant amount of revenues from discretionary customer spend on advertising through its products and websites. Advertising spend is highly cyclical and can be significantly impacted by negative economic and sector sentiment. Both TMN and Progressive have experienced declines in advertising revenue given the recent economic turbulence, however any further decline in advertising spend could have a material impact on the Enlarged Group's trading and financial performance.

Dependence on sponsorship and delegate revenue from conferences and exhibitions

The Progressive Group business generates a significant amount of revenues from discretionary customer spend on sponsorship and delegate fees in its conference and exhibition businesses. Sponsorship and delegate revenues are highly dependent on the quality of the events produced by the Progressive Group and on the willingness of delegates to attend or participate in such events. In some cases, these events may not be critical to the businesses of the delegates and therefore in times of economic uncertainty, delegates may choose not to participate in such events, which would have a significant impact on the Progressive Group's trading and financial performance. Attendance at these events is also dependent on people's willingness to travel. Should there be significant events such as outbreaks of diseases or viruses that reduce people's willingness to travel this will also significantly impact Progressive Group's trading and financial performance.

Competition

The Enlarged Group has experienced, and expects to continue to experience, intense competition from a number of companies. The Enlarged Group's competitors may announce or develop new products, services or enhancements that better meet the needs of customers or changing industry standards. Further, new competitors, or alliances among competitors, could emerge. Increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

Many of the Enlarged Group's competitors and potential competitors have greater financial, technical and marketing resources than the Enlarged Group and have a larger base of products and services, longer operating histories or greater name recognition. In addition, the Enlarged Group's competitors may be able to respond more quickly than the Enlarged Group can to changes in customer requirements and devote greater resources to the enhancement, promotion and sale of their products and services and to the development of new products and services.

Technology/Industry standards change

The markets for the Enlarged Group's products and services are characterised by rapidly changing technology, evolving industry standards and increasingly sophisticated customer requirements. Changing customer requirements and the introduction of products and services embodying new technology and the emergence of new industry standards may render the Enlarged Group's existing products and services

obsolete and unmarketable and may exert downward pressure on the pricing of existing products and services. It is critical to the success of the Enlarged Group that it is able to anticipate changes in technology or in industry standards and to successfully develop and introduce new, enhanced and competitive products and services on a timely basis. The Enlarged Group cannot give assurances that it will successfully develop new products and services or enhance and improve its existing products and services or that new products and services and enhanced and improved existing products and services will achieve market acceptance or that the introduction of new products and services or enhancing existing products and services by others, or changing customer requirements, will not render the Enlarged Group's products and services obsolete. The Enlarged Group's potential inability to develop products and services that are competitive in technology and price and that meet customer needs could have a material adverse effect on the Enlarged Group's business, financial condition or results of operations.

Website Hosting

Both TMN Group and Progressive procure hosting services from a number of hosting service providers. In some cases there are currently no written agreements for these relationships and therefore there are no guaranteed service levels. A decline in service levels from these service providers may negatively impact the Enlarged Group's growth, business and financial results.

Data Protection

The Enlarged Group will have to comply with data protection and privacy laws which govern its ability to collect and use personal information relating to its customers, including the marketing use of that information. The Enlarged Group will rely on database administrators, software engineers and other employees to maintain its databases and ensure that non-disclosure agreements are in place with these employees and will attempt to restrict access to customer data to those that need it for performing their responsibilities. Notwithstanding such non-disclosure agreements and such efforts to manage this, confidential information may be wrongfully appropriated or disclosed by the employees of the Enlarged Group or data protection laws could be breached.

Dependence upon key intellectual property

The Enlarged Group's success depends in part on its ability to protect its rights in its intellectual property. The Enlarged Group relies upon various intellectual property protections, including patents, copyright, trademarks, trade secrets and contractual provisions, to preserve its intellectual property rights. Despite these precautions, it may be possible for third parties to obtain and use the Enlarged Group's intellectual property without its authorisation.

Policing unauthorised use of intellectual property is difficult, and some foreign laws do not protect proprietary rights to the same extent as the laws of the United Kingdom or the United States. To protect the Enlarged Group's intellectual property, the Enlarged Group may become involved in litigation which, even if successful, could result in substantial expense, divert the attention of its management, cause significant delays, materially disrupt the conduct of the Enlarged Group's business or adversely affect its revenue, financial condition and result of operations.

Claims by third parties

While the Directors and Proposed Directors believe that the Enlarged Group's products and services and other intellectual property do not infringe upon the proprietary rights of third parties, there can be no assurance that the Enlarged Group will not receive communications from third parties asserting that the Enlarged Group's products and services and other intellectual property infringe, or may infringe, their proprietary rights. Any such claims, with or without merit, could be time consuming, result in costly litigation and the diversion of technical and management personnel, cause product delays or require the Enlarged Group to develop non-infringing technology or enter into royalty or licensing agreements or re-brand products and services. Such royalty or licensing agreements, if required, may not be available on terms acceptable to the Enlarged Group or at all. In the event of a successful claim of product infringement against the Enlarged Group and any failure or inability of the Enlarged Group to develop non-infringing products and services or licence the infringed or similar products and services, the Enlarged Group's business, operating result or financial condition could be materially adversely affected.

Key personnel

The Enlarged Group depends on the services of its key technical, sales, marketing and management personnel. The loss of the services of any of these persons could have a material adverse effect on the Enlarged Group's business, results of operations and financial condition. The Enlarged Group's success is also highly dependent on its continuing ability to identify, hire, train, motivate and retain highly qualified technical, sales, marketing and management personnel. Competition for such personnel can be intense, and the Enlarged Group cannot give assurances that it will be able to attract or retain highly qualified technical, sales, marketing and management personnel in the future. The Enlarged Group's inability to attract and retain the necessary technical, sales, marketing and management personnel may adversely affect its future growth and profitability. It may be necessary for the Enlarged Group to increase the level of remuneration paid to existing or new employees to such a degree that its operating expenses could be materially increased.

System Failures and Breaches of Security

The successful operation of the Enlarged Group's business depends upon maintaining the integrity of the Enlarged Group's computer, communication and information technology systems. However, these systems and operations are vulnerable to damage, breakdown or interruption from events which are beyond the Enlarged Group's control, such as fire, flood and other natural disasters; power loss or telecommunications or data network failures; improper or negligent operation of the Enlarged Group's system by employees, or unauthorised physical or electronic access; and interruptions to internet system integrity generally, as a result of attacks by computer hackers or viruses or other types of security breaches. Any such damage or interruption could cause significant disruption to the operations of the Enlarged Group. This could be harmful to the Enlarged Group's business, financial condition and reputation and could deter current or potential customers from using its services.

There can be no guarantee that the Enlarged Group's security measures in relation to its computer, communication and information systems will protect it from all potential breaches of security, and any such breach of security could have an adverse effect on the Enlarged Group's business, results of operations and/or financial condition.

Currency fluctuations

Fluctuations in the exchange rates between currencies in which the Enlarged Group trades may have a material adverse effect on the Enlarged Group's business, financial condition and operating results.

Dividends

The declaration and payment by the Enlarged Group of any future dividends on the Ordinary Shares and the amount of such dividends will depend on the results of the Enlarged Group's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time. However, the Directors and Proposed Directors, subject to Re-Admission, intend to pursue a policy to increase dividends broadly in line with earnings growth being cognisant of the Enlarged Group's cash generation, working capital cycle and investment requirements, beginning in the next financial year ended 31 December 2010. No dividend will be paid in the current financial year.

Financial resources

In the opinion of the Directors and Proposed Directors, having made due and careful enquiry, taking into account existing cash resources and the facilities available to the Enlarged Group, the working capital available to the Enlarged Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of Re-Admission. The Enlarged Group's future capital requirements will, however, depend on many factors, including its ability to maintain and expand its customer base, its sales, cash flow and control of costs and the execution of any material acquisitions. In the future, the Enlarged Group may require additional funds and may attempt to raise additional funds through equity or debt financings or from other sources. Any additional equity financing may be dilutive to holders of Ordinary Shares and any debt financing, if available, may require restrictions to be placed on the Enlarged Group's future financing and operating activities. The Enlarged Group may be unable to obtain additional financing on acceptable terms or at all if market and economic conditions, the financial condition or operating performance of the

Enlarged Group or investor sentiment (whether towards the Enlarged Group in particular or towards the market sector in which the Enlarged Group operates) are unfavourable. The Enlarged Group's inability to raise additional funding may hinder its ability to grow in the future or to maintain its existing levels of operation.

Taxation

Any change in the Enlarged Group's tax status or in taxation legislation in any jurisdiction in which the Enlarged Group operates could affect the Enlarged Group's financial condition and results and its ability (if any) to provide returns to Shareholders. Statements in this document concerning the taxation of investors in Ordinary Shares are based on current UK tax law and practice which is subject to change. The taxation of an investment in the Enlarged Group depends on the individual circumstances of investors.

Pensions

Following Re-Admission the Company has agreed to enter into discussions with the trustees of the Progressive Media Markets Limited's defined benefit pension scheme to ensure that appropriate provisions are made for those members who will become employees of the Enlarged Group. Discussion with the trustees are at an early stage and are being held together with the Progressive Media Ventures Limited and Progressive Media Group Limited to ensure an optimal outcome is achieved for the Trustees, participating employees and the Company. It is possible however that in certain circumstances the Company may be required to make additional contributions to such pension.

Forward-looking statements

Certain statements contained in this document may constitute forward-looking statements. Forward-looking statements include statements concerning the plan, objectives, goals, strategies and future operations and performance of the Enlarged Group and the assumptions underlying these forward-looking statements. The Enlarged Group uses the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "may", "will", "should", and any similar expressions to identify forward-looking statements. Any such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Enlarged Group or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which the Enlarged Group will operate in the future. These forward-looking statements speak only as of the date of this document. The Enlarged Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein, save as required to comply with any legal or regulatory obligations, to reflect any change in the Enlarged Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. All subsequent written or oral forward-looking statements attributable to the Enlarged Group, or persons acting on behalf of the Enlarged Group, are expressly qualified in their entirety by the cautionary statements contained throughout this document. As a result of these risks, uncertainties and assumptions, a prospective investor should not place undue reliance on these forward looking statements.

RISKS RELATING TO THE ORDINARY SHARES

Interests of major shareholders

On Re-Admission, Michael Danson will hold, in aggregate, 84.87 per cent. of the Enlarged Share Capital and the Concert Party will hold 84.88 per cent. of the Enlarged Share Capital. The Concert Party collectively and Michael Danson individually will be able to exercise significant influence over the Enlarged Group and the Enlarged Group's operations, business strategy and those corporate actions that require the approval of the Shareholders.

General economic conditions

The Enlarged Group could be sensitive to fluctuations in the UK and international economies. The Enlarged Group's performance will depend, to a certain extent, on a number of factors outside the control of the

Enlarged Group, including political and economic conditions. Factors which could indirectly affect the Enlarged Group's prospects could include, *inter alia*, gross domestic product growth, unemployment rate, consumer confidence, credit conditions, interest rates, taxation, regulatory changes, oil prices and terrorist attacks. Each of these factors could have an indirect adverse effect on the financial performance of the Enlarged Group and any downturn in the general macro-economic situation could have a significant adverse effect on the Enlarged Group, its profits and share price.

Investments in AIM securities

An investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than an investment in companies whose shares are listed on the Official List and traded on the London Stock Exchange's market for listed securities. An investment in Ordinary Shares may be difficult to realise.

Prospective investors should be aware that the value of Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Group. Investors may, therefore, realise less than, or lose all of, their investment.

Potentially volatile share price and liquidity

The share price of quoted companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the value at which investors may realise for their Ordinary Shares may be influenced by a significant number of factors, some specific to the Enlarged Group and its operations and some which affect quoted companies generally. These factors could include the performance of the Enlarged Group, large purchases or sales of Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

Share price effect on sales of Ordinary Shares

The market price of Ordinary Shares could decline significantly as a result of any sales of Ordinary Shares by certain Shareholders following the expiry of the relevant lock-in periods, details of which are set out in Parts I and VI of this document, or the expectation or belief that sales of such shares may occur.

PART III

HISTORICAL FINANCIAL INFORMATION ON THE PROGRESSIVE GROUP

The businesses comprising the Progressive Group at the time of the Acquisition have not formed one legal group or sub-group throughout the three year period to 31 December 2008.

The ultimate holding company of the Progressive Group is Progressive Digital Media Group Limited (formerly Progressive Media Group (Holdings) Limited), which was incorporated on 6 November 2008. Progressive Digital Media Group Limited became the ultimate holding company of the Progressive Group via a share-for share exchange with the shareholder of Progressive Capital Limited and Progressive Media Group Limited during December 2008. Progressive Digital Media Group Limited has not traded, has not yet completed its first financial accounting period and does not contain any assets or liabilities other than its investments in the share capital of Progressive Capital Limited and Progressive Media Group Limited acquired via the share-for share exchange. Given these facts, no historical financial information on Progressive Digital Media Group Limited has been presented.

In order to show a three year trading record for the trades, assets and liabilities of the businesses comprising the Progressive Group at the time of the Acquisition, it is necessary to show separately trading records for the major components of the Progressive Group.

The Progressive Group essentially comprises two trading businesses:

- SPG Media Group Limited (formerly SPG Media Group plc) and its subsidiary undertakings.
- the business of Progressive Media Markets Limited and its subsidiary undertakings together with Dewberry Redpoint Limited and its subsidiary undertakings.

In addition to the above trading businesses, the Progressive Group includes two intermediate holding companies which contain assets and liabilities relevant to an understanding of the Progressive Group's historic assets and liabilities:

- Progressive Capital Limited – which has acted as the intermediate holding company of SPG Media Group Limited (formerly SPG Media Group plc) since 5 November 2008
- Progressive Media Group Limited – which has acted as the intermediate holding company of Progressive Media Markets Limited and Dewberry Redpoint Limited since 14 August 2007.

SPG Media Group Limited has historically had a 31 March year end. Progressive Media Markets Limited and Dewberry Redpoint Limited have historically had a 30 June year end. Progressive Capital Limited has historically had a 30 April year end. Progressive Media Group Limited has historically had a 31 July year end.

In this section, therefore, the following financial information has been set out:

Section A – Historical combined financial information for Dewberry Redpoint Limited and the business of Progressive Media Markets Limited for the two years ended 30 June 2007 and the 18 months ended 31 December 2008, together with an accountant's report thereon.

Section B – Historical financial information for Progressive Capital Limited for the period from incorporation to 30 April 2008 and the eight month period ended 31 December 2008, together with an accountant's report thereon.

Section C – Historical financial information for Progressive Media Group Limited for the period from incorporation to 31 July 2007 and the 17 month period ended 31 December 2008, together with an accountant's report thereon.

Section D – Audited consolidated financial statements for SPG Media Group Limited (formerly SPG Media Group plc) for the three years ended 31 March 2008 and the nine months ended 31 December 2008, together with the audit reports thereon.

SECTION A

DEWBERRY REDPOINT LIMITED AND THE BUSINESS OF PROGRESSIVE MEDIA MARKETS LIMITED

Introduction

The historical combined financial information for Dewberry Redpoint Limited and the business of Progressive Media Markets Limited for the two years ended 30 June 2007 and the 18 months ended 31 December 2008 set out in this Section A of Part III does not constitute statutory accounts within the meaning of the 1985 Act or the 2006 Act.

In accordance with paragraph 20.1 of Annex I of the AIM Rules for Companies, the historical combined financial information for Dewberry Redpoint Limited and the business of Progressive Media Markets Limited has been prepared under IFRS as adopted by the European Union, these being the accounting standards and policies applicable to TMN Group plc's next published annual financial statements. Progressive Media Markets Limited and Dewberry Redpoint Limited do not intend to adopt IFRS as adopted by the European Union in their future statutory financial statements.

When it acquired Progressive Media Markets Limited and Dewberry Redpoint Limited on 14 August 2007, Progressive Media Group Limited did not acquire their holding company. As a result, although Progressive Media Markets Limited and Dewberry Redpoint Limited have been operated as one business both before and after acquisition by Progressive Media Group Limited, they have not formed part of one legal sub-group for the last three years.

For this reason the historical financial information for Progressive Media Markets Limited and Dewberry Redpoint Limited cannot be consolidated and has instead been prepared on a combined basis as prescribed by SIR 2000 (Investment Reporting Standard applicable to Public Reporting Engagements on Historical Financial Information), issued by the UK Auditing Practices Board, as Progressive Media Markets Limited and Dewberry Redpoint Limited have been operated as one business under common management and control.

Aggregation of the historical financial information of Progressive Media Markets Limited and Dewberry Redpoint Limited involves the results, net assets, share capital and reserves of the entities being aggregated with eliminations for inter-company transactions and balances, but without any other acquisition accounting adjustments.

Following a re-organisation that occurred subsequent to 31 December 2008, part of the operations and assets of Progressive Media Markets Limited that existed during the financial periods up to 31 December 2008 does not form part of the Acquisition. In the combined historical financial information for Dewberry Redpoint Limited and the business of Progressive Media Markets Limited set out in this section, this trade has been presented as assets and liabilities not forming part of the transaction. As part of the same re-organisation that occurred subsequent to 31 December 2008, operations of Progressive Media Markets Limited which do form part of the Acquisition were transferred to Progressive Media Group Limited.



Our ref: MM/SJP

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5 June 2009

Dear Sirs

Dewberry Redpoint Limited and the business of Progressive Media Markets Limited

We report on the historical combined financial information of Dewberry Redpoint Limited and the business of Progressive Media Markets Limited (together, "Progressive Media Markets") set out on pages 30 to 58. This financial information has been prepared for inclusion in the AIM Re-Admission Document dated 5 June 2009 of TMN Group plc on the basis of the accounting policies set out on pages 33 to 39.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that regulation and for no other purpose.

Responsibilities

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the AIM Re-Admission Document.

As described on page 34, the Directors and Proposed Directors of TMN Group plc are responsible for preparing the financial information on the basis of preparation set out on pages 33 and 34 and in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the AIM Re-Admission Document, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

Chartered Accountants

Member firm within Grant Thornton International Ltd
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A list of members is available from our registered office.

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

We planned and performed our work 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 information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Re-Admission Document dated 5 June 2009, a true and fair view of the state of affairs of Progressive Media Markets as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out on pages 33 and 34.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the AIM Re-Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Re-Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

GRANT THORNTON UK LLP

**HISTORICAL COMBINED FINANCIAL INFORMATION FOR DEWBERRY REDPOINT
LIMITED AND THE BUSINESS OF PROGRESSIVE MEDIA MARKETS LIMITED**

COMBINED BALANCE SHEET

	<i>Notes</i>	<i>30 June 2006 £'000</i>	<i>30 June 2007 £'000</i>	<i>31 December 2008 £'000</i>
ASSETS				
Non-current assets				
Goodwill	3	2,532	2,532	1,415
Other intangible assets	4	4,537	3,353	2,921
Property, plant and equipment	5	2,879	2,615	400
		<u>9,948</u>	<u>8,500</u>	<u>4,736</u>
Current assets				
Inventories	6	510	627	255
Trade and other receivables	7	8,741	7,871	2,434
Recoverable income tax		–	–	546
Cash and cash equivalents		2,668	4,019	1,084
		<u>11,919</u>	<u>12,517</u>	<u>4,319</u>
Assets relating to disposal group	8	–	2,127	–
Assets not forming part of the transaction	9	–	–	5,762
		<u>21,867</u>	<u>23,144</u>	<u>14,817</u>
Total assets				
LIABILITIES				
Non-current liabilities				
Net pension liability	24	254	18	244
Deferred income tax liabilities	15	387	326	198
		<u>641</u>	<u>344</u>	<u>442</u>
Current liabilities				
Borrowings – related party	11	7,480	7,480	3,851
Trade and other payables	10	11,291	10,999	6,515
Current income tax liabilities		588	437	263
Property provision	16	–	–	677
		<u>19,359</u>	<u>18,916</u>	<u>11,306</u>
Liabilities relating to disposal group	8	–	642	–
Liabilities not forming part of the transaction	9	–	–	427
		<u>20,000</u>	<u>19,902</u>	<u>12,175</u>
Total liabilities				
Net assets				
		<u>1,867</u>	<u>3,242</u>	<u>2,642</u>
Equity				
Ordinary share capital	13	2,580	2,580	2,580
Share premium	13	2,210	2,210	2,210
Retained earnings	13	(2,953)	(1,586)	(2,175)
		<u>1,837</u>	<u>3,204</u>	<u>2,615</u>
Capital and reserves attributable to the equity holders				
Equity minority interests	13	30	38	27
		<u>1,867</u>	<u>3,242</u>	<u>2,642</u>
Total equity				

COMBINED INCOME STATEMENT

		<i>12 months to 30 June 2006 £'000</i>	<i>12 months to 30 June 2007 £'000</i>	<i>18 months to 31 December 2008 £'000</i>
Revenues	1	12,888	11,557	17,325
Cost of sales		<u>(4,555)</u>	<u>(3,684)</u>	<u>(5,895)</u>
Gross profit		8,333	7,873	11,430
Distribution costs		(3,986)	(4,095)	(5,844)
Administrative expenses		(2,740)	(2,297)	(4,733)
Amortisation		(632)	(727)	(937)
Impairment		(284)	–	–
Profit on sale of assets		<u>1,224</u>	<u>835</u>	<u>–</u>
Operating profit/(loss)		1,915	1,589	(84)
Finance income	18	<u>20</u>	<u>39</u>	<u>77</u>
Profit/(loss) before income tax		1,935	1,628	(7)
Income tax (expense)/credit	14	<u>(609)</u>	<u>(315)</u>	<u>191</u>
Profit for the period from continuing operations		1,326	1,313	184
Discontinued operations – profit/(loss) after tax	8	128	(175)	(46)
Assets not forming part of the transaction – (loss)/profit after tax	9	<u>(8)</u>	<u>102</u>	<u>(481)</u>
Profit/(loss) for the period		<u>1,446</u>	<u>1,240</u>	<u>(343)</u>
Attributable to minority interest	13	23	27	46
Attributable to owners of the parent	13	<u>1,423</u>	<u>1,213</u>	<u>(389)</u>
		<u>1,446</u>	<u>1,240</u>	<u>(343)</u>

COMBINED STATEMENT OF RECOGNISED INCOME AND EXPENSE

		<i>12 months to 30 June 2006 £'000</i>	<i>12 months to 30 June 2007 £'000</i>	<i>18 months to 31 December 2008 £'000</i>
Actuarial gains/(losses) on pensions net of tax		<u>67</u>	<u>154</u>	<u>(200)</u>
Total gains/(losses) recognised directly in equity		67	154	(200)
Result for the period		<u>1,446</u>	<u>1,240</u>	<u>(343)</u>
Total recognised income and expense for the period		<u>1,513</u>	<u>1,394</u>	<u>(543)</u>
Attributable to minority interest		23	27	46
Attributable to owners of the parent		<u>1,490</u>	<u>1,367</u>	<u>(589)</u>
		<u>1,513</u>	<u>1,394</u>	<u>(543)</u>

COMBINED CASH FLOW STATEMENT

	<i>12 months to 30 June 2006 £'000</i>	<i>12 months to 30 June 2007 £'000</i>	<i>18 months to 31 December 2008 £'000</i>
<i>Notes</i>			
Cash flows from operating activities			
Profit for the period	1,446	1,240	(343)
Adjusted by:			
Taxation in the income statement	660	283	(392)
Net finance charges in the income statement	(20)	(39)	(77)
Asset disposal	(1,224)	(835)	–
Net pension liability	11	(236)	226
Impairment	284	–	–
Property provision	–	–	677
Depreciation	352	335	347
Amortisation	632	727	937
Changes in working capital:			
Inventories	114	(120)	131
Trade and other receivables	98	(16)	4,601
Trade and other payables	(921)	295	(4,878)
Cash generated by operations	1,432	1,634	1,229
Income tax paid	(111)	(442)	–
Net cash generated by operating activities	<u>1,321</u>	<u>1,192</u>	<u>1,229</u>
Cash flows from investing activities			
Finance income received	20	39	77
Purchase of property, plant and equipment	(212)	(177)	(388)
Purchase of intangible assets	(287)	(684)	(1,652)
Proceeds from disposal of assets	–	1,000	–
Proceeds from discontinued operation	–	–	1,485
Net cash used in investing activities	<u>(479)</u>	<u>178</u>	<u>(478)</u>
Cash flows from financing activities			
Repayment of borrowings	–	–	(3,629)
Dividends paid to equity shareholders	(271)	(19)	(57)
Net cash used in financing activities	<u>(271)</u>	<u>(19)</u>	<u>(3,686)</u>
Net increase in cash and cash equivalents	571	1,351	(2,935)
Cash and cash equivalents at the beginning of the period	<u>2,097</u>	<u>2,668</u>	<u>4,019</u>
Cash and cash equivalents at the end of the period	<u><u>2,668</u></u>	<u><u>4,019</u></u>	<u><u>1,084</u></u>

NOTES TO THE FINANCIAL INFORMATION

Basis of preparation

The companies included within this historical financial information are all owners of intellectual property assets consisting of the rights to publish trade journals, as follows:

Progressive Media Markets Limited

Office Solutions Media Limited (a subsidiary of Progressive Media Markets Limited)

Dewberry Redpoint Limited

Although these companies have been operated as one business throughout the period covered by this historical financial information, they have not comprised one legal group or sub-group throughout this period. For this reason, the historical financial information cannot be consolidated. In order to show a track record for the business on a consistent basis throughout all of the periods, the historical financial information has been presented on a combined basis.

The combined historical financial information is prepared on a going concern basis, under the historical cost convention and applicable accounting standards. This information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union (EU) except in respect of the following matters.

IFRS does not provide for the preparation of combined financial information and, accordingly, the combined historical financial information does not comply with IAS 27 'Consolidated and separate financial statements.' In preparing the combined financial information certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to Public Reporting Engagements on Historical Financial Information) issued by the UK Auditing Practices Board have been applied. The application of these conventions results in the following material departures from IFRS. In other respects IFRS has been applied.

- The historical financial information has been presented on a combined basis, as the entities have been under common management and control but did not form a legal group or sub-group throughout the entire period. The historical financial information has been prepared on a combined basis by applying the principles underlying the consolidation procedures of IAS 27 and the conventions suggested within the Annexure to SIR 2000 (Investment Reporting Standard applicable to Public Reporting Engagements on Historical Financial Information). Under this method, the results, net assets, share capital and reserves of the relevant entities have been aggregated with eliminations for inter-company transactions and balances.
- The historical financial information does not constitute a set of general purpose financial statements under paragraph 3 of IAS 1 – Presentation of Financial Statements and consequently does not make an explicit and unreserved statement of compliance with IFRS as contemplated by paragraph 14 of IAS 1. A company is only permitted to apply the first-time adoption rules of IFRS 1 in its first set of financial statements where such an unreserved statement of compliance has been made. Although such a statement has not been made here, the historical financial information has been prepared as if the date of transition to IFRS was 1 July 2005, the beginning of the first period presented, and the requirements of IFRS 1 have been applied since that date.
- The historical financial information separately presents part of the assets and trade of Progressive Media Markets Limited that existed during the financial periods up to 31 December 2008 that does not form part of the Acquisition presented in the AIM re-admission document. The assets and trade are presented in the financial statements as “Assets not forming part of the transaction” and “Liabilities not forming part of the transaction” and has not been presented in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations and IAS 14 Segment Reporting. The carrying value immediately prior to classification of the assets not forming part of the transaction has been used post reclassification. As such this adjustment has had no impact on the net assets of the Group. The presentation applies the principles and conventions suggested in the Annexure to SIR 2000 (Investment Reporting Standard applicable to Public Reporting Engagements on Historical Financial Information) which sets out guidance for presenting historical financial information where a

business has formed part of a larger group or company during the three year period, but has not been accounted for separately.

- Reconciliations to previous GAAP has not been presented as this financial information has been presented on a combined basis and the financial information does not constitute a set of general purpose financial statements.
- Earnings per share (EPS) has not been presented in accordance with IAS 33 – Earnings per share. The EPS presented on a combined basis would not be a meaningful number.

The Directors and Proposed Directors of TMN Group plc are responsible for the financial information and contents of the AIM admission document in which it is included. This is the first financial information to be prepared by the Group under International Financial Reporting Standards.

Standards and interpretations issued by the IASB but not yet applied by the Group

The IASB has issued a number of standards and interpretations that have been adopted by the EU but are not yet effective up to the date of approval of this consolidated financial information. Disclosed below are the standards that management assess will have an impact on the Group. It is not intended that any of these pronouncements will be applied early:

IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009)

The retrospective adoption of IAS 1 Presentation of Financial Statements (Revised 2007) will not affect the financial position or profits of the Group, but will impact the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'.

IAS 23 Borrowing Costs (revised 2007) (effective 1 January 2009)

The revised standard requires the capitalisation of borrowing costs to the extent they are directly attributable to the acquisition, production or construction of qualifying assets that need a substantial period of time to get ready for their intended use or sale. In prior periods the Group has had no qualifying assets covered by this standard.

IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)

This amendment introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in a subsidiary.

Improvements to IFRSs (effective 1 January 2009 other than certain amendments effective 1 July 2009)

These amendments are not expected to have a material impact on the Group's financial statements.

IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)

The new standard introduces changes to the accounting requirements for business combinations but still requires use of the purchase method.

IFRS 8 Operating Segments (effective 1 January 2009)

Replaces IAS 14 Segment Reporting and adopts a management reporting approach based on internal information reported to management that is regularly reviewed by the chief operating decision maker. This could lead to changes in future segmental reporting.

Periods of account

The combined historical financial information includes the accounts of the companies drawn up to 30 June 2006, 30 June 2007 and 31 December 2008. The final period is 18 months. This longer period of account is to bring the period end of the various entities into line.

Basis of aggregation

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless they provide evidence of the impairment of the

asset transferred. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Revenue recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for services supplied, excluding VAT. 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).

Property, plant and equipment

Property, plant and equipment is stated at historic 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:

Computer equipment – over 3 years

Fixtures and fittings – over 5 years

Motor vehicles – over 4 years

Short leasehold property improvements – Over the term of the lease or useful economic life if shorter

Freehold land and buildings – Freehold land is not depreciated, buildings are depreciated over 50 years.

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 fair value less costs to sell. If the carrying value exceeds the higher of the value in use and fair value less the costs to sell the asset then the asset is impaired and its value reduced by charging additional depreciation to the Income Statement.

Intangible assets

Goodwill

Goodwill is recognised to the extent that it arises through a business combination. In respect of business combinations that have occurred since 1 July 2005, 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 1 Goodwill arising on acquisitions prior to 1 July 2005 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 annually for impairment, as discussed below.

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.

Computer software

Non-integral computer software purchases are capitalised at cost as intangible assets. These costs are amortised over their estimated useful lives (over 5 years). Costs associated with implementing or maintaining computer software programmes are recognised as an expense as incurred.

Website development

Other intangible assets include acquired website development costs, these are amortised on a straight line basis over their estimated useful lives of 3 years. Residual values and useful lives are reviewed each reporting date. In addition they are subject to impairment testing as described below.

Intellectual Property Rights

Intellectual property rights have a finite useful life and are carried at costs less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of the rights over their useful economic lives, which is the period over which they are estimated to provide economic benefits.

Impairment of intangible assets

Assets that have an indefinite useful life such as goodwill 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, other than goodwill, 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). Any impairment losses are not reversed.

Leased assets

In accordance with IAS 17 Leases, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Leases of land and buildings are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is initially recognised.

Subsequent accounting for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed to finance costs. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.

All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis. Associated costs, such as maintenance and insurance, are expensed as incurred.

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 temporary 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 is recognised in equity.

Foreign currencies

The results are recorded in Sterling which is deemed to be the functional currency of the Company and the presentation currency of the Group.

(a) *Functional and presentational currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Company's functional currency and the Group's presentational currency is Sterling.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) *Group companies*

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet.
- Income and expenses for each income statement are translated at the rate of exchange at the transaction date. Where this is not possible, the average rate for the period is used.
- On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to a separate component of equity. Post transition exchange differences are recycled to the income statement upon disposal of the foreign operation.

Financial instruments

Financial instruments are assigned to their different categories by management on initial recognition, depending on the contractual arrangements.

Financial assets

The Group's financial assets fall within the heading of 'Loans and receivables'. Loans and receivables comprise trade and certain other receivables as well as cash and cash equivalents.

Loan and receivables are recognised when the group becomes a party to the contractual provisions of the instrument and are recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method less any provision for impairment, based on the receivable ageing, previous experience with the debtor and known market intelligence. Any change in their value is recognised in the income statement.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial liabilities

The Group's financial liabilities comprise borrowings and trade and other payables.

Financial liabilities are initially recognised at the fair value of the consideration received net of issue costs. After initial recognition borrowings are measured at amortised cost using the effective interest method. All interest-related charges are included in the income statement line items "finance expense". Financial liabilities are derecognised when the obligation to settle the amount is removed.

Provisions and contingent liabilities

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Long term provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate of management.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination. These contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognised, less any amortisation.

Defined Benefit Pension Scheme

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates that have terms to maturity approximating to the terms of the related liability. Appropriate adjustments are made for past service costs. Past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that benefits are already vested the Group recognises past service cost immediately.

Actuarial gains and losses are recognised immediately through the statement of recognised income and expense (SORIE). The net surplus or deficit is presented with other net assets on the balance sheet. The related deferred tax is shown with other deferred tax balances. A surplus is recognised only to the extent that it is recoverable by the Group.

The current service cost, past service cost and costs from settlements and curtailments are charged against administrative expenses in the income statement. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs.

Short-term employee benefits, including holiday entitlement are included in current pension and other employee obligations at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments with original maturities of less than 3 months.

Equity

Equity comprises the following:

- Share capital: represents the nominal value of equity shares
- Share premium: represents the excess of consideration received above the nominal value of share capital issued
- Retained earnings: represents accumulated losses.

Critical accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Basis of preparation

The historical financial information separately presents part of the assets and trade of Progressive Media Markets Limited that existed during the financial periods up to 31 December 2008 that does not form part of the Acquisition presented in the AIM re-admission document. The assets and trade are presented in the financial statements as “assets not forming part of the transaction” and has not been presented in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations and IAS 14 Segment Reporting. The presentation applies the principles and conventions suggested in the Annexure to SIR paragraphs 27, 28, and 31 which set out guidance for presenting historical financial information where a business has formed part of a larger group or company during the three year period, but has not been accounted for separately.

Goodwill

Goodwill is tested annually for impairment. The recoverable amount of cash generating units is determined based on value in use calculations. These calculations require the use of estimates to provide growth and discount rates.

Property provision

The provision for property is made as the contract for property leasing will continue to run however the directors’ estimate that there is little chance that the vacant property will be sub let and it is prudent to make a provision for the resultant loss.

In the future, actual experience may deviate from these estimates and assumptions.

1. Segmental information

12 months to 12 months to 18 months to
30 June 30 June 31 December
2006 2007 2008
£'000 £'000 £'000

Revenue

Services	23,895	22,261	29,120
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All revenues are externally generated.

The primary segmental analysis is based on the business segment and the secondary reporting is based on geographical location of customers (no assets are held outside the UK).

2006 Segmental analysis	Online £'000	Events £'000	Publishing £'000	Un- allocated £'000	Total £'000	Dis- continued operations £'000	Group Total £'000	Dis- continued operations £'000	Assets excluded £'000	Assets Re- maining £'000
Revenues	770	3,946	16,156	–	20,872	3,023	23,895	3,023	7,984	12,888
Cost of sales	(45)	(2,552)	(3,992)	–	(6,589)	(528)	(7,117)	(528)	(2,034)	(4,555)
Gross profit	725	1,394	12,164	–	14,283	2,495	16,778	2,495	5,950	8,333
Distribution costs	(35)	(191)	(8,444)	–	(8,670)	(1,690)	(10,360)	(1,690)	(4,684)	(3,986)
Administrative expenses	(140)	(330)	(1,374)	(2,174)	(4,018)	(438)	(4,456)	(438)	(1,278)	(2,740)
Amortisation	–	–	(16)	(616)	(632)	(184)	(816)	(184)	–	(632)
Impairment of investments	–	–	–	(284)	(284)	–	(284)	–	–	(284)
Profit on sale of assets	–	–	–	1,224	1,224	–	1,224	–	–	1,224
Operating profit/(loss)	550	873	2,330	(1,850)	1,903	183	2,086	183	(12)	1,915
Finance income	–	–	–	20	20	–	20	–	–	20
Profit/(loss) before tax	550	873	2,330	(1,830)	1,923	183	2,106	183	(12)	1,935
Income tax (expense)/ income	–	–	–	(605)	(605)	(55)	(660)	(55)	4	(609)
Profit/(loss) for the period	550	873	2,330	(2,435)	1,318	128	1,446	128	(8)	1,326
Non-current assets	57	–	5,537	4,354	9,948	–	9,948	–	–	9,948
Current assets	75	1,582	3,148	7,114	11,919	–	11,919	–	–	11,919
Non-current liabilities	–	–	–	(641)	(641)	–	(641)	–	–	(641)
Current liabilities	(126)	(1,018)	(3,409)	(14,806)	(19,359)	–	(19,359)	–	–	(19,359)
	6	564	5,276	(3,979)	1,867	–	1,867	–	–	1,867
Capital expenditure	–	–	–	500	500	–	500	–	–	500
Depreciation	14	–	–	435	449	–	449	–	–	449
Amortisation	–	–	16	616	632	–	632	–	–	632

2007								Dis-	Assets	Assets
	Online	Events	Publishing	Un-	Total	Dis-	Group	continued	excluded	Re-
Segmental analysis	£'000	£'000	£'000	allocated	£'000	operations	Total	operations	£'000	maining
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenues	1,040	3,669	14,317	–	19,026	3,235	22,261	3,235	7,469	11,557
Cost of sales	(105)	(1,967)	(3,319)	–	(5,391)	(675)	(6,066)	(675)	(1,707)	(3,684)
Gross profit	935	1,702	10,998	–	13,635	2,560	16,195	2,560	5,762	7,873
Distribution costs	(23)	(426)	(8,056)	–	(8,505)	(2,199)	(10,704)	(2,199)	(4,410)	(4,095)
Administrative expenses	(196)	(762)	(1,339)	(1,207)	(3,504)	(421)	(3,925)	(421)	(1,207)	(2,297)
Amortisation	–	–	(419)	(308)	(727)	(190)	(917)	(190)	–	(727)
Impairment of investments	–	–	–	–	–	–	–	–	–	–
Profit on sale of assets	–	–	–	835	835	–	835	–	–	835
Operating profit/(loss)	716	514	1,184	(680)	1,734	(250)	1,484	(250)	145	1,589
Finance income	–	–	–	39	39	–	39	–	–	39
Profit/(loss) before tax	716	514	1,184	(641)	1,773	(250)	1,523	(250)	145	1,628
Income tax (expense)/income	–	–	(44)	(314)	(358)	75	(283)	75	(43)	(315)
Profit/(loss) for the period	716	514	1,140	(955)	1,415	(175)	1,240	(175)	102	1,313
Non-current assets	242	–	5,393	2,865	8,500	1,238	9,738	1,238	–	8,500
Current assets	173	1,413	3,730	7,201	12,517	889	13,406	889	–	12,517
Non-current liabilities	–	–	–	(344)	(344)	–	(344)	–	–	(344)
Current liabilities	(70)	(1,111)	(3,431)	(14,304)	(18,916)	(642)	(19,558)	(642)	–	(18,916)
Net assets	345	302	5,692	(4,582)	1,757	1,485	3,242	1,485	–	1,757
Capital expenditure	–	–	–	594	594	–	594	–	–	594
Depreciation	75	–	–	456	531	–	531	–	–	531
Amortisation	–	–	419	308	727	190	917	190	–	727

2008								Dis-	Assets	Assets
	Online	Events	Publishing	Un-	Total	Dis-	Group	continued	excluded	Re-
Segmental analysis	£'000	£'000	£'000	allocated	£'000	operations	Total	operations	£'000	maining
				£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenues	2,354	5,388	21,246	–	28,988	132	29,120	132	11,663	17,325
Cost of sales	(553)	(3,467)	(4,488)	–	(8,508)	(24)	(8,532)	(24)	(2,613)	(5,895)
Gross profit	1,801	1,921	16,758	–	20,480	108	20,588	108	9,050	11,430
Distribution costs	(258)	(203)	(11,709)	–	(12,170)	(159)	(12,329)	(159)	(6,326)	(5,844)
Administrative expenses	(679)	(683)	(2,264)	(4,508)	(8,134)	–	(8,134)	–	(3,401)	(4,733)
Amortisation	–	–	(690)	(247)	(937)	–	(937)	–	–	(937)
Impairment of investments	–	–	–	–	–	–	–	–	–	–
Profit on sale of assets	–	–	–	–	–	–	–	–	–	–
Operating profit/(loss)	864	1,035	2,095	(4,755)	(761)	(51)	(812)	(51)	(677)	(84)
Finance income	–	–	–	77	77	–	77	–	–	77
Profit/(loss) before tax	864	1,035	2,095	(4,678)	(684)	(51)	(735)	(51)	(677)	(7)
Income tax (expense)/income	–	–	(72)	459	387	5	392	5	196	191
Profit/(loss) for the period	864	1,035	2,023	(4,219)	(297)	(46)	(343)	(46)	(481)	184
Non-current assets	1,287	257	4,819	2,715	9,078	–	9,078	–	4,342	4,736
Current assets	119	255	3,131	2,234	5,739	–	5,739	–	1,420	4,319
Non-current liabilities	–	–	–	(442)	(442)	–	(442)	–	–	(442)
Current liabilities	(80)	(424)	(2,587)	(8,642)	(11,733)	–	(11,733)	–	(427)	(11,306)
	1,326	88	5,363	(4,135)	2,642	–	2,642	–	5,335	(2,693)
Capital expenditure	–	–	–	700	700	–	700	–	–	700
Depreciation	133	–	–	734	867	–	867	–	–	867
Amortisation	–	–	690	247	937	–	937	–	–	937

Revenue by customer location:

	<i>12 months to 30 June 2006 £'000</i>	<i>12 months to 30 June 2007 £'000</i>	<i>18 months to 31 December 2008 £'000</i>
UK	18,227	16,338	20,440
Americas	1,358	1,352	1,786
Europe	3,941	4,211	6,231
Asia	303	266	410
Middle East	56	72	210
Africa	10	22	43
	<u>23,895</u>	<u>22,261</u>	<u>29,120</u>
Less: relating to discontinued operations	(3,023)	(3,235)	(132)
Less: relating to assets not forming part of the transaction	<u>(7,984)</u>	<u>(7,469)</u>	<u>(11,663)</u>
	<u><u>12,888</u></u>	<u><u>11,557</u></u>	<u><u>17,325</u></u>

No assets are held outside the UK

2. Operating profit/(loss)

	<i>12 months to 30 June 2006 £'000</i>	<i>12 months to 30 June 2007 £'000</i>	<i>18 months to 31 December 2008 £'000</i>
Operating profit/(loss) is stated after charging:			
Foreign exchange	14	73	(270)
Operating lease rentals	<u>72</u>	<u>70</u>	<u>198</u>

3. Goodwill

	<i>£'000</i>
At 1 July 2005	2,816
Impairment	<u>(284)</u>
At 30 June 2006, 30 June 2007 and 31 December 2008	<u>2,532</u>
At 31 December 2008	2,532
Assets excluded from the transaction	<u>(1,117)</u>
Continuing operations	<u><u>1,415</u></u>

The impairment to goodwill in the year to 30 June 2006 resulted from an impairment test using discounted future cash flows. The impairment was the amount the value in use calculated by this method was less than the carrying value.

Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to business stream. The whole of the goodwill is allocated to the Publishing business stream:

	<i>30 June 2006 £'000</i>	<i>30 June 2007 £'000</i>	<i>31 December 2008 £'000</i>
Publishing	<u>2,532</u>	<u>2,532</u>	<u>2,532</u>

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the media business in which the CGU operates.

The key assumptions used in the value-in-use calculations applied to the budgeted results and later years are as follows:

<i>Publishing</i>	<i>30 June 2006</i>	<i>30 June 2007</i>	<i>31 December 2008</i>
Discount rate	10%	10%	15%
Initial growth rate %	2.5%	2.5%	2.5%
Long term growth rate %	<u>2.5%</u>	<u>2.5%</u>	<u>2.5%</u>

The directors have not impaired goodwill except as stated above.

Discount rates are Group defined and are based on expectations of market rates.

Growth rates are linked to conditions in the particular geographical market and for specific products. The directors believe them to be realistic given the knowledge of those markets. The higher growth rates were allocated to international markets and high growth products such as web based publications.

4. Other intangible assets

	<i>Intellectual property rights £'000</i>	<i>Website development costs £'000</i>	<i>Computer software £'000</i>	<i>Total £'000</i>
Cost				
At 1 July 2005	13,438	14	294	13,746
Additions	–	57	230	287
Disposals	(2,156)	–	(84)	(2,240)
At 30 June 2006	11,282	71	440	11,793
Additions	267	268	149	684
Disposals	–	–	(36)	(36)
At 30 June 2007	11,549	339	553	12,441
Additions	1,340	170	142	1,652
Disposals	(2,102)	(123)	(180)	(2,405)
At 31 December 2008	10,787	386	515	11,688
Amortisation				
At 1 July 2005	7,747	1	215	7,963
Charged in the year	535	17	80	632
Disposals	(1,255)	–	(84)	(1,339)
At 30 June 2006	7,027	18	211	7,256
Charged in the year	529	81	117	727
Disposals	–	–	(36)	(36)
At 30 June 2007	7,556	99	292	7,947
Charged in the year	569	163	205	937
Disposals	(1,092)	(28)	(146)	(1,266)
At 31 December 2008	7,033	234	351	7,618
Net book value				
At 1 July 2005	5,691	13	79	5,783
At 30 June 2006	4,255	53	229	4,537
At 30 June 2007	3,993	240	261	4,494
At 31 December 2008	3,754	152	164	4,070
Assets held for sale and excluded				
At 30 June 2007	3,993	240	261	4,494
Held for sale	(1,010)	(97)	(34)	(1,141)
Continuing operations	2,983	143	227	3,353
At 31 December 2008	3,754	152	164	4,070
Assets excluded from transaction	(1,149)	–	–	(1,149)
Continuing operations	2,605	152	164	2,921

5. Property, plant and equipment

	<i>Freehold land & buildings £'000</i>	<i>Short lease land & buildings £'000</i>	<i>Computer equipment £'000</i>	<i>Fixtures & fittings £'000</i>	<i>Motor vehicles £'000</i>	<i>Total £'000</i>
Cost						
At 1 July 2005	2,288	62	837	916	424	4,527
Additions	–	3	140	25	44	212
Disposals	–	–	(436)	(4)	(72)	(512)
At 30 June 2006	2,288	65	541	937	396	4,227
Additions	–	–	75	13	89	177
Disposals	–	–	(200)	–	(42)	(242)
At 30 June 2007	2,288	65	416	950	443	4,162
Additions	10	88	95	102	93	388
Disposals	–	(65)	(285)	(193)	(521)	(1,064)
At 31 December 2008	2,298	88	226	859	15	3,486
Depreciation						
At 1 July 2005	151	6	659	487	184	1,487
Charged in the year	34	13	125	84	96	352
Disposals	–	–	(430)	(2)	(59)	(491)
At 30 June 2006	185	19	354	569	221	1,348
Charged in the year	34	13	114	81	93	335
Disposals	–	–	(200)	–	(33)	(233)
At 30 June 2007	219	32	268	650	281	1,450
Charged in the year	53	25	108	107	54	347
Disposals	–	(51)	(247)	(164)	(325)	(787)
At 31 December 2008	272	6	129	593	10	1,010
Net book value						
At 1 July 2005	2,137	56	178	429	240	3,040
At 30 June 2006	2,103	46	187	368	175	2,879
At 30 June 2007	2,069	33	148	300	162	2,712
At 31 December 2008	2,026	82	97	266	5	2,476
Assets held for sale and excluded						
At 30 June 2007	2,069	33	148	300	162	2,712
Held for sale	–	–	(35)	(30)	(32)	(97)
Continuing operations	2,069	33	113	270	130	2,615
At 31 December 2008	2,026	82	97	266	5	2,476
Assets excluded	(2,026)	–	(50)	–	–	(2,076)
Continuing operations	–	82	47	266	5	400

6. Inventories

	<i>30 June</i> 2006 £'000	<i>30 June</i> 2007 £'000	<i>31 December</i> 2008 £'000
Raw materials and consumables	96	114	102
Work in progress	414	513	153
	<u>510</u>	<u>627</u>	<u>255</u>

Inventory is expensed on a 'First in First Out' basis and the value of inventories expensed during the periods is as follows:

	<i>30 June</i> 2006 £'000	<i>30 June</i> 2007 £'000	<i>31 December</i> 2008 £'000
	499	468	520
	<u>499</u>	<u>468</u>	<u>520</u>

7. Trade and other receivables

	<i>30 June</i> 2006 £'000	<i>30 June</i> 2007 £'000	<i>31 December</i> 2008 £'000
Current			
Trade receivables	4,891	4,494	1,793
Other receivables	61	109	76
Prepayments and accrued income	428	307	371
Related party receivables	3,361	2,961	194
	<u>8,741</u>	<u>7,871</u>	<u>2,434</u>

The trade receivables past due but not impaired are as follows:

	<i>30 June</i> 2006 £'000	<i>30 June</i> 2007 £'000	<i>31 December</i> 2008 £'000
Not more than 3 months	1,461	1,811	1,090
More than 3 months but not more than 4 months	897	997	471
More than 4 months	54	174	206
	<u>2,412</u>	<u>2,982</u>	<u>1,767</u>

The trade and other receivables are due in the following currencies:

	<i>30 June</i> 2006 £'000	<i>30 June</i> 2007 £'000	<i>31 December</i> 2008 £'000
Sterling	8,053	7,391	1,945
Euros	391	270	322
US Dollars	297	210	167
	<u>8,741</u>	<u>7,871</u>	<u>2,434</u>

The account recording impaired receivables moved as follows:

	<i>12 months to 30 June 2006 £'000</i>	<i>12 months to 30 June 2007 £'000</i>	<i>18 months to 31 December 2008 £'000</i>
Opening	323	365	303
Additional provision	165	142	217
Receivables written off as uncollectable	(62)	(61)	(135)
Provision written back to the income statement	(61)	(143)	(120)
	<u>365</u>	<u>303</u>	<u>265</u>

The quality of receivables which are overdue and have not been impaired are monitored and relate to a number of independent customers for whom there is no recent history of default.

8. Discontinued operations and assets held for sale

The assets related to the disposal of the Healthcare, Pharmaceutical and Journalism titles have been presented as held for sale following the agreement to dispose of the assets forming these titles in April 2007. The transaction was completed during August 2007. The assets disposed were held in the balance sheet as follows:

	<i>30 June 2006 £'000</i>	<i>30 June 2007 £'000</i>	<i>31 December 2008 £'000</i>
Non-current assets			
Intangible assets – Intellectual Property Rights	–	1,010	–
Intangible assets – web sites	–	97	–
Intangible assets – Software	–	34	–
Property, plant and equipment	–	97	–
	<u>–</u>	<u>1,238</u>	<u>–</u>
Current assets	–	889	–
Current liabilities	–	(642)	–
	<u>–</u>	<u>1,485</u>	<u>–</u>

The profit and loss associated with assets held for sale are as follows:

	<i>12 months to 30 June 2006 £'000</i>	<i>12 months to 30 June 2007 £'000</i>	<i>18 months to 31 December 2008 £'000</i>
Revenues	3,023	3,235	132
Cost of sales	(528)	(675)	(24)
Gross profit	<u>2,495</u>	<u>2,560</u>	<u>108</u>
Distribution costs	(1,690)	(2,199)	(159)
Administrative expenses	(438)	(421)	–
Amortisation	(184)	(190)	–
Operating profit/(loss)	<u>183</u>	<u>(250)</u>	<u>(51)</u>
Profit/(loss) before income tax	<u>183</u>	<u>(250)</u>	<u>(51)</u>
Income tax (expense)/credit	(55)	75	5
Profit/(loss) for the year	<u><u>128</u></u>	<u><u>(175)</u></u>	<u><u>(46)</u></u>

9. Assets excluded from the transaction

The assets related to the subsidiary Progressive Media Publishing have been presented as 'Assets excluded from the transaction' as they currently form part of the Progressive Media Markets aggregated historical financial information but will not be part of the net assets passed over in the transaction:

	2008 £'000
Non-current assets	
Goodwill	1,117
Intangible assets	1,149
Property, plant and equipment	2,076
	<u>4,342</u>
Current assets	1,420
Current liabilities	(427)
	<u><u>5,335</u></u>

The net book value of assets is the same as the fair value of those assets.

The profit and loss associated with assets excluded from the transaction are as follows:

	<i>12 months to 30 June 2006 £'000</i>	<i>12 months to 30 June 2007 £'000</i>	<i>18 months to 31 December 2008 £'000</i>
Revenues	7,984	7,469	11,663
Cost of sales	(2,034)	(1,707)	(2,613)
Gross profit	<u>5,950</u>	<u>5,762</u>	<u>9,050</u>
Distribution costs	(4,684)	(4,410)	(6,326)
Administrative expenses	(1,278)	(1,207)	(3,401)
Operating (loss)/profit	<u>(12)</u>	<u>145</u>	<u>(677)</u>
(Loss)/profit before income tax	<u>(12)</u>	<u>145</u>	<u>(677)</u>
Income tax credit/(expense)	4	(43)	196
(Loss)/profit for the year	<u><u>(8)</u></u>	<u><u>102</u></u>	<u><u>(481)</u></u>

10. Trade and other payables

	<i>30 June 2006 £'000</i>	<i>30 June 2007 £'000</i>	<i>31 December 2008 £'000</i>
Trade payables	1,926	1,540	916
Other taxation and social security	809	1,021	383
Other payables	384	389	206
Accruals and deferred income	3,677	3,484	2,282
Related party payables	4,495	4,565	2,728
	<u>11,291</u>	<u>10,999</u>	<u>6,515</u>

Trade payables are all due within 12 months.

11. Borrowings

	<i>30 June 2006 £'000</i>	<i>30 June 2007 £'000</i>	<i>31 December 2008 £'000</i>
The following balance remained outstanding:			
Current – related party loan	<u>7,480</u>	<u>7,480</u>	<u>3,851</u>

The funding loan shown above is provided by a related party free of interest and repayable on demand. The reduction of this loan in the period to 31 December 2008 resulted from the disposal of assets and a further cash repayment.

12. Share capital

The share capital of the companies has been aggregated to form part of this historical financial information. As such it does not provide meaningful information and no additional details are provided.

13. Changes in equity

	<i>Share capital £'000</i>	<i>Share premium £'000</i>	<i>Retained earnings £'000</i>	<i>Shareholders equity £'000</i>	<i>Minority interest £'000</i>	<i>Total £'000</i>
As at 1 July 2005	247	2,210	(4,183)	–	18	(1,708)
Actuarial gains net of tax	<u>–</u>	<u>–</u>	<u>67</u>	<u>–</u>	<u>–</u>	<u>67</u>
Income and expense recognised directly in equity	–	–	67	–	–	67
Result for the period	<u>–</u>	<u>–</u>	<u>1,423</u>	<u>–</u>	<u>23</u>	<u>1,446</u>
Total recognised income and expense			1,490		23	1,513
Conversion of loan stock	2,333	–	–	–	–	2,333
Dividend payments	<u>–</u>	<u>–</u>	<u>(260)</u>	<u>–</u>	<u>(11)</u>	<u>(271)</u>
As at 30 June 2006	2,580	2,210	(2,953)	–	30	1,867
Actuarial gains net of tax	<u>–</u>	<u>–</u>	<u>154</u>	<u>–</u>	<u>–</u>	<u>154</u>
Income and expense recognised directly in equity	–	–	154	–	–	154
Result for the period	<u>–</u>	<u>–</u>	<u>1,213</u>	<u>–</u>	<u>27</u>	<u>1,240</u>
Total recognised income and expense	–	–	1,367	–	27	1,394
Dividend payments	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(19)</u>	<u>(19)</u>
As at 30 June 2007	2,580	2,210	(1,586)	–	38	3,242
Actuarial gains net of tax	<u>–</u>	<u>–</u>	<u>(200)</u>	<u>–</u>	<u>–</u>	<u>(200)</u>
Income and expense recognised directly in equity	–	–	(200)	–	–	(200)
Result for the year	<u>–</u>	<u>–</u>	<u>(389)</u>	<u>–</u>	<u>46</u>	<u>(343)</u>
Total recognised income and expense	–	–	(589)	–	46	(543)
Dividend payments	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(57)</u>	<u>(57)</u>
As at 31 December 2008	<u>2,580</u>	<u>2,210</u>	<u>(2,175)</u>	<u>–</u>	<u>27</u>	<u>2,642</u>

Dividend payments were made from those entities within the aggregation with positive distributable reserves.

14. Income tax expense

	<i>12 months to 30 June 2006 £'000</i>	<i>12 months to 30 June 2007 £'000</i>	<i>18 months to 31 December 2008 £'000</i>
Current tax			
UK tax on profits/(loss)	537	461	(137)
Prior period adjustment	(31)	(14)	11
Total current tax charge	<u>506</u>	<u>447</u>	<u>(126)</u>
Deferred tax:			
Origination and reversal of temporary differences	103	(112)	(65)
Impact of change in UK tax rate	–	(20)	–
Total deferred tax	<u>103</u>	<u>(132)</u>	<u>(65)</u>
Tax charge	<u><u>609</u></u>	<u><u>315</u></u>	<u><u>(191)</u></u>

The tax assessed for the year is different from the standard rate of corporation tax as applied in the respective trading domains where the Group operates. The differences are explained below:

	<i>12 months to 30 June 2006 £'000</i>	<i>12 months to 30 June 2007 £'000</i>	<i>18 months to 31 December 2008 £'000</i>
Profit/(loss) before tax	1,935	1,628	(7)
Standard rate of corporation tax applicable in the UK	30%	30%	29%
Profit before tax multiplied by the respective standard rates of corporation tax applicable in the UK	580	488	(2)
Effects of:			
Non deductible expenses	256	17	(50)
Capital allowances for year in excess of amortisation	139	140	131
Prior period adjustment	(31)	(14)	11
Tax adjustment for pension contributions	32	(11)	25
Impact of change in UK tax rate	–	(20)	–
Non taxable gain on disposal of assets	(367)	(285)	(306)
Tax charge	<u><u>609</u></u>	<u><u>315</u></u>	<u><u>(191)</u></u>

15. Deferred income tax

Deferred tax assets and liabilities have been offset only to the extent that there is a legally enforceable right to set off current tax assets and liabilities and they relate to the same fiscal authority.

Deferred tax arising from temporary differences and unused tax losses can be summarised as follows:

	<i>At 1 July 2006 £'000</i>	<i>Credited to the income statement £'000</i>	<i>Charged to equity £'000</i>	<i>At 30 June 2007 £'000</i>
Deferred tax liability				
Non current assets				
Property, plant and equipment	463	(132)	–	331
Non-current liabilities				
Pension scheme	(76)	–	71	(5)
	<u>387</u>	<u>(132)</u>	<u>71</u>	<u>326</u>

	<i>At 1 July 2007 £'000</i>	<i>Credited to the income statement £'000</i>	<i>Charged to equity £'000</i>	<i>At 30 June 2008 £'000</i>
Deferred tax liability				
Non current assets				
Property, plant and equipment	331	(65)	–	266
Non-current liabilities				
Pension scheme	(5)	–	(63)	(68)
	<u>326</u>	<u>(65)</u>	<u>(63)</u>	<u>198</u>

16. Property provision

	<i>30 June 2006 £'000</i>	<i>30 June 2007 £'000</i>	<i>31 December 2008 £'000</i>
Opening	–	–	–
Provision increase	–	–	677
Closing	<u>–</u>	<u>–</u>	<u>677</u>

The property provision refers to vacated properties where the rental payments are contracted and any rental income from sub letting is known. The difference is a loss and is provided for here.

17. Employees

	<i>12 months to 30 June 2006 £'000</i>	<i>12 months to 30 June 2007 £'000</i>	<i>18 months to 31 December 2008 £'000</i>
Employment costs			
Staff emoluments (including directors)	8,563	8,855	11,236
Social security costs	868	930	1,149
Pension costs – defined benefit plan	86	101	276
Pension costs – defined contribution plan	43	40	91
	<u>9,560</u>	<u>9,926</u>	<u>12,752</u>

	<i>12 months to 30 June 2006 £'000</i>	<i>12 months to 30 June 2007 £'000</i>	<i>18 months to 31 December 2008 £'000</i>
Administration	66	65	47
Manufacture/production	126	127	98
Sales	110	112	102
	<u>302</u>	<u>304</u>	<u>247</u>

18. Finance income

	<i>12 months to 30 June 2006 £'000</i>	<i>12 months to 30 June 2007 £'000</i>	<i>18 months to 31 December 2008 £'000</i>
Bank interest receivable	1	2	–
Income from pension assets	19	37	77
	<u>20</u>	<u>39</u>	<u>77</u>

19. Capital commitments

The Group had no material capital commitments at any of the balance sheet dates.

20. Related party transactions

The balances of amounts outstanding with related companies are as follows:

	30 June 2006 £'000	30 June 2007 £'000	31 December 2008 £'000
Current – receivables	3,361	2,961	194
Current loans	(7,480)	(7,480)	(3,851)
Current – payables	(4,495)	(4,565)	(2,728)
Net liability to related parties	<u>(8,614)</u>	<u>(9,084)</u>	<u>(6,385)</u>

During 2008 the following trading activity occurred between Globaldata Ltd, a company controlled by Michael Danson, and Progressive Media Marketing Ltd:

£250,000 invoiced for content for the 'Power' range of magazine titles.

£658,000 invoiced for web development services.

Key management personnel:

	12 months to 30 June 2006 £'000	12 months to 30 June 2007 £'000	18 months to 31 December 2008 £'000
Directors' emoluments	408	419	515
Contribution to defined contribution pension scheme	16	17	5
	<u>424</u>	<u>436</u>	<u>520</u>

The key management of the group are the directors.

21. Categories of financial instruments

	30 June 2006 £'000	30 June 2007 £'000	31 December 2008 £'000
Financial assets			
Trade and other receivables – loans and receivables	8,313	7,564	2,063
Trade and other receivables – non-financial assets	428	307	371
	<u>8,741</u>	<u>7,871</u>	<u>2,434</u>
Cash and cash equivalents – loans and receivables	2,668	4,019	1,084
Financial liabilities			
Current financial liabilities	7,480	7,480	3,851
Trade and other payables – other financial liabilities at amortised cost	4,534	4,330	2,595
Trade and other payables – non financial liabilities	6,757	6,669	3,920
Total trade and other payables	<u>11,291</u>	<u>10,999</u>	<u>6,515</u>

There is no material difference between the book value and the fair value of these financial assets and financial liabilities.

22. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

Market risk – Foreign exchange risk

The group is exposed to transaction foreign exchange risk as it derives some revenues within Europe and the USA and transactions are therefore denominated in Sterling, Euros and US dollars.

The cash and cash equivalent balances carried within the Group comprise the following currency holdings:

	30 June 2006 £'000	30 June 2007 £'000	31 December 2008 £'000
Sterling	2,498	3,401	917
Euro	78	371	86
US dollars	92	247	81
	<u>2,668</u>	<u>4,019</u>	<u>1,084</u>

The impact of a 10 per cent. strengthening or weakening of the Euro or the US Dollar in relation to Sterling would result in a movement in equity, assuming all other variables are held constant, as follows:

	30 June 2006 £'000	30 June 2007 £'000	31 December 2008 £'000
Euro	8	37	9
US Dollar	9	25	8
	<u> </u>	<u> </u>	<u> </u>

Financial assets held in foreign currencies

The impact of a 10 per cent. strengthening or weakening of the Euro or the US Dollar in relation to Sterling would result in a movement in profit and equity, assuming all other variables are held constant, as follows:

	30 June 2006	30 June 2007	31 December 2008
Receivables			
Euro	39	27	17
US Dollar	30	21	32
	<u> </u>	<u> </u>	<u> </u>

Market risk – Interest rate risk

The group carries significant borrowings used to finance the business; however they are provided by a related party and are interest free. For the purposes of these accounts there has been a charge of interest made at 4 per cent. per annum.

Market risk – Price risk

The Group is not exposed to either commodity or equity securities price risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously

monitored. The maximum exposure to credit risk is the carrying of financial assets. The management do not consider that there is any concentration of risk within either trade or other receivables.

Liquidity risk

The Group currently holds cash balances to provide funding for normal trading activity. The Group also has access to both short term and long term borrowings to finance the individual projects. Trade and other payables are monitored as part of normal management routine.

	<i>Within 1 year £'000</i>	<i>One to two years £'000</i>	<i>Two to five years £'000</i>	<i>Over five years £'000</i>
2006				
Trade and other payables	3,119	–	–	–
Accruals	1,415	–	–	–
Borrowings – shareholders' loan	7,480	–	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	<i>Within 1 year £'000</i>	<i>One to two years £'000</i>	<i>Two to five years £'000</i>	<i>Over five years £'000</i>
2007				
Trade and other payables	2,950	–	–	–
Accruals	1,380	–	–	–
Borrowings – shareholders' loan	7,480	–	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	<i>Within 1 year £'000</i>	<i>One to two years £'000</i>	<i>Two to five years £'000</i>	<i>Over five years £'000</i>
2008				
Trade and other payables	1,505	–	–	–
Accruals	1,090	–	–	–
Borrowings – shareholders' loan	3,851	–	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other members. The Group will also seek to minimise the cost of capital and attempt to optimise the capital structure.

There is no material difference between the book value and the fair value of these financial assets and financial liabilities.

23. Operating leases

Non-cancellable operating lease rentals for land and buildings are payable as follows:

	<i>30 June 2006 £'000</i>	<i>30 June 2007 £'000</i>	<i>31 December 2008 £'000</i>
Less than one year	70	70	281
Between one and five years	196	146	1,111
Over five years	–	–	703
	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>

24. Post retirement employee benefits

Defined Benefit Scheme

The company operates a defined benefit pension scheme (the Progressive Media Markets Limited Pension Scheme) for a limited number of employees. Total membership of the Scheme at 30 June 2006, 30 June 2007 and 31 December 2008 was 16. The benefits under the Scheme accrue from 6 March 1992 and are based on final salary. The Scheme is funded by payment of contributions to a separately administered trust fund.

The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit method. The most recent valuation, which was conducted as at 31 March 2004, has been updated by the same qualified independent actuaries to provide the following details:

	<i>30 June 2006</i>	<i>30 June 2007</i>	<i>31 December 2008</i>
	<i>% per annum</i>	<i>% per annum</i>	<i>% per annum</i>
Main assumptions			
Rate of increase in salary	4.2	4.6	4.4
Rate of increase to pensions in payment	3.0	3.4	3.2
Discount rate	5.3	5.8	6.7
Inflation assumption	3.0	3.4	3.2

The assets and liabilities of the scheme and the expected rates of return were:

	<i>2006</i>		<i>2007</i>		<i>2008</i>	
	<i>Long term rate of return expected</i>	<i>Value</i>	<i>Long term rate of return expected</i>	<i>Value</i>	<i>Long term rate of return expected</i>	<i>Value</i>
	%	£'000	%	£'000	%	£'000
Equities	7.5	2,268	7.5	2,706	8.0	2,033
Bonds	5.0	136	5.5	129	6.1	346
Cash and other assets	4.5	69	5.5	77	2.0	168
Total market value of assets		<u>2,473</u>		<u>2,912</u>		<u>2,547</u>
Present value of scheme liabilities		<u>(2,727)</u>		<u>(2,930)</u>		<u>(2,791)</u>
Pension liability before deferred tax		<u>(254)</u>		<u>(18)</u>		<u>(244)</u>

Amounts recognised in the income statement:

	<i>12 months to 30 June 2006 £'000</i>	<i>12 months to 30 June 2007 £'000</i>	<i>18 months to 31 December 2008 £'000</i>
Recognised within operating expenses			
Current service costs	86	101	148
	<u>86</u>	<u>101</u>	<u>148</u>
Recognised within finance costs			
Expected return on assets	147	183	329
Interest on liabilities	(128)	(146)	(254)
	<u>19</u>	<u>37</u>	<u>75</u>

Actuarial gain recognised in the statement of recognised income and expense (SORIE):

	<i>12 months to 30 June 2006 £'000</i>	<i>12 months to 30 June 2007 £'000</i>	<i>18 months to 31 December 2008 £'000</i>
Actuarial return less the expected return on assets	231	162	135
Experience gains and losses on liabilities	2	(77)	(109)
Loss due to changes in assumptions	(137)	112	(301)
Actuarial gain recognised in the SORIE	<u>96</u>	<u>197</u>	<u>(275)</u>

Changes in the present value of the defined benefit obligation are as follows:

	<i>12 months to 30 June 2006 £'000</i>	<i>12 months to 30 June 2007 £'000</i>	<i>18 months to 31 December 2008 £'000</i>
Opening defined benefit obligation	2,411	2,727	2,930
Current service costs	86	101	148
Interest costs	128	146	254
Actuarial (gains)/losses	135	(35)	(410)
Benefits paid	(33)	(9)	(131)
	<u>2,727</u>	<u>2,930</u>	<u>2,791</u>

Changes in the fair value of Scheme assets are as follows:

	<i>12 months to 30 June 2006 £'000</i>	<i>12 months to 30 June 2007 £'000</i>	<i>18 months to 31 December 2008 £'000</i>
Opening fair value of Scheme assets	2,033	2,473	2,912
Expected return	147	183	329
Actuarial gains	231	162	(685)
Contributions by employer	95	103	140
Benefits paid	(33)	(9)	(131)
	<u>2,473</u>	<u>2,912</u>	<u>2,565</u>

History of experience gains and losses:

	2004 £'000	2005 £'000	2006 £'000	2007 £'000	2008 £'000
Scheme assets	1,673	2,033	2,473	2,912	2,565
Defined benefit obligation	(2,151)	(2,411)	(2,727)	(2,930)	(2,791)
Scheme deficit	<u>(478)</u>	<u>(378)</u>	<u>(254)</u>	<u>(18)</u>	<u>(226)</u>

Experience gains/(losses) on Scheme assets:

	2004	2005	2006	2007	2008
Amount (£'000)	62	166	231	162	(685)
% of Scheme assets	3.7	8.2	9.3	5.6	(26.7)

Experience gains/(losses) on Scheme liabilities:

	2004	2005	2006	2007	2008
Amount (£'000)	402	–	2	(77)	109
% of present value of Scheme liabilities	18.7	0.0	0.1	(2.6)	3.9

Defined contribution scheme

The group contributes to a defined contribution pension scheme.

	2006 £'000	2007 £'000	2008 £'000
Total contributions to the scheme during the year	<u>43</u>	<u>40</u>	<u>73</u>

25. Contingent liabilities

The Company entered into an unlimited cross guarantee with the Group bankers in respect of the net £10 million overdraft facilities extended to certain of the Company's subsidiaries. The Company's gross contingent liability in respect of this facility was as follows:

	30 June 2006 £'000	30 June 2007 £'000	31 December 2008 £'000
Gross contingent liability	<u>2,455</u>	<u>8,062</u>	<u>–</u>

The guarantee was not used and has since ended.

26. Events after the balance sheet date

On 3 June 2009, a restructuring exercise was undertaken whereby Progressive Media Markets Limited disposed of its trade, assets and liabilities relating to its automotive, power and specialist titles to Progressive Media Group Limited for £1.1 million. As part of the same restructuring, Progressive Media Markets Limited disposed of its 75 per cent. holding in Office Solutions Media Limited to Progressive Media Group Limited for a consideration of £300,000.

Following these restructuring steps, the trade remaining within Progressive Media Markets Limited comprised those elements presented as "Assets not forming part of the transaction" and "Liabilities not forming part of the transaction" within this historical financial information. As part of the same restructuring, Progressive Media Markets Limited disposed of its freehold property to Estel Property Investments Limited for a consideration of £2.3 million, and Progressive Media Markets Limited was then sold by its parent undertaking, Progressive Media Group Limited, to Progressive Media Ventures Limited on 3 June 2009 for approximately £10.8 million.

SECTION B

PROGRESSIVE CAPITAL LIMITED

Introduction

The historical financial information for Progressive Capital Limited for the period from incorporation to 30 April 2008 and the eight month period ended 31 December 2008 set out in this Section B of Part III does not constitute statutory accounts within the meaning of the 1985 Act or the 2006 Act.

In accordance with paragraph 20.1 of Annex I of the AIM Rules for Companies, the historical financial information for Progressive Capital Limited has been prepared under IFRS as adopted by the European Union, these being the accounting standards and policies applicable to TMN Group plc's next published annual financial statements. Progressive Capital Limited does not intend to adopt IFRS as adopted by the European Union in its future statutory financial statements.

Progressive Capital Limited has owned its current subsidiary undertakings for less than three years. As a result, and because a three year trading history for its subsidiary undertakings is included in the annual financial statements for SPG Media Group Limited (formerly SPG Media Group plc) set out in Section D of Part III, the historical financial information for Progressive Capital Limited set out in this Section B constitutes separate rather than consolidated financial information.



Our ref: MM/SJP

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5 June 2009

Dear Sirs

Progressive Capital Limited

We report on the historical financial information of Progressive Capital Limited set out on pages 62 to 69. This financial information has been prepared for inclusion in the AIM Re-Admission Document dated 5 June 2009 of TMN Group plc on the basis of the accounting policies set out on pages 64 to 66.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that regulation and for no other purpose.

Responsibilities

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the AIM Re-Admission Document.

As described on page 64, the Directors and Proposed Directors of TMN Group plc are responsible for preparing the financial information on the basis of preparation set out on page 64 and in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the AIM Re-Admission Document, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

Chartered Accountants

Member firm within Grant Thornton International Ltd
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A list of members is available from our registered office.

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

We planned and performed our work 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 information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Re-Admission Document dated 5 June 2009, a true and fair view of the state of affairs of Progressive Capital Limited as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out on page 64 and in accordance with International Financial Reporting Standards as adopted by the European Union as described on page 64.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the AIM Re-Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Re-Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

GRANT THORNTON UK LLP

HISTORICAL FINANCIAL INFORMATION FOR PROGRESSIVE CAPITAL LIMITED

BALANCE SHEET

	<i>Notes</i>	<i>30 April 2008 £'000</i>	<i>31 December 2008 £'000</i>
ASSETS			
Non-current assets			
Investments	2	–	10,188
Total assets		–	10,188
LIABILITIES			
Current liabilities			
Financial liabilities	3	–	9,742
Trade and other payables	4	–	446
Total liabilities		–	10,188
Net assets		–	–
Equity			
Capital and reserves attributable to the equity shareholders			
Ordinary share capital	5	–	–
Total equity		–	–

The movements in the balance sheet and the cash flow statement did not impact the income statement. As the company did not trade, no income statement has been prepared for the period from incorporation to 30 April 2008 or the 8 month period to 31 December 2008.

CASH FLOW STATEMENT

	<i>Period to 30 April 2008 £'000</i>	<i>8 months to 31 December 2008 £'000</i>
Cash flows from operating activities		
Movements in working capital	—	—
Net cash generated by operating activities	—	—
Cash flows from investing activities		
Issue of loans	—	—
Purchase of investments	—	(9,742)
Net cash used in investing activities	—	(9,742)
Cash flows from financing activities		
Proceeds from borrowings	—	11,865
Repayment of borrowings	—	(2,123)
Net cash generated by financing activities	—	9,742
Net increase in cash and cash equivalents	—	—
Cash and cash equivalents at the beginning of the year	—	—
Cash and cash equivalents at the end of the year	—	—

NOTES TO THE FINANCIAL INFORMATION

Basis of preparation

The historical financial information for Progressive Capital Limited ('the Company') covers the period from incorporation to 30 April 2008 and a period of 8 months to 31 December 2008. It has been prepared in compliance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union as at 31 December 2008.

This financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards.

Progressive Capital Limited is a private limited company incorporated on 13 April 2007 and domiciled in the UK and registered in England and Wales whose registered office is Progressive House, 2 Maidstone Road, Fooks Cray, Kent DA14 5HZ.

The Company acts as a holding company for a group whose principal activity is the development, sale and distribution of market reports which it markets through a dedicated website.

The Company owns 100% of SPG Media Group Limited (formerly SPG Media Group plc), a limited company registered in the United Kingdom. Progressive Capital Limited does not prepare consolidated financial statements. This financial information represents stand alone financial information on the Company.

The Directors and Proposed Directors of TMN Group plc are responsible for the financial information and contents of the AIM admission document in which it is included.

The comparative period has no material accounting entries other than 100 Ordinary shares, which were issued before 30 April 2008 with a value of £100.

Going concern

The Company does not trade and has a net asset position of £nil at the period end 31 December 2008. The most significant risk to the entity continuing as a going concern is the shareholder loan of £7,579,000 which is repayable on demand. As part of the Acquisition, the current shareholder loan is to be repaid and replaced with a new loan from the proposed new ultimate holding company, TMN Group plc. The ability of this entity to continue as a going concern is dependant on the current shareholder and/or the proposed new ultimate holding company agreeing to continue to fund it.

Standards and interpretations issued by the IASB but not yet applied by the Company

The IASB has issued a number of standards and interpretations that have been adopted by the EU but are not yet effective up to the date of approval of this financial information. Disclosed below are the standards that management assess will have an impact on the Company. It is not intended that any of these pronouncements will be applied early:

IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009)

The retrospective adoption of IAS 1 Presentation of Financial Statements (Revised 2007) will not affect the financial position or profits of the Company, but will impact the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'.

IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)

This amendment introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Company's interest in a subsidiary.

Improvements to IFRSs (effective 1 January 2009 other than certain amendments effective 1 July 2009)

These amendments are not expected to have a material impact on the Company's financial statements.

IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)

The new standard introduces changes to the accounting requirements for business combinations but still requires use of the purchase method.

IFRS 8 Operating Segments (effective 1 January 2009)

The new standard replaces IAS 14 Segment reporting and adopts a management reporting approach based on internal information reported to management that is regularly reviewed by the chief operating decision maker. This could lead to changes in future segmental reporting.

Accounting estimates and judgements

The preparation of financial statements under IFRS requires the Company to make estimates and assumptions that effect the application of policies and reported amounts. Estimates and judgements are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Investments in subsidiaries

Non current investments are stated at cost less any provision for impairment.

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 temporary 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 Company 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 is recognised in equity.

Foreign currencies

The results are recorded in Sterling, which is deemed to be the functional and presentational currency of the Company.

(a) Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The Company's functional currency and presentational currency is Sterling.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Financial instruments

Financial instruments are assigned to their different categories by management on initial recognition, depending on the contractual arrangements.

Financial liabilities

The Company's financial liabilities comprise borrowings and trade and other payables.

Borrowings are initially recognised at the fair value net of issue costs. After initial recognition borrowings are measured at amortised cost using the effective interest method. All interest-related charges are included in the income statement line item "finance expense".

Trade and other payables are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the obligation to settle the amount is removed.

Dividend distribution

Dividends to the equity shareholders are recognised in the period that they are approved by shareholders.

Equity

Equity comprises the following:

- Share capital: the nominal value of equity shares.

1. Segmental information

The Company does not trade and as such no segment information has been prepared in accordance with IAS 14.

2. Investments

The subsidiary undertakings of the Company, incorporated and domiciled in England and Wales, are as follows:

<i>Name</i>	<i>Ownership (%)</i>	<i>Principal activity</i>
SPG Media Group Limited (formerly SPG Media Group plc)	100	Publication of trade journals

3. Financial liabilities

The following borrowings remained outstanding:

	<i>30 April 2008 £'000</i>	<i>31 December 2008 £'000</i>
Current		
Borrowings	—	9,742

The shareholder funding loan of £7,579,000 and the intercompany loan of £2,163,000 are both provided interest free. The loans are not secured on assets of the Company and no covenants or conditions are applicable. They are repayable on demand and are stated at fair value which is the same as the cash amount repayable.

4. Trade and other payables

	<i>30 April 2008 £'000</i>	<i>31 December 2008 £'000</i>
Other payables	—	311
Accrued expenses	—	135
	—	446

5. Share capital

	<i>Shares</i>	<i>Value £</i>
Ordinary share capital		
Authorised		
Ordinary shares of £1 each		
At 30 April 2008	100	100
23 September 2008 -authorised share capital increase	14,999,900	14,999,900
At 31 December 2008	15,000,000	15,000,000

All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders meetings of the Company.

	<i>Shares</i>	<i>30 April 2008 £'000</i>	<i>Shares</i>	<i>31 December 2008 £'000</i>
<i>Allocated, issued and fully paid up</i>				
Ordinary shares of £1 each	100	—	100	—

6. Categories of financial instruments

	<i>30 April</i> <i>2008</i> <i>£'000</i>	<i>31 December</i> <i>2008</i> <i>£'000</i>
Financial liabilities		
Current financial liabilities (at amortised cost)	–	9,742
Trade and other payables – other financial liabilities (at amortised cost)	–	446
	<u>–</u>	<u>9,742</u>

There is no material difference between the book value and the fair value of these financial liabilities.

7. Financial risk management

The Company's activities expose it to liquidity risk.

Liquidity risk

The financial liabilities of the Company are expected to mature as follows:

2008	<i>Within 1 year</i> <i>£'000</i>
Other payables	446
Borrowings – shareholder & intercompany loans	9,742
	<u>9,742</u>

8. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other members. The Company will also seek to minimise the cost of capital and attempt to optimise the capital structure.

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the balance sheet. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company's options available are to adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Capital for the periods under review is summarised as follows:

	<i>30 April</i> <i>2008</i> <i>£'000</i>	<i>31 December</i> <i>2008</i> <i>£'000</i>
Total Equity	–	–
Capital	–	–
Total Equity	–	–
Borrowings	–	9,742
	–	9,742
Capital to overall financing ratio	–	–

9. Related party transactions

The Company has no employees and no charges are levied on the Company for the services of directors or staff.

Related party balances are as follows:

	<i>30 April</i> 2008 £'000	<i>31 December</i> 2008 £'000
Balances due to subsidiary undertakings		
Intercompany loan	–	(2,163)
Balances due to key management personnel of the Company's parent		
Shareholder loan	–	(7,579)
	<u>–</u>	<u>(9,742)</u>
	<u>–</u>	<u>(9,742)</u>

10. Capital commitments

The Company had no material capital commitments at any of the balance sheet dates.

11. Events after the balance sheet date

There were no material events after the balance sheet date to report.

12. Ultimate controlling entity

At 31 December 2008, the ultimate parent company of Progressive Capital Limited was Progressive Digital Media Group Limited (formerly Progressive Media Group (Holdings) Limited).

SECTION C

PROGRESSIVE MEDIA GROUP LIMITED

Introduction

The historical financial information for Progressive Media Group Limited for the period from incorporation to 31 July 2007 and the 17 month period ended 31 December 2008 set out in this Section C of Part III does not constitute statutory accounts within the meaning of the 1985 Act or the 2006 Act.

In accordance with paragraph 20.1 of Annex I of the AIM Rules for Companies, the historical financial information for Progressive Media Group Limited has been prepared under IFRS as adopted by the European Union, these being the accounting standards and policies applicable to TMN Group plc's next published annual financial statements. Progressive Media Group Limited does not intend to adopt IFRS as adopted by the European Union in its future statutory financial statements.

Progressive Media Group Limited has owned its current subsidiary undertakings for less than three years. As a result, and because a three year trading history for its subsidiary undertakings is included in the historical financial information for Dewberry Redpoint Limited and the business of Progressive Media Markets Limited set out in Section A of Part III, the historical financial information for Progressive Media Group Limited set out in this Section C constitutes separate rather than consolidated financial information.



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5 June 2009

Dear Sirs

Progressive Media Group Limited

We report on the historical financial information of Progressive Media Group Limited set out on pages 73 to 81. This financial information has been prepared for inclusion in the AIM Re-Admission Document dated 5 June 2009 of TMN Group plc on the basis of the accounting policies set out on pages 75 to 77.

This report is required by Paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that regulation and for no other purpose.

Responsibilities

Save for any responsibility arising under Paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Paragraph (a) of Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the AIM Re-Admission Document.

As described on page 75, the Directors and Proposed Directors of TMN Group plc are responsible for preparing the financial information on the basis of preparation set out on page 75 and in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the AIM Re-Admission Document, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

Chartered Accountants

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A list of members is available from our registered office.

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

We planned and performed our work 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 information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Re-Admission Document dated 5 June, a true and fair view of the state of affairs of Progressive Media Group Limited as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out on page 75 and in accordance with International Financial Reporting Standards as adopted by the European Union as described on page 75.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the AIM Re-Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Re-Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

GRANT THORNTON UK LLP

HISTORICAL FINANCIAL INFORMATION FOR PROGRESSIVE MEDIA GROUP LIMITED

BALANCE SHEET

	<i>Notes</i>	<i>31 July 2007 £'000</i>	<i>31 December 2008 £'000</i>
ASSETS			
Non-current assets			
Investments	2	–	7,095
Current assets			
Financial assets	3	–	3,851
Trade and other receivables	4	–	1,754
		<u>–</u>	<u>5,605</u>
Total assets		–	12,700
LIABILITIES			
Current liabilities			
Financial liabilities	5	–	12,700
Total liabilities		<u>–</u>	<u>12,700</u>
Net assets		<u>–</u>	<u>–</u>
Equity			
Capital and reserves attributable to the equity shareholders			
Ordinary share capital	6	–	–
Total equity		<u>–</u>	<u>–</u>

The movements in the balance sheet and the cash flow statement did not impact the income statement. As the company did not trade, no income statement has been prepared for the period from incorporation to 31 July 2007 or the period of 17 months to 31 December 2008.

CASH FLOW STATEMENT

	<i>7 weeks to 31 July 2007 £'000</i>	<i>17 months to 31 December 2008 £'000</i>
Cash flows from operating activities		
Movements in working capital:		
Increase in debtors	–	(1,754)
Net cash used in operating activities	–	(1,754)
Cash flows from investing activities		
Issue of loans	–	(3,851)
Purchase of investments	–	(7,095)
Net cash used in investing activities	–	(10,946)
Cash flows from financing activities		
Proceeds from borrowings	–	12,700
Net cash generated by financing activities	–	12,700
Net increase in cash and cash equivalents	–	–
Cash and cash equivalents at the beginning of the year	–	–
Cash and cash equivalents at the end of the year	–	–

NOTES TO THE FINANCIAL INFORMATION

Basis of preparation

The historical financial information for Progressive Media Group Limited ('the Company') covers the seven week period from incorporation to 31 July 2007 and a period of 17 months to 31 December 2008. It has been prepared in compliance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union as at 31 December 2008.

This financial information has been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Progressive Media Group Limited is a private limited company incorporated on 12 June 2007 and domiciled in the UK and registered in England and Wales whose registered office is Progressive House, 2 Maidstone Road, Fooks Cray, Kent DA14 5HZ.

The Company acts as a holding company for a group whose principal activity is the development, sale and distribution of market reports which it markets through a dedicated website.

The Company owns 100% of Progressive Media Markets Limited and 100% of Dewberry Redpoint Limited, limited companies registered in the United Kingdom. Progressive Media Group Limited does not prepare consolidated financial statements. This financial information represents stand alone financial information on the Company.

The Directors and Proposed Directors of TMN Group plc are responsible for the financial information and contents of the AIM admission document in which it is included.

The comparative period has no material accounting entries other than 100 Ordinary shares, which were issued before 31 July 2007 with a value of £100.

Going concern

The Company does not trade and has a net asset position of £nil at the period end 31 December 2008. The most significant risk to the entity continuing as a going concern is the shareholder loan of £12,700,000 which is repayable on demand. As part of the Acquisition, the current shareholder loan is to be repaid and replaced with a new loan from the proposed new ultimate holding company, TMN Group plc. The ability of this entity to continue as a going concern is dependant on the current shareholder and/or the proposed new ultimate holding company agreeing to continue to fund it.

Standards and interpretations issued by the IASB but not yet applied by the Company

The IASB has issued a number of standards and interpretations that have been adopted by the EU but are not yet effective up to the date of approval of this financial information. Disclosed below are the standards that management assess will have an impact on the Company. It is not intended that any of these pronouncements will be applied early:

IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009)

The retrospective adoption of IAS 1 Presentation of Financial Statements (Revised 2007) will not affect the financial position or profits of the Company, but will impact the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'.

IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)

This amendment introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Company's interest in a subsidiary.

Improvements to IFRSs (effective 1 January 2009 other than certain amendments effective 1 July 2009)

These amendments are not expected to have a material impact on the Company's financial statements.

IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)

The new standard introduces changes to the accounting requirements for business combinations but still requires use of the purchase method.

IFRS 8 Operating Segments (effective 1 January 2009)

The new standard replaces IAS 14 Segment reporting and adopts a management reporting approach based on internal information reported to management that is regularly reviewed by the chief operating decision maker. This could lead to changes in future segmental reporting.

Accounting estimates and judgements

The preparation of financial statements under IFRS requires the Company to make estimates and assumptions that effect the application of policies and reported amounts. Estimates and judgements are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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 temporary 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 Company 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 is recognised in equity.

Foreign currencies

The results are recorded in Sterling, which is deemed to be the functional and presentational currency of the Company.

(a) Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The Company's functional currency and presentational currency is Sterling.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Investments in subsidiaries

Non current investments are stated at cost less any provision for impairment.

Financial instruments

Financial instruments are assigned to their different categories by management on initial recognition, depending on the contractual arrangements.

Financial assets

All financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument and are recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

The Company's financial assets fall within the heading of 'Loans and receivables'. Loans and receivables comprise trade and certain other receivables as well as cash and cash equivalents. Trade and other receivables are recorded at their fair value less any provision for impairment, based on the receivable ageing, previous experience with the debtor and known market intelligence. Any change in their value is recognised in the income statement.

Financial liabilities

The Company's financial liabilities comprise borrowings and trade and other payables.

Borrowings are initially recognised at fair value net of issue costs. After initial recognition borrowings are measured at amortised cost using the effective interest method. All interest-related charges are included in the income statement line item "finance expense".

Trade and other payables are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the obligation to settle the amount is removed.

Dividend distribution

Dividends to the equity shareholders are recognised in the period that they are approved by shareholders.

Equity

Equity comprises the following:

- Share capital: the nominal value of equity shares.

1. Segmental information

The Company does not trade and as such no segment information has been prepared in accordance with IAS 14.

2. Investments

The subsidiary undertakings of the Company, incorporated and domiciled in England and Wales, are as follows:

<i>Name</i>	<i>Ownership (%)</i>	<i>Principal activity</i>
Progressive Media Markets Limited	100	Publication of trade journals
Dewberry Redpoint Limited	100	Publication of trade journals and organisation of trade events and conferences

3. Financial assets

	<i>31 July 2007 £'000</i>	<i>31 December 2008 £'000</i>
Intercompany loans	—	3,851

4. Trade and other receivables

	<i>31 July 2007 £'000</i>	<i>31 December 2008 £'000</i>
Other receivables	—	1,754

5. Financial liabilities

The following borrowings remained outstanding:

	<i>31 July 2007 £'000</i>	<i>31 December 2008 £'000</i>
Borrowings – shareholder loan	—	12,700

The shareholder funding loan is provided interest free. The loan is not secured on assets of the company and no covenants or conditions are applicable. The loan is repayable on demand and is stated at fair value which is the same as the cash amount repayable.

6. Share capital

	<i>Shares</i>	<i>Value £</i>
Ordinary share capital		
Authorised		
Ordinary shares of £1 each		
At 31 July 2007	100	100
9 December 2007 – authorised share capital increase	12,999,900	12,999,900
At 31 December 2008	<u>13,000,000</u>	<u>13,000,000</u>

All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders meetings of the Company.

<i>Allocated, issued and fully paid up</i>	<i>Shares</i>	<i>31 July 2007 £'000</i>	<i>Shares</i>	<i>31 December 2008 £'000</i>
Ordinary shares of £1 each	100	–	100	–

7. Categories of financial instruments

	<i>31 July 2007 £'000</i>	<i>31 December 2008 £'000</i>
Current financial assets		
Financial assets		3,851
Trade and other receivables – loans and receivables	–	1,754
Financial liabilities – at amortised cost		
Current financial liabilities - at amortised cost	–	12,700

There is no material difference between the book value and the fair value of these financial assets and financial liabilities.

8. Financial risk management

The Company's activities expose it to a variety of financial risks being credit risk and liquidity risk.

Market risk – Interest rate risk

The Company carries borrowings used to finance its business. These borrowings are provided by the shareholders and are interest free. The loan is repayable on demand and are stated at fair value which is the same as the cash amount repayable.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The maximum exposure to credit risk is the value of the outstanding amount of other receivables which comprise an inter company loan of £3,851,000 and an inter company receivable totalling £1,754,000. With these balances due from two different parties, the Company is exposed to a concentration of credit risk. This risk is managed with regular reviews of these debtors' financial information. There are no cash deposits.

Liquidity risk

The Company holds no cash balances and does not trade. Although the amounts are technically 'on demand' the provider of the loan has no plans to withdraw funding.

The financial liabilities of the Company are expected to mature as follows:

2008	<i>Within 1 year</i> £'000
Financial liabilities	
Borrowings – shareholder loan	<u>12,700</u>

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other members. The Company will also seek to minimise the cost of capital and attempt to optimise the capital structure.

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the balance sheet. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company's options available are to adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Capital for the periods under review is summarised as follows:

	<i>31 July</i> <i>2007</i> £'000	<i>31 December</i> <i>2008</i> £'000
Total Equity	—	—
Capital	—	—
Total Equity	—	—
Borrowings	—	12,700
	—	<u>12,700</u>
Capital to overall financing ratio	—	—

9. Related party transactions

The Company has no employees and no charges are levied on the Company for the services of directors or staff.

Related party balances are as follows:

	<i>31 July</i> <i>2007</i> £'000	<i>31 December</i> <i>2008</i> £'000
Balances due from subsidiary undertakings		
Inter company loan	—	3,851
Current inter company receivable	—	1,754
Balances due to key management personnel of the Company's parent		
Shareholder loan	—	<u>(12,700)</u>

10. Capital commitments

The Company had no material capital commitments at any of the balance sheet dates.

11. Events after the balance sheet date

On 3 June 2009, a restructuring exercise was undertaken whereby Progressive Media Group Limited acquired the automotive, power and specialist titles trade and assets of Progressive Media Markets Limited for a consideration of £1.1 million. As part of the same restructuring, Progressive Media Group Limited directly acquired the 75 per cent. stake in the share capital of Office Solutions Media Limited held by Progressive Media Markets Limited for a consideration £300,000. Following these events, as part of the same restructuring process, Progressive Media Group Limited disposed of the entire share capital of Progressive Media Markets Limited (which held those titles, assets and liabilities which do not form part of the Acquisition by TMN Group plc) for a consideration of approximately £10.8 million. These proceeds were then utilised to repay approximately £10.8 million of the shareholder loan on 3 June 2009.

12. Ultimate controlling entity

As at 31 December 2008, the ultimate parent company of Progressive Media Group Limited was Progressive Digital Media Group Limited (formerly Progressive Media Group (Holdings) Limited).

SECTION D

SPG MEDIA GROUP LIMITED

Introduction

This Section D of Part III reproduces the audited consolidated financial statements of SPG Media Group Limited (formerly SPG Media Group plc) for the three years ended 31 March 2008 and the nine months ended 31 December 2008, together with the audit reports thereon, in accordance with paragraph 20.1 of Annex I of the AIM Rules for Companies.

The audited consolidated financial statements of SPG Media Group Limited (formerly SPG Media Group plc) for the two years ended 31 March 2007 were prepared under generally accepted accounting principles in the United Kingdom (UK GAAP). The audited consolidated financial statements of SPG Media Group Limited (formerly SPG Media Group plc) for the year ended 31 March 2008 and the nine months ended 31 December 2008 were prepared under IFRS as adopted in the European Union. The audited consolidated financial statements of SPG Media Group Limited (formerly SPG Media Group plc) for the year ended 31 March 2008 also contains comparative IFRS financial information for the year ended 31 March 2007.

The consolidated financial statements of SPG Media Group Limited (formerly SPG Media Group plc) for the three years ended 31 March 2008 were audited by PricewaterhouseCoopers LLP. The consolidated financial statements of SPG Media Group Limited (formerly SPG Media Group plc) for the nine months ended 31 December 2008 were audited by Grant Thornton UK LLP.

**(a) SPG Media Group Limited audited consolidated financial statements
for the nine month period ended 31 December 2008**

AUDITOR'S REPORT TO THE MEMBERS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPG MEDIA GROUP LTD

We have audited the group financial statements of SPG Media Group Ltd for the period ended 31 December 2008 which comprise the Group Consolidated Income Statement, the Group Consolidated Balance Sheet, the Group Consolidated Cash Flow Statement, the Group Consolidated Statement of Recognised Income and Expense and the related notes. These group financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the Group financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 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.

We report to you our opinion as to whether the group financial statements give a true and fair view and whether the group financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the group financial statements.

In addition we report to you if, in our opinion, 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 director's remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the group financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the group financial statements, and of whether the accounting policies are appropriate to the group's circumstances, 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 group financial statements 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 group financial statements.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2008 and of its loss for the period then ended;
- the group financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the group financial statements.

Grant Thornton UK LLP

Chartered Accountants and Registered Auditors

London

27 May 2009

Notes:

- (a) The maintenance and integrity of the SPG Media Group Ltd website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INCOME STATEMENT

For the period ended

	Notes	9 months to 31 December 2008			12 months to 31 March 2008		
		Before exceptional items and website amortisation £'000	Exceptional items and website amortisation (Note 6) £'000	Total £'000	Before exceptional items and website amortisation £'000	Exceptional items and website amortisation (Note 6) £'000	Total £'000
Revenue	2	10,162	–	10,162	17,177	–	17,177
Cost of sales		(6,096)	–	(6,096)	(8,595)	–	(8,595)
Gross profit		4,066	–	4,066	8,582	–	8,582
Distribution costs		(233)	–	(233)	(370)	–	(370)
Administrative expenses		(6,040)	(3,894)	(9,934)	(7,595)	(263)	(7,858)
Administrative expenses before website amortisation and exceptional items	3	(6,040)	–	(6,040)	(7,595)	–	(7,595)
Amortisation of website publishing rights	3	–	(106)	(106)	–	(141)	(141)
Exceptional items	6	–	(3,788)	(3,788)	–	(122)	(122)
Total administrative expenses		(6,040)	(3,894)	(9,934)	(7,595)	(263)	(7,858)
Group operating (loss)/profit	2	(2,207)	(3,894)	(6,101)	617	(263)	354
Finance costs	7	(35)	–	(35)	(88)	–	(88)
Finance income	7	123	–	123	164	–	164
(Loss)/profit on activities before taxation		(2,119)	(3,894)	(6,013)	693	(263)	430
Taxation	8	1,501	–	1,501	–	–	–
(Loss)/profit on ordinary activities after taxation attributable to equity holders of the parent		(618)	(3,894)	(4,512)	693	(263)	430

All of the activities are continuing.

CONSOLIDATED BALANCE SHEET

As at

		31 December 2008 £'000	31 March 2008 £'000
	Notes		
Assets			
Non-current assets			
Intangible assets	9	3,851	4,151
Property, plant and equipment	10	177	390
		<u>4,028</u>	<u>4,541</u>
Current assets			
Trade and other receivables	11	6,805	4,110
Cash and cash equivalents		765	3,630
Deferred tax asset	12	1,501	–
		<u>9,071</u>	<u>7,740</u>
Total assets		<u>13,099</u>	<u>12,281</u>
Current liabilities			
Trade and other payables	13	(10,121)	(8,109)
		<u>(10,121)</u>	<u>(8,109)</u>
Non-current liabilities			
Provisions	14	(3,276)	(901)
		<u>(13,397)</u>	<u>(9,010)</u>
Total liabilities		<u>(13,397)</u>	<u>(9,010)</u>
Net (liabilities)/assets		<u>(298)</u>	<u>3,271</u>
Equity			
Called up share capital	17	4,556	4,293
Share premium account	18	7,262	7,262
Capital redemption reserve	18	7,874	7,874
Other reserves	18	733	733
Retained earnings	18	(20,723)	(16,891)
		<u>(298)</u>	<u>3,271</u>
Total equity		<u>(298)</u>	<u>3,271</u>

These financial statements were approved by the board of directors on 27 May 2009 and signed on its behalf by:

Simon Pyper
Director

Ken Appiah
Director

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the period ended

	<i>31 December</i> <i>2008</i> <i>£'000</i>	<i>31 March</i> <i>2008</i> <i>£'000</i>
Exchange rate adjustment offset in reserves (retranslation of foreign investments)	—	(16)
Net expense recognised directly in equity	—	(16)
(Loss)/profit for the period	(4,512)	430
Total recognised income and expense for the period	(4,512)	414
Equity holders of the Group	(4,512)	414

CONSOLIDATED CASH FLOW STATEMENT

For the period ended

	31 December 2008	31 March 2008
Notes	£'000	£'000
Cash flows from operating activities		
Cash (used in)/generated from operations	21 (492)	651
Payment from cancellation of share options and share incentive plan	(628)	–
Interest paid	(1)	(30)
Net cash (used in)/generated from operating activities	(1,121)	621
Cash flows from financing activities		
Purchase of treasury shares	–	(81)
Proceeds from issue of treasury shares	1,151	–
Net cash generated from/(used in) financing activities	1,151	(81)
Cash flows from investing activities		
Purchase of property, plant and equipment	(93)	(90)
Purchase of intangible assets software	(9)	(69)
Proceeds from sale of property, plant and equipment	–	46
Movements in amounts owed by related undertakings	(2,916)	–
Interest received	123	164
Net cash (used in)/generated from investing activities	(2,895)	51
Net (decrease)/increase in cash and cash equivalents	(2,865)	591
Cash and cash equivalents at start of period	3,630	3,039
Cash and cash equivalents at end of period	765	3,630

NOTES TO THE ACCOUNTS

1. Statement of accounting policies

SPG Media Group Ltd is a company incorporated in the United Kingdom and previous to its acquisition by Progressive Capital Ltd in November 2008, was a Plc, listed on the Alternative Investment Market. The registered office of the Company is 55a North Wharf Road, London, W2 1LA. The registered number of the Company is 1309004. The nature of the Group's operations and its principal activities are set out in Note 2 and in the Directors' Report.

The significant accounting policies have been applied consistently throughout the current and prior periods, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

- (i) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group.

IAS 23 (Amendment) Borrowing costs (effective from 1 January 2009).

IFRS 8 Operating segments (effective from 1 January 2009).

IFRIC 17 Distributions of Non-cash Assets to Owners. (effective from 1 July 2009).

IAS1 Presentation of financial statements (revised 2007) (effective 1 January 2009), IAS 32 Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation.

The directors anticipate the adoption of IAS 1 and IFRS 8 will have a significant impact on the presentation of primary statements and segments. The adoptions of the other stated standards and interpretations in future periods are not expected to have a material impact on the net assets or results of the Group.

(b) Going concern

The directors have undertaken a detailed review of the Group's trading budgets, cash flow forecasts and available financial facilities in order to ensure that the preparation of the financial statements on the going concern basis is appropriate.

The directors consider the forecasts to have been prepared on a reasonable basis representing management's best estimates of the Group's trading and cash flows. The directors further note that management information for the first three months of 2009 indicate that the Group is, to date, performing in line with forecast.

Based on their review of the forecasts, the directors have assessed that the Group has, with a reasonable degree of headroom, access to sufficient cash flow to enable it to continue trading and to meet its liabilities as they fall due for the foreseeable future. In addition, the directors take comfort from the ongoing support from a significant shareholder, should the Group require to make use of this. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis, and have done so.

(c) Basis of consolidation

The consolidated financial statements include the accounts of the company and all of its subsidiary undertakings drawn up for the nine months to 31 December 2008 ("the Group").

- Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an enterprise taking into account any potential voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

- Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless costs cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(d) Revenue Recognition

Revenue comprises amounts derived from services performed or advertisements published by the Group during the period. 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 arm's length basis.

(e) Property, plant and equipment

Property, plant and equipment is stated at historic 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 3 years for computers, and 5 years for other plant and machinery.

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 reviewed for impairment when an external or internal indicator of impairment arises. If the carrying value exceeds the higher of the value in use and fair value less the costs to sell the asset then the asset is impaired and its value reduced by charging additional depreciation to the Income Statement.

(f) 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 3 Goodwill arising on acquisitions prior to 1 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 not amortised but instead is tested annually for impairment, as discussed below.

(ii) Website publishing rights

These and other intangible fixed assets acquired are stated at cost or fair value at the date of acquisition less any provision for impairment. They are amortised over their useful economic life. The directors regard 20 years as a reasonable estimate for the useful economic life of the publishing rights.

(iii) Computer software

Non-integral computer software purchases are capitalised at cost as intangible assets. These costs are amortised over their estimated useful lives (over 3 years). Costs associated with implementing or maintaining computer software programmes are recognised as an expense as incurred.

(iv) Impairment of intangible assets

Assets that have an indefinite useful life are not subject to amortisation but are reviewed for impairment annually and 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). Any impairment losses on goodwill are not reversed.

(g) Leased assets

Assets acquired under finance leases are capitalised as property, plant and equipment and depreciated in accordance with the Group's normal accounting policies for property, plant and equipment. 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 or receivable relating to all other leases are charged or credited to the income statement in equal amounts over the term of the lease.

(h) Taxation

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

Current tax is the expected tax payable on the taxable income for the period, 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 using the liability method on temporary 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 is recognised in equity.

(i) Foreign currencies

The results are recorded in Sterling which is deemed to be the functional currency.

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 period end, monetary items are retranslated at the rates of exchange ruling at the Balance Sheet date. Differences arising from changes in exchange rates during the period are taken to the Income Statement.

On consolidation, the assets and liabilities of foreign operations which have a functional currency other than Sterling are translated into Sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of these subsidiary undertakings are translated at average rates applicable in the period. All resulting exchange differences are recognised as a separate component of equity.

(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

On consolidation, shares in the Company held in the Group's Employee Benefit Trust ("EBT") have been deducted from shareholders' funds and charged against 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.

(n) Critical accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to our property and dilapidations provisions (see notes 6 and 14), provisions for bad debt (see note 11) and deferred tax asset recognised on losses (see notes 8 and 12).

No key judgements have been made in applying accounting policies that have a significant effect on the amounts recognised in the financial statements.

(o) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments.

(p) Exceptional items

The Group presents as exceptional items on the face of the income statement those significant items of income and expense which, because of their size, nature and infrequency of the events giving rise to them, merit separate presentation to allow users to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods to assess trends in financial performance more readily.

(q) Financial assets and liabilities

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment.

Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset’s carrying amount and the present value of estimated future cash flows.

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value, all transaction costs are recognised immediately in the income statement. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

2. Segmental reporting analysis

The turnover and operating (loss)/profit is derived from international business to business communications and originates in the UK and India.

Primary reporting format – Business analysis:

	<i>Online</i>		<i>Events</i>		<i>Publishing</i>		<i>Group</i>	
	<i>31 Dec</i>	<i>31 March</i>	<i>31 Dec</i>	<i>31 March</i>	<i>31 Dec</i>	<i>31 March</i>	<i>31 Dec</i>	<i>31 March</i>
	<i>2008</i>	<i>2008</i>	<i>2008</i>	<i>2008</i>	<i>2008</i>	<i>2008</i>	<i>2008</i>	<i>2008</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Revenue	5,286	6,605	2,298	6,614	2,578	3,958	10,162	17,177
Operating results	1,897	2,568	(1,320)	743	(157)	623	420	3,934
Depreciation charge							(219)	(168)
Amortisation of software							(203)	(236)
Amortisation of website publishing rights	(106)	(141)					(106)	(141)
Group costs							(5,993)	(3,035)
Group operating (loss)/profit							(6,101)	354
Net finance income							88	76
(Loss)/profit before taxation							(6,013)	430
Taxation							1,501	–
(Loss)/profit for the period							(4,512)	430

The calculation of operating (loss)/profit before tax has been undertaken by allocating central costs to each division on the basis of contribution generated. Group costs include shared service and corporate costs. Net (liabilities)/assets have been allocated to each business unit on the same basis. Barter revenue of £0.2 million (31 March 2008: £0.4 million) is contained in the above total revenue.

The segment assets and liabilities at 31 December 2008 and 31 March 2008 and capital expenditure for the periods then ended are as follows:

	<i>31 Dec 2008 £'000</i>	<i>31 Dec 2008 £'000</i>	<i>31 Dec 2008 £'000</i>	<i>31 March 2008 £'000</i>	<i>31 March 2008 £'000</i>	<i>31 March 2008 £'000</i>
	<i>Assets</i>	<i>Liabilities</i>	<i>Net (Liabilities)/ Assets</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Net (Liabilities)/ Assets</i>
Publishing	436	3,956	(3,520)	1,356	1,544	(188)
Online	4,130	3,710	420	6,636	3,586	3,050
Events	3,500	4,667	(1,167)	3,283	2,625	658
Unallocated	5,033	1,064	3,969	1,006	1,255	(249)
	<u>13,099</u>	<u>13,397</u>	<u>(298)</u>	<u>12,281</u>	<u>9,010</u>	<u>3,271</u>

Capital expenditure

	<i>Capital additions £'000</i>	<i>Depreciation and amortisation £'000</i>	<i>Capital additions £'000</i>	<i>Depreciation and amortisation £'000</i>
Publishing	–	–	–	–
Online	–	106	–	141
Events	–	–	–	–
Unallocated	102	422	159	404
	<u>102</u>	<u>528</u>	<u>159</u>	<u>545</u>

Secondary reporting format – geographical analysis of turnover:

	<i>31 December 2008 £'000</i>	<i>31 March 2008 £'000</i>
UK	2,250	3,771
USA	1,419	3,127
Europe (other than UK)	5,001	8,142
Other	1,492	2,137
	<u>10,162</u>	<u>17,177</u>

Included in the above is barter revenue of £0.2 million (31 March 2008: £0.4 million)

3. Operating profit is stated after charging/(crediting)

	<i>31 December</i> 2008 £'000	<i>31 March</i> 2008 £'000
Depreciation, amortisation and impairment		
Owned assets depreciation of property, plant and equipment	219	168
Owned assets depreciation of software	203	236
Amortisation of web publishing rights	106	141
Auditor's remuneration		
Fees payable to the company's auditor for the audit of the parent company and consolidated accounts	26	65
Fees payable to the company's auditors and its associates for other services	–	5
The audit of company's subsidiaries pursuant to legislation	–	10
Fees for other services supplied pursuant to legislation	–	24
Tax services	–	–
Operating lease rentals		
Other (land and buildings)	934	1,330
Other (income from properties)	(368)	(419)
Plant and machinery	123	186
Other		
Impairment losses on receivables (see note 11)	60	2,385
Foreign exchange (gains)/losses	(165)	53
Property and dilapidations charged in the period (see note 6)	2,481	–
Share options settlement (see notes 6 and 17)	460	–
	<u> </u>	<u> </u>

4. Employee benefit expense

	<i>31 December</i> 2008 £'000	<i>31 March</i> 2008 £'000
Staff costs (including directors)		
Wages and salaries	7,112	8,645
Share based payments	(40)	23
Share options settlements (see notes 6 & 17)	460	–
Social security costs	622	949
Other pension costs	46	66
	<u> </u>	<u> </u>
	<u>8,200</u>	<u>9,683</u>

The pension costs of £45,532 (31 March 2008: £65,741) are expensed through administrative expenses.

Remuneration in respect of Directors was as follows:

	<i>31 December</i> 2008 £'000	<i>31 March</i> 2008 £'000
Aggregate emoluments	516	392
Share options settlement	283	–
Company pension contributions to defined contribution scheme	19	24
	<u> </u>	<u> </u>
	<u>818</u>	<u>416</u>

Highest paid Director:

	<i>31 December 2008 £'000</i>	<i>31 March 2008 £'000</i>
Aggregate emoluments	314	202
Share options settlement	188	–
Company pension contributions to defined contribution scheme	11	15
	<u>513</u>	<u>217</u>

Key management compensation:

	<i>31 December 2008 £'000</i>	<i>31 March 2008 £'000</i>
Short term employee benefits	989	919
Post employment benefits	26	35
Termination benefits	239	67
Share options settlement	356	–
Share based payments	(25)	9
	<u>1,585</u>	<u>1,030</u>

5. Number of employees

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

	<i>31 December 2008 Number</i>	<i>31 March 2008 Number</i>
Sales	145	129
Production, editorial and administrative	130	117
India	8	8
Total	<u>283</u>	<u>254</u>

6. Exceptional items

The following have been identified as exceptional items and disclosed separately on the face of the income statement:

	<i>31 December</i> 2008 £'000	<i>31 March</i> 2008 £'000
Property and dilapidations provisions	(2,481)	–
Redundancy costs and compensation for loss of office	(535)	(122)
Share options settlement	(460)	–
Professional fees associated to the acquisition by Progressive Capital Ltd	(225)	–
Impairment of property, plant and equipment	(87)	–
	<u>(3,788)</u>	<u>(122)</u>

Nine month period ended 31 December 2008:

During the period, we have made an assessment of the properties within our portfolio. We have considered the following factors:

- An assessment of the future expected commercial property market conditions such as lease incentives and periods of non-occupancy.
- The group is committed to moving from its current operational property.

This has resulted in an onerous lease provision of £1,834,000 together with a provision of £647,000 in respect of dilapidations. The dilapidations provision represents an estimate of the present value of expenditure required to restore its leasehold premises at the end of each lease. Provisions have been discounted at 5 per cent. per annum.

During the period redundancy costs of £535,000 were incurred. The legal costs incurred of £225,000 are associated to the acquisition of the Group by Progressive Capital Ltd and the share options settlement of £460,000 is in respect of the subsequent cancellation of these options on acquisition.

In addition, £87,000 was written off leasehold fixtures and fittings on the Group's operational property.

Year ended 31 March 2008:

During the year non-recurring costs related to redundancy were incurred of £122,000.

7. Finance income and costs

	<i>31 December</i> 2008 £'000	<i>31 March</i> 2008 £'000
Finance costs		
Unwinding of discount on property provisions (see note 14)	(34)	(58)
Other interest payable	(1)	(30)
	(35)	(88)
Investment income		
Bank interest	123	164
Total	<u>88</u>	<u>76</u>

The unwinding of the discount on the property provisions calculates a nominal interest charge on the property provision made. This is not a cash charge and will fall as the provision is either released or utilised.

8. Income tax expense

	<i>31 December</i> 2008 £'000	<i>31 March</i> 2008 £'000
UK corporation tax at 28% (31 March 2008: 30%)	–	–
Foreign taxation	–	–
Deferred taxation (note 12)	1,501	–
	<u>1,501</u>	<u>–</u>

The deferred tax asset of £1,501,000 (31 March 2008: nil) is recoverable against future forecast taxable profits that the directors consider to be more likely than not to occur.

Deferred tax assets of £1,842,000 (31 March 2008: £1,636,000) in respect of total losses have not been recognised. These losses are within the Group holding company which does not trade and within one of the Group's subsidiaries for which forecast taxable profits are harder to determine and in any event, forecast taxable profits would occur at a much slower rate. Due to this the directors have not recognised the potential deferred tax asset in this period.

The total tax credit is reconciled to the standard corporation tax rate applicable in the UK as follows:

	<i>31 December</i> 2008 £'000	<i>31 March</i> 2008 £'000
(Loss)/profit on ordinary activities before tax	(6,013)	430
Corporation tax at 28% (31 March 2008: 30%)	(1,684)	129
Effects of:		
Prior year adjustment for basis of work-in-progress	–	30
Expenses not deductible for tax purposes	111	11
Excess of depreciation over capital allowances of eligible assets	53	(5)
Utilisation of losses brought forward	–	(187)
Losses carried forward	201	–
Amortisation of intangibles	57	10
Associate losses not utilised	–	12
Share based payment and deferred relief for EBT loan write-off	(239)	–
Total tax credit for the period	<u>1,501</u>	<u>–</u>

The 2007 budget, announced by the Chancellor of the Exchequer on 21 March 2007, reduced the rate of UK corporation tax from 30 per cent. to 28 per cent. with effect from 1 April 2008.

9. Intangible assets

	<i>Software</i> £'000	<i>Goodwill</i> £'000	<i>Website publishing rights and other intangibles</i> £'000	<i>Total</i> £'000
Cost				
At 1 April 2008	802	2,306	2,832	5,940
Additions	9	–	–	9
Disposals	(611)	–	–	(611)
At 31 December 2008	<u>200</u>	<u>2,306</u>	<u>2,832</u>	<u>5,338</u>
Amortisation/permanent diminution				
At 1 April 2008	(528)	(838)	(423)	(1,789)
Charge for the period	(203)	–	(106)	(309)
Disposals	611	–	–	611
At 31 December 2008	<u>(120)</u>	<u>(838)</u>	<u>(529)</u>	<u>(1,487)</u>
Net book value				
At 31 December 2008	<u>80</u>	<u>1,468</u>	<u>2,303</u>	<u>3,851</u>
At 31 March 2008	<u>274</u>	<u>1,468</u>	<u>2,409</u>	<u>4,151</u>

Goodwill, being the excess of the consideration paid over the fair value attributed to net assets acquired, relates to the acquisitions of Net Resources International Limited and Vision in Business Limited.

The carrying value of website publishing rights relates to the fair value of the websites acquired with Net Resources International Limited.

	<i>Software</i> £'000	<i>Goodwill</i> £'000	<i>Website publishing rights and other intangibles</i> £'000	<i>Total</i> £'000
Cost				
At 1 April 2007	1,621	2,306	10,539	14,466
Software transferred from fixed assets	69	–	–	69
Additions	(847)	–	(7,707)	(8,554)
Disposals	(41)	–	–	(41)
At 31 March 2008	<u>802</u>	<u>2,306</u>	<u>2,832</u>	<u>5,940</u>
Amortisation/permanent diminution				
At 1 April 2007	(1,155)	(838)	(7,989)	(9,982)
Software transferred from fixed assets	(236)	–	(141)	(377)
Charge for the year	847	–	7,707	8,554
Disposals	16	–	–	16
At 31 March 2008	<u>(528)</u>	<u>(838)</u>	<u>(423)</u>	<u>(1,789)</u>
Net book value				
At 31 March 2008	<u>274</u>	<u>1,468</u>	<u>2,409</u>	<u>4,151</u>
At 31 March 2007	<u>466</u>	<u>1,468</u>	<u>2,550</u>	<u>4,484</u>

Intangible amortisation is included within administration expenses in the consolidated income statement.

Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to business segment.

	<i>31 December</i> 2008 £'000	<i>31 March</i> 2008 £'000
Online	775	775
Events	693	693
	<u>1,468</u>	<u>1,468</u>

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the media business in which the CGU operates.

The key assumptions used in the value-in-use calculations applied to the 2009 budgeted results and later years are as follows:

	<i>Initial</i> <i>growth rate</i>	<i>Long term</i> <i>growth rate</i>
Online	3%	3%
Events	3%	3%

A pre-tax discount rate of 8.92 per cent. is used in line with the Group's weighted average cost of capital.

No impairment charges were recognised in the period ended 31 December 2008 (31 March 2008: nil).

10. Property, plant and equipment

	<i>Short-term</i> <i>leasehold</i> <i>premises</i> £'000	<i>Equipment,</i> <i>vehicles</i> <i>fixtures and</i> <i>fittings</i> £'000	<i>Total</i> £'000
Cost			
At 1 April 2008	263	595	858
Additions	6	87	93
Impairment	(269)	–	(269)
Disposals	–	(295)	(295)
At 31 December 2008	<u>–</u>	<u>387</u>	<u>387</u>
Depreciation			
At 1 April 2008	(152)	(316)	(468)
Charge for the period	(30)	(189)	(219)
Impairment	182	–	182
Disposals	–	295	295
At 31 December 2008	<u>–</u>	<u>(210)</u>	<u>(210)</u>
Net book value			
At 31 December 2008	<u>–</u>	<u>177</u>	<u>177</u>
At 31 March 2008	<u>111</u>	<u>279</u>	<u>390</u>

	<i>Short-term leasehold premises £'000</i>	<i>Equipment, vehicles fixtures and fittings £'000</i>	<i>Total £'000</i>
Cost			
At 1 April 2007	263	797	1,060
Additions	–	90	90
Disposals	–	(292)	(292)
At 31 March 2008	<u>263</u>	<u>595</u>	<u>858</u>
Depreciation			
At 1 April 2007	(114)	(476)	(590)
Charge for the year	(38)	(130)	(168)
Disposals	–	290	290
At 31 March 2007	<u>(152)</u>	<u>(316)</u>	<u>(468)</u>
Net book value			
At 31 March 2008	<u>111</u>	<u>279</u>	<u>390</u>
At 31 March 2007	<u>149</u>	<u>321</u>	<u>470</u>

11. Trade and other receivables

	<i>31 December 2008 £'000</i>	<i>31 March 2008 £'000</i>
Current		
Trade receivables	4,975	5,482
Less provision for impairment of trade receivables	(2,100)	(1,808)
Trade receivables – net	2,875	3,674
Other debtors	3,115	349
Prepayments and accrued income	815	87
	<u>6,805</u>	<u>4,110</u>

The carrying value and the fair value are considered to be the same.

As of 31 December 2008, trade receivables of £1,951,000 (31 March 2008: £2,812,000) were fully performing. The ageing of fully performing receivables is as follows:

	<i>31 December 2008 £'000</i>	<i>31 March 2008 £'000</i>
Up to 3 months	1,532	2,778
3 to 6 months	224	34
Over 6 months	195	–
	<u>1,951</u>	<u>2,812</u>

As of 31 December 2008, trade receivables of £924,000 (31 March 2008: £862,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	<i>31 December</i> 2008 £'000	<i>31 March</i> 2008 £'000
Up to 3 months	245	536
3 to 6 months	364	177
Over 6 months	315	149
	<u>924</u>	<u>862</u>

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	<i>31 December</i> 2008 £'000	<i>31 March</i> 2008 £'000
Pounds sterling	4,319	4,810
US dollar	496	422
Euro	160	250
	<u>4,975</u>	<u>5,482</u>

Movements in the Group's provision for impairment of trade receivables are as follows:

	<i>31 December</i> 2008 £'000	<i>31 March</i> 2008 £'000
At 1 April 2008	(1,808)	(3,954)
Provision for receivables impairment	(352)	(242)
Receivables written off during the period as uncollectable	60	2,385
Unused amounts reversed	-	3
At 31 December 2008	<u>(2,100)</u>	<u>(1,808)</u>

The creation and release of provision for impaired receivables have been included in administrative expenses in the income statement.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at 31 December 2008 is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

12. Deferred income tax

The Group has recognised and unrecognised potential deferred tax assets at the period end comprising:

	<i>Provided</i>		<i>Unprovided</i>	
	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2008</i>	<i>2008</i>	<i>2008</i>	<i>2008</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
General bad debt provisions	–	–	81	109
Excess depreciation over capital allowances	–	–	327	165
Losses (see note 8)	1,501	–	1,842	1,626
Capital losses	–	–	4,268	4,268
	<u>1,501</u>	<u>–</u>	<u>6,518</u>	<u>6,168</u>

13. Trade and other payables

	<i>31 December</i>	<i>31 March</i>
	<i>2008</i>	<i>2008</i>
	<i>£'000</i>	<i>£'000</i>
Current		
Trade creditors	148	384
Other taxes and social security costs	404	554
Other creditors	866	848
Accruals and deferred income	8,703	6,323
	<u>10,121</u>	<u>8,109</u>

14. Provision for other liabilities and charges

	<i>31 December</i>	<i>31 March</i>
	<i>2008</i>	<i>2008</i>
	<i>£'000</i>	<i>£'000</i>
Current		
At 1 April 2008	901	1,157
Utilised in period	(140)	(290)
Charge/(release) in the period (see note 6)	1,834	(24)
Dilapidations charged in the period (see note 6)	647	–
Unwinding of discount (see note 7)	34	58
At 31 December 2008	<u>3,276</u>	<u>901</u>

The provision in respect of property leases represents the net cost of fulfilling the Group's obligations over the term of these contracts, discounted at 5 per cent. per annum. The provision is expected to be utilised over the period of each specific lease.

The dilapidations provision of £647,000 is the best estimate of the present value of expenditure expected to be incurred by the Group in order to restore leasehold premises to the condition required under the lease agreements at the end of the lease, discounted at 5 per cent. per annum. The provision is expected to be utilised over the period to the end of each specific lease.

The provision will be utilised over the term of the relevant leases and falls within the following periods:

	<i>31 December</i> 2008 £'000	<i>31 March</i> 2008 £'000
Less than one year	636	186
Between two and five years	2,422	592
More than five years	218	123
Total	<u>3,276</u>	<u>901</u>

15. Financial assets and liabilities

The Group does not have any material exposure to interest rate or currency risks.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by overdraft facilities. As all maturities are short-term it is not necessary to provide a maturity analysis. Note 14 draws attention to the profile of the Group's onerous lease provision, which meets the definition of a financial liability.

Financial assets: floating rate

	<i>31 December</i> 2008 £'000	<i>31 March</i> 2008 £'000
EUR	287	35
GBP Pounds	295	3,427
USD	182	167
Indian Rupees	1	1
Total	<u>765</u>	<u>3,630</u>

Interest on floating-rate bank deposits is based on the inter-bank rate and may be fixed for up to one month. The balance held on deposit for overnight (31 March 2008: 1 month) at the period end was £0.4 million (31 March 2008: £1.3 million).

Credit risk

The Group's principal financial assets are gilt deposits, cash and trade debtors. The Group has cash balances, committed overdraft facilities if required and conducts the majority of its business in Sterling. The Group does not use any swap or hedge instruments. Cash deposits are held on term notice or placed with the money market. Interest is earned by reference to inter-bank rates.

The principal credit risk arises therefore from the Group's trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.

Short-term debtors and creditors have been excluded from the following disclosures.

The fair value of the financial assets and liabilities is not materially different from the carrying value.

16. Operating leases

As at 31 December 2008, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<i>31 December 2008 £'000</i>	<i>31 March 2008 £'000</i>
Land and buildings		
Within one year	1,268	1,272
In the second to fifth years inclusive	2,432	2,986
After five years	409	761
Total	<u>4,109</u>	<u>5,019</u>
Other		
Less than one year	171	175
Between two and five years	4	3
Total	<u>175</u>	<u>178</u>

The Group sub-lets certain areas of its property portfolio. As at 31 December 2008, the Group had contracts with sub-tenants for the following future minimum lease rentals:

	<i>31 December 2008 £'000</i>	<i>31 March 2008 £'000</i>
Land and buildings		
Within one year	463	478
In the second to fifth years inclusive	798	1,631
After five years	183	656
Total	<u>1,444</u>	<u>2,765</u>

17. Share capital

	<i>31 December 2008 Number '000</i>	<i>31 March 2008 Number '000</i>	<i>31 December 2008 £'000</i>	<i>31 March 2008 £'000</i>
Authorised				
Ordinary shares of 5p each	223,754	223,754	11,188	11,188
Redeemable deferred shares of 1p each	535,621	535,621	5,356	5,356
	<u> </u>	<u> </u>	<u>16,544</u>	<u>16,544</u>
Allotted and fully paid				
Ordinary shares of 5p each	91,121	85,857	4,506	4,293
	<u> </u>	<u> </u>	<u>4,506</u>	<u>4,293</u>

During the period, the outstanding options over ordinary shares granted to executives and employees were fully satisfied by the exercise of 7,435,000 ordinary shares at the offer price of 13p per ordinary share, as a result of the acquisition by Progressive Capital Ltd in November 2008.

The remaining 1,918,335 options lapsed as a result of them not being exercised due to the exercise price being higher than the offer price of 13p per share. There are no outstanding options over ordinary shares at 31 December 2008 as they were either exercised or expired on 5 November 2008, as shown in the following table:

<i>Number of options</i>								
<i>Scheme</i>	<i>Date of grant</i>	<i>1 April 2008</i>	<i>Lapsed during the year</i>	<i>Exercised during the year</i>	<i>31 December 2008</i>	<i>Exercise price</i>	<i>Date from which exercisable</i>	<i>Expiry Date/Date Exercised</i>
1996	07/07/1998	15,000	(15,000)	-	-	15.00p	08/07/2001	05/11/2008
1996	06/07/1999	125,000	(125,000)	-	-	33.00p	07/07/2002	05/11/2008
1996	15/12/1999	45,000	(45,000)	-	-	76.50p	16/12/2002	05/11/2008
2000	10/03/2000	1,333,335	(1,333,335)	-	-	116.50p	10/03/2000	05/11/2008
1996	07/07/2000	100,000	(100,000)	-	-	132.50p	08/07/2003	05/11/2008
1996	24/11/2000	50,000	(50,000)	-	-	135.00p	25/11/2003	05/11/2008
1996	20/12/2002	60,000	-	(60,000)	-	11.25p	21/12/2005	05/11/2008
2003	01/07/2005	300,000	(50,000)	(250,000)	-	7.12p	02/07/2008	05/11/2008
2003	05/09/2005	1,250,000	-	(1,250,000)	-	8.20p	06/09/2008	05/11/2008
2003	21/09/2005	50,000	-	(50,000)	-	10.25p	22/09/2008	05/11/2008
2003	01/04/2006	50,000	-	(50,000)	-	11.00p	02/04/2009	05/11/2008
2003	06/03/2007	3,275,000	(75,000)	(3,200,000)	-	6.00p	07/03/2010	05/11/2008
2003	28/11/2007	2,700,000	(125,000)	(2,575,000)	-	8.50p	29/11/2010	05/11/2008
		<u>9,353,335</u>	<u>(1,918,335)</u>	<u>(7,435,000)</u>	<u>-</u>			

18. Changes in equity

	<i>Share capital</i>	<i>Share premium</i>	<i>Capital redemption reserve</i>	<i>Other reserves</i>	<i>Profit and loss account</i>	<i>Equity attributable to equity holders of the company</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 31 March 2008	4,293	7,262	7,874	733	(16,891)	3,271
Shares issued in the period	263	-	-	-	-	263
Retained loss for the period	-	-	-	-	(4,512)	(4,512)
Share options settlement	-	-	-	-	720	770
Share based payments	-	-	-	-	(40)	(40)
At 31 December 2008	<u>4,556</u>	<u>7,262</u>	<u>7,874</u>	<u>733</u>	<u>(20,723)</u>	<u>(298)</u>

In January 2008 the Group's EBT purchased 791,448 and 165,000 Ordinary Shares in the Company. At 31 March 2008, the Group's EBT held 2,170,843 (2007: 1,214,395) Ordinary Shares in the Company. The historical cost of the Ordinary Shares is £1,837,000. On consolidation, shares in the Company held in the Group's Employee Benefit Trust ("EBT") have been deducted from shareholders' funds and charged against retained earnings. Following the subsequent cancellation of the share options on acquisition, the Group's EBT no longer hold shares in the Company.

	<i>Share capital</i> £'000	<i>Share premium</i> £'000	<i>Capital redemption reserve</i> £'000	<i>Other reserves</i> £'000	<i>Profit and loss account</i> £'000	<i>Equity attributable to equity holders of the company</i> £'000
At 31 March 2007	4,293	7,262	7,874	733	(17,247)	2,915
Retained profit for the period	–	–	–	–	430	430
Share based payments	–	–	–	–	23	23
Company shares	–	–	–	–	(81)	(81)
Exchange rate differences	–	–	–	–	(16)	(16)
At 31 March 2008	<u>4,293</u>	<u>7,262</u>	<u>7,874</u>	<u>733</u>	<u>(16,891)</u>	<u>3,271</u>

19. Contingent liabilities

All the companies within the Group are subject to a right of set-off agreement with Lloyds TSB plc. As the Group has no borrowings there is no contingent liability existing under any banking arrangements at 31 December 2008 (31 March 2008: £nil).

20. Capital commitments

There were no capital commitments at 31 December 2008 (31 March 2008: £nil).

21. Cash flows from operating activities

	<i>31 December 2008</i> £'000	<i>31 March 2008</i> £'000
Operating (loss)/profit	(6,101)	354
Amortisation of publishing rights	106	141
Depreciation of tangible fixed assets	219	168
Amortisation of software	203	236
Share based payment	(40)	23
Share options settlement	460	–
Loss on disposal of tangible fixed assets	–	8
Impairment of property, plant and equipment	87	–
Operating cash flow before movements in working capital	<u>(5,066)</u>	<u>930</u>
Decrease in debtors	221	48
Increase/(decrease) in creditors	2,012	(13)
Increase/(decrease) in provisions	2,341	(314)
Net cash (outflow)/inflow from operating activities	<u>(492)</u>	<u>651</u>

22. Analysis of net funds

	<i>1 April 2008</i> £'000	<i>Cash flow</i> £'000	<i>31 December 2008</i> £'000
Cash at bank and in hand	3,630	(2,865)	765
Net funds	<u>3,630</u>	<u>(2,865)</u>	<u>765</u>

**(b) SPG Media Group plc audited consolidated financial statements
for the year ended 31 March 2008**

AUDITORS' REPORT TO THE MEMBERS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPG MEDIA GROUP PLC

We have audited the group financial statements of SPG Media Group PLC for the year ended 31 March 2008 which comprise the Group Consolidated Income Statement, the Group Consolidated Balance Sheet, the Group Consolidated Cash Flow Statement, the Group Consolidated Statement of Recognised Income and Expense and the related notes. These group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of SPG Media Group PLC for the year ended 31 March 2008.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the group financial statements give a true and fair view and whether the group financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the group financial statements. The information given in the Directors' Report includes that specific information presented in the Business Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited group financial statements. The other information comprises only the Directors' Report, the Chairman's Statement, the Corporate Governance Report, the unaudited parts of the Director's Remuneration Report and the Business Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the group financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the group financial statements, and of whether the accounting policies are appropriate to the group's circumstances, 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 group financial statements 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 group financial statements.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 March 2008 and of its profit and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the group financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Bristol

21 July 2008

Notes:

- (a) The maintenance and integrity of the SPG Media Group PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March

	Notes	2008			2007			Total £'000 Restated
		Before exceptional items and website amortisation £'000	Exceptional items and website amortisation (Note 6) £'000	Total £'000	Before exceptional items and website amortisation £'000	Exceptional items and website amortisation (Note 6) £'000	Total £'000	
Revenue	2	17,177	–	17,177	16,597	–	16,597	
Cost of sales		(8,595)	–	(8,595)	(7,567)	–	(7,567)	
Gross profit		8,582	–	8,582	9,030	–	9,030	
Distribution costs		(370)	–	(370)	(380)	–	(380)	
Administrative expenses		(7,595)	(263)	(7,858)	(7,916)	(344)	(8,260)	
Administrative expenses before website amortisation and exceptional items	3	(7,595)	–	(7,595)	(7,916)	–	(7,916)	
Amortisation of website publishing rights	3	–	(141)	(141)	–	(141)	(141)	
Exceptional items	6	–	(122)	(122)	–	(203)	(203)	
Total administrative expenses		<u>(7,595)</u>	<u>(263)</u>	<u>(7,858)</u>	<u>(7,916)</u>	<u>(344)</u>	<u>(8,260)</u>	
Group operating profit		617	(263)	354	734	(344)	390	
Finance income/(expense) – net	7	76	–	76	(34)	–	(34)	
Profit on activities before taxation		693	(263)	430	700	(344)	356	
Taxation	8	–	–	–	(2)	–	(2)	
Profit on ordinary activities after taxation and retained profit for the financial year		<u>693</u>	<u>(263)</u>	<u>430</u>	<u>698</u>	<u>(344)</u>	<u>354</u>	
Basic profit per share	9			0.51p			0.42p	
Diluted profit per share	9			0.51p			0.42p	

- All of the activities are continuing.
- There are no material differences between the profits on ordinary activities before taxation and the retained profit as stated above and their historical cost equivalents.

CONSOLIDATED BALANCE SHEET

As at 31 March 2008

		2008	2007
	Notes	£'000	Restated £'000
Assets			
Non-current assets			
Intangible assets	10	4,151	4,484
Property, plant and equipment	11	390	470
		<u>4,541</u>	<u>4,954</u>
Current assets			
Trade and other receivables	12	4,110	4,104
Cash and cash equivalents		3,630	3,039
		<u>7,740</u>	<u>7,143</u>
Total assets		<u>12,281</u>	<u>12,097</u>
Current liabilities			
Trade and other payables	14	(8,109)	(8,025)
		<u>(8,109)</u>	<u>(8,025)</u>
Non-current liabilities			
Provisions	15	(901)	(1,157)
Total liabilities		<u>(9,010)</u>	<u>(9,182)</u>
Net assets		<u>3,271</u>	<u>2,915</u>
Equity			
Called up share capital	18	4,293	4,293
Share premium account	19	7,262	7,262
Capital redemption reserve	19	7,874	7,874
Other reserves	19	733	733
Retained earnings	19	(16,891)	(17,247)
Total equity		<u>3,271</u>	<u>2,915</u>

These financial statements were approved by the board of directors on 21 July 2008 and signed on its behalf by:

Keith Sadler
Director

Ken Appiah
Director

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 March 2008

	2008	2007
	£'000	Restated £'000
Exchange rate adjustment offset in reserves (retranslation of foreign investments)	(16)	(4)
Net expense recognised directly in equity	(16)	(4)
Profit for the year	430	354
Total recognised income and expense for the year	414	350

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2008

		2008	2007
	Notes	£'000	Restated £'000
Cash inflow from operating activities			
Cash generated from operations	22	651	981
Interest paid		(30)	(2)
Income tax paid – overseas corporation tax		–	(2)
		<hr/>	<hr/>
Net cash generated from operating activities		621	977
Cash flows from financing activities			
Purchase of treasury shares		(81)	–
		<hr/>	<hr/>
Net cash used in financing activities		(81)	–
Cash flows from investing activities			
Purchases of property, plant and equipment		(90)	(222)
Purchase of intangible assets software		(69)	(119)
Proceeds from sale of property, plant and equipment		46	–
Proceeds from sale of subsidiary		–	39
Interest received		164	82
		<hr/>	<hr/>
Net cash generated/(used) in investing activities		51	(220)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		591	757
		<hr/>	<hr/>
Cash and cash equivalents at start of year		3,039	2,282
		<hr/>	<hr/>
Cash and cash equivalents at end of year		3,630	3,039
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE ACCOUNTS

1. Statement of accounting policies

SPG Media Group plc is a company incorporated in the United Kingdom and listed on the Alternative Investment Market. The registered office of the Company is 57 North Wharf Road London W2 1LA. The registered number of the Company is 1309004. The nature of the Group's operations and its principal activities are set out in Note 2 and in the Corporate and Risk Information of the Directors' Report.

The significant accounting policies have been applied consistently throughout the current and prior year, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting as adopted by the European Union and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

(i) *Standards, amendments and interpretations effective in 2008*

IFRS 7 Financial instruments: Disclosures and the complementary amendment to IAS 1, Presentation of financial statements – Capital disclosures.

IFRIC 8 Scope of IFRS 2.

IFRIC 10 Interim financial reporting and impairment.

IFRIC 11, IFRS 2 Group and treasury share transactions.

The adoption of these standards and interpretations has not had a material impact on these financial statements, other than the increased disclosure in relation to IFRS 7, which is included in note 12.

(ii) *Standards, amendments and interpretations effective in 2008 but not relevant*

IFRS 4, Insurance contracts.

IFRIC 7, Applying the restatement approach under IAS 29, Financial reporting in hyper-inflationary economies.

IFRIC 9, Re-assessment of embedded derivatives.

(iii) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group.*

IAS 23 (Amendment) Borrowing costs (effective from 1 January 2009).

IFRS 8 Operating segments (effective from 1 January 2009).

The directors anticipate the adoption of these standards and interpretations in future periods will have no material impact on the net assets or results of the Group.

(iv) *Interpretations to existing standards that are not yet effective and not relevant for the Group.*

IFRIC 12, Service concession arrangements. This is not relevant to the Group as none of the Group's operations provide public sector services.

IFRIC 13, Customer loyalty programmes. This is not relevant to the Group as the Group does not operate a loyalty programme.

IFRIC 14, IAS 19 The limit on a defined benefit asset, minimum funding requirements and their interaction.

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 are retrospectively applied. However IFRS 1 includes optional exemptions and mandatory exceptions relating to retrospective applications. The most significant of these that impact on 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 financial statements include the accounts of the company and all of its subsidiary undertakings drawn up to 31 March each year.

- Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an enterprise taking into account any potential voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.
- Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless costs cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(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 historic 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 fair value less costs to sell. If the carrying value exceeds the higher of the value in use and fair value less the costs to sell the asset then 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 annually for impairment, as discussed below.

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 as intangible assets. These costs are amortised over their estimated useful lives (over 5 years). Costs associated with implementing or maintaining computer software programmes are recognised as an expense as incurred.

(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). Any impairment losses are not reversed.

(f) 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 property plant and equipment. 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 or receivable relating to all other leases are charged or credited to the income statement in equal amounts over the term of the lease.

(g) 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 is recognised in equity.

(h) 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.

(i) 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.

(j) Investment in own shares

On consolidation, shares in the Company held in the Group's Employee Benefit Trust ("EBT") have been deducted from shareholders' funds and debited against the income statement reserve account.

(k) 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.

(l) 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.

Critical accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to our property provisions, provisions for bad debt and other credit balances in the balance sheet.

(m) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments.

2. Segmental reporting analysis

The turnover and operating profit is derived from international business to business communications and originates in the UK and India. Revenue generated out of India was £0.1 million (2007: £0.7 million).

Primary reporting format – Business analysis:

	<i>Online</i>		<i>Events</i>		<i>Publishing</i>		<i>Group</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Revenue	6,605	6,533	6,614	5,948	3,958	4,116	17,177	16,597
Operating results	2,568	2,936	743	356	623	704	3,934	3,996
Depreciation charge							(168)	(225)
Amortisation of software							(236)	(623)
Amortisation of website publishing rights							(141)	(141)
Group costs							(3,035)	(2,619)
Net finance income							76	(34)
Profit before taxation							430	354
Taxation							-	-
Profit for the period							430	354

The calculation of operating profit before tax has been undertaken by allocating central costs to each division on the basis of contribution generated. Group costs include shared service and corporate costs. Net assets have been allocated to each business unit on the same basis. Barter revenue of £0.4 million (2007: £0.5 million) is contained in the above total revenue.

The segment assets and liabilities at 31 March 2008 and 2007 and capital expenditure for the years then ended are as follows:

	<i>2008</i>	<i>2008</i>	<i>2008</i>	<i>2007</i>	<i>2007</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
	<i>Assets</i>	<i>Liabilities</i>	<i>Net Assets</i>	<i>Assets</i>	<i>Liabilities</i>	<i>Net Assets</i>
Publishing	1,356	1,544	(188)	1,345	2,535	(1,190)
Online	6,636	3,586	3,050	6,694	3,357	3,337
Events	3,283	2,625	658	2,673	2,165	508
Unallocated	1,006	1,255	(249)	1,386	1,126	260
	<u>12,281</u>	<u>9,010</u>	<u>3,271</u>	<u>12,098</u>	<u>9,183</u>	<u>2,915</u>

Capital expenditure

	<i>Depreciation and amortisation</i>		<i>Depreciation and amortisation</i>	
	<i>Capital additions</i>		<i>Capital additions</i>	
Publishing				
Online		141		141
Events				
Unallocated	159	404	341	848
	<u>159</u>	<u>545</u>	<u>341</u>	<u>989</u>

Secondary reporting format: Geographical analysis of turnover:

	2008 £'000	2007 £'000
UK	3,771	3,892
USA	3,127	3,208
Europe (other than UK)	8,142	7,774
Other	2,137	1,723
	<u>17,177</u>	<u>16,597</u>

Included in the above is barter revenue

3. Expenses by nature

	2008 £'000	2007 <i>Restated</i> £'000
Depreciation, amortisation and impairment		
Owned assets depreciation of property, plant and equipment	168	225
Owned assets depreciation of software	236	623
Amortisation of web publishing rights	141	141
Auditors' remuneration		
Fees payable to the company's auditor for the audit of the parent company and consolidated accounts	65	58
Fees payable to the Company's auditors and its associates for other services		
The audit of company's subsidiaries pursuant to legislation	5	5
Fees for other services supplied pursuant to legislation	10	12
Tax services	24	22
Operating lease rentals		
Other (land and buildings)	1,330	1,492
Other (income from properties)	(419)	(284)
Plant and machinery	186	74
Other		
Release of credit balances	(425)	(428)
Foreign exchange losses	53	52
	<u>53</u>	<u>52</u>

The Board regularly reviews and assesses the appropriateness of credit balances held on the balance sheet. In the year, this review resulted in the release of £425,000 (2007: £428,000).

4. Employee benefit expense

	2008 £'000	2007 <i>Restated</i> £'000
Staff costs (including directors)		
Wages and salaries	8,645	7,975
Share based payments	23	17
Social security costs	949	988
Other pension costs	66	64
	<u>9,683</u>	<u>9,044</u>

The pension costs of £65,741 (2007: £64,469) are expensed through administrative expenses.

Information regarding directors' remuneration, share options, bonuses and pension contributions are set out in the Report of the Board to the Shareholders on Directors Remuneration.

Key management compensation

	2008 £'000	2007 £'000
Short term employee benefits	919	1,019
Post employment benefits	35	40
Other long term benefits	–	–
Termination benefits	67	260
Share based payments	9	16
	<u>1,030</u>	<u>1,335</u>

5. Number of employees

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

	2008 Number	2007 Number
Sales	129	120
Production, editorial and administrative	117	102
India	8	99
Total	<u>254</u>	<u>321</u>

6. Exceptional items

The following have been identified as exceptional items and disclosed separately on the face of the profit and loss account:

Exceptional items	2008 £'000	2007 £'000
Property provisions	–	603
Write down of Indian fixed assets	–	(81)
Tax exposure on India employees	–	(101)
Costs associated with potential offer	–	(44)
Redundancy costs and compensation for loss of office	(122)	(580)
	<u>(122)</u>	<u>(203)</u>

Year ended 31 March 2008:

During the year non-recurring costs related to redundancy were incurred of £122,000.

Year ended 31 March 2007:

Due to the surrender, letting and recalculation of the required property provision an exceptional release of £603,000 was made. The release mainly comprised £187,000 for the surrender of Edgware Road. The fourth floor of Goodge Street has been let for the remainder of the term at the current rent. Therefore the remaining provision for this floor of £257,000 has been released.

A review of the carrying value of the Indian assets on the balance sheet was carried out and a provision of £81,000 was made against these assets. The assets related to software licences. In addition a provision of £101,000 has been made for personal tax liability of employees in India.

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

7. Finance income and costs

	<i>2008</i> <i>£'000</i>	<i>2007</i> <i>£'000</i>
Finance costs		
Interest on finance leases	–	(2)
Other interest payable	(30)	–
Unwinding of discount on property provisions	(58)	(114)
	<u>(88)</u>	<u>(116)</u>
Investment income		
Bank interest	164	82
Total	<u><u>76</u></u>	<u><u>(34)</u></u>

The unwinding of the discount on the property provisions calculates a nominal interest charge on the property provision made. This is not a cash charge and will fall as the provision is either released or utilised.

8. Income tax expense

	<i>2008</i> <i>£'000</i>	<i>2007</i> <i>Restated</i> <i>£'000</i>
UK corporation tax at 30% (2007: 30%)	–	–
Foreign taxation	–	(2)
Deferred taxation (note 13)	–	–
	<u>–</u>	<u>(2)</u>

The current tax charge is reconciled to the standard corporation tax rate applicable in the UK as follows:

	<i>2008</i> <i>£'000</i>	<i>2007</i> <i>£'000</i>
Profit/(loss) on ordinary activities before tax	430	356
Corporation tax at 30% (2007: 30%)	129	107
Effects of:		
Prior year adjustment for basis of work-in-progress	30	–
Expenses not deductible for tax purposes	11	14
Excess of capital allowances over depreciation of eligible assets	(5)	87
Utilisation of losses brought forward	(187)	(331)
Losses carried forward	–	46
Amortisation of intangibles	10	40
Associate losses not utilised	12	37
Foreign tax	–	(2)
	<u>–</u>	<u>(2)</u>

The 2007 budget, announced by the Chancellor of the Exchequer on 21 March 2007, reduced the rate of UK corporation tax from 30 per cent. to 28 per cent. with effect from 1 April 2008. There is no impact on the 2008 Financial statements.

9. Earnings per share

The earnings per share of 0.51p (2007: 0.42p) and the diluted earnings per share of 0.51p (2007: 0.42p) have been calculated on the attributable profit to shareholders of £0.4 million (2007: £0.4million).

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

	2008 Number '000	2007 Number '000
Total number of shares	85,857	85,857
Shares held in employee benefit trust	(2,171)	(1,214)
Basic number of shares	83,686	84,643
Dilutive effect of share options	703	74
Diluted number of shares	<u>84,389</u>	<u>84,717</u>

10. Intangible assets

	Software £'000	Goodwill £'000	Website publishing rights and other intangible fixed assets £'000	Total £'000
Cost				
At 1 April 2007	1,621	2,306	10,539	14,466
Additions	69	–	–	69
Assets fully depreciated written off	(847)	–	(7,707)	(8,554)
Disposals	(41)	–	–	(41)
At 31 March 2008	<u>802</u>	<u>2,306</u>	<u>2,832</u>	<u>5,940</u>
Amortisation/permanent diminution				
At 1 April 2007	(1,155)	(838)	(7,989)	(9,982)
Charge for the year	(236)	–	(141)	(377)
Assets fully depreciated written off	847	–	7,707	8,554
Disposals	16	–	–	16
At 31 March 2008	<u>(528)</u>	<u>(838)</u>	<u>(423)</u>	<u>(1,789)</u>
Net book value				
At 31 March 2008	<u>274</u>	<u>1,468</u>	<u>2,409</u>	<u>4,151</u>
At 31 March 2007	<u>466</u>	<u>1,468</u>	<u>2,550</u>	<u>4,484</u>

Goodwill, being the excess of the consideration paid over the fair value attributed to net assets acquired, relates to the acquisitions of Net Resources International Limited and Vision in Business Limited.

The carrying value of publishing rights relate to the fair value of the websites acquired with Net Resources International Limited.

	<i>Software</i>	<i>Goodwill</i>	<i>Website publishing rights and other intangible fixed assets</i>	<i>Total</i>
	<i>£'000</i>	<i>Restated £'000</i>	<i>£'000</i>	<i>Restated £'000</i>
Cost				
At 1 April 2006	–	2,306	10,539	12,845
Software transferred from fixed assets	2,516	–	–	2,516
Additions	119	–	–	119
Assets fully depreciated written off	(1,014)	–	–	(1,014)
At 31 March 2007	<u>1,621</u>	<u>2,306</u>	<u>10,539</u>	<u>14,466</u>
Amortisation/permanent diminution				
At 1 April 2006	–	(838)	(7,848)	(8,686)
Software transferred from fixed assets	(1,546)	–	–	(1,546)
Charge for the year	(623)	–	(141)	(764)
Assets fully depreciated written off	1,014	–	–	1,014
At 31 March 2007	<u>(1,155)</u>	<u>(838)</u>	<u>(7,989)</u>	<u>(9,982)</u>
Net book value				
At 31 March 2007	<u>466</u>	<u>1,468</u>	<u>2,550</u>	<u>4,484</u>
At 31 March 2006	<u>–</u>	<u>1,468</u>	<u>2,691</u>	<u>4,159</u>

Intangible amortisation is included within administration expenses in the consolidated income statement.

Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to business segment.

	<i>2008</i>	<i>2007</i>
	<i>£'000</i>	<i>£'000</i>
Online	775	775
Events	693	693
	<u>1,468</u>	<u>1,468</u>

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the media business in which the CGU operates.

The key assumptions used in the value-in-use calculations applied to the 2009 budgeted results and later years are as follows:

	<i>Initial growth rate</i>	<i>Long term growth rate</i>
Online	3%	3%
Events	3%	3%

A pre-tax disposal rate of 8.92 per cent. is used in line with the Group's weighted average cost of capital.

No impairment charges were recognised in 2008 (2007: nil).

11. Property, plant and equipment

	<i>Short-term leasehold premises £'000</i>	<i>Equipment, vehicles fixtures and fittings £'000</i>	<i>Total £'000</i>
Cost			
At 1 April 2007	263	797	1,060
Additions	–	90	90
Disposals	–	(1)	(1)
Assets fully depreciated written off	–	(120)	(120)
Assets held in India revalued	–	(48)	(48)
Assets written off	–	(123)	(123)
At 31 March 2008	<u>263</u>	<u>595</u>	<u>858</u>
Depreciation			
At 1 April 2007	(114)	(476)	(590)
Charge for the year	(38)	(130)	(168)
Disposals	–	1	1
Assets fully depreciated written off	–	120	120
Assets held in India revalued	–	48	48
Assets written off	–	121	121
At 31 March 2008	<u>(152)</u>	<u>(316)</u>	<u>(468)</u>
Net book value At 31 March 2008	<u>111</u>	<u>279</u>	<u>390</u>
At 31 March 2007	<u>149</u>	<u>321</u>	<u>470</u>
	<i>Short-term leasehold premises £'000</i>	<i>Equipment, vehicles fixtures and fittings £'000</i>	<i>Total £'000</i>
Cost			
At 1 April 2006	263	4,046	4,309
Additions	–	222	222
Disposals	–	(134)	(134)
Impairment of assets held in India	–	(81)	(81)
Software transferred to intangible assets	–	(2,516)	(2,516)
Assets fully depreciated written off	–	(740)	(740)
At 31 March 2007	<u>263</u>	<u>797</u>	<u>1,060</u>
Depreciation			
At 1 April 2006	(76)	(2,643)	(2,719)
Charge for the year	(38)	(187)	(225)
Disposals	–	68	68
Software transferred to intangible assets	–	1,546	1,546
Assets fully depreciated written off	–	740	740
At 31 March 2007	<u>(114)</u>	<u>(476)</u>	<u>(590)</u>
Net book value At 31 March 2007	<u>149</u>	<u>321</u>	<u>470</u>
At 31 March 2006	<u>187</u>	<u>1,403</u>	<u>1,590</u>

12. Trade and other receivables

	<i>2008</i> <i>£'000</i>	<i>2007</i> <i>£'000</i>
Current		
Trade receivables	5,482	7,448
Less provision for impairment of trade receivables	<u>(1,808)</u>	<u>(3,954)</u>
Trade receivables – net	3,674	3,494
Other debtors	349	66
Prepayments and accrued income	<u>87</u>	<u>544</u>
	<u><u>4,110</u></u>	<u><u>4,104</u></u>

The carrying value and the fair value are considered to be the same.

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

As of 31 March 2008, trade receivables of £2,812,000 (2007: £2,570,000) were fully performing. The ageing of fully performing receivables is as follows:

	<i>2008</i> <i>£'000</i>	<i>2007</i> <i>£'000</i>
Up to 3 months	2,778	2,517
3 to 6 months	34	53
Over 6 months	<u>–</u>	<u>–</u>
	<u><u>2,812</u></u>	<u><u>2,570</u></u>

As of 31 March 2008, trade receivables of £862,000 (2007: £924,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	<i>2008</i> <i>£'000</i>	<i>2007</i> <i>£'000</i>
Up to 3 months	536	356
3 to 6 months	177	226
Over 6 months	<u>149</u>	<u>342</u>
	<u><u>862</u></u>	<u><u>924</u></u>

As of 31 March 2008, trade receivables of £1,808,000 (2007: £3,954,000) were impaired and provided for. The amount of the provision was £1,808,000 as of 31 March 2008 (2007: £3,954,000). The individually impaired receivables mainly relate to customers with cash flow difficulties. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	<i>2008</i> <i>£'000</i>	<i>2007</i> <i>£'000</i>
Up to 3 months	109	68
3 to 6 months	19	12
Over 6 months	<u>1,680</u>	<u>3,874</u>
	<u><u>1,808</u></u>	<u><u>3,954</u></u>

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2008 £'000	2007 £'000
Pounds sterling	4,810	6,841
US dollar	422	513
Euro	250	94
	<u>5,482</u>	<u>7,448</u>

Movement on the Group provision for impairment of trade receivables are as follows:

	2008 £'000	2007 £'000
At 1 April	(3,954)	(3,675)
Provision for receivables impairment	(242)	(582)
Receivables written off during the year as uncollectable	2,385	302
Unused amounts reversed	3	1
	<u>(1,808)</u>	<u>(3,954)</u>

The creation and release of provision for impaired receivables have been included in administrative expenses in the income statement.

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at 31 March 2008 is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

13. Deferred income tax

The Group has unrecognised potential deferred tax assets at the year end comprising:

	<i>Provided</i>		<i>Unprovided</i>	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
General bad debt provisions	–	–	109	51
Excess capital allowances over depreciation	–	–	165	211
Losses	–	–	1,626	1,940
Capital losses	–	–	4,268	4,573
	<u>–</u>	<u>–</u>	<u>6,168</u>	<u>6,775</u>

14. Trade and other payables

	2008 £'000	2007 £'000
Current		
Trade creditors	384	398
Other taxes and social security costs	554	527
Other creditors	848	1,308
Accruals and deferred income	6,323	5,792
	<u>8,109</u>	<u>8,025</u>

15. Provision for other liabilities and charges

	<i>2008</i> <i>£'000</i>	<i>2007</i> <i>£'000</i>
Current		
At 1 April	1,157	2,280
Utilised in year	(290)	(634)
Release in the year	(24)	(603)
Unwinding of discount (see note 7)	58	114
	<u>901</u>	<u>1,157</u>
At 31 March	<u><u>901</u></u>	<u><u>1,157</u></u>

Provision has been made for the net present value of future residual leasehold commitments. This provision has been calculated making assumptions on future rental income, market rents, insurance and rates this has then been discounted using a discount rate of 5.0 per cent. per annum. As these are estimates this provision cannot be known with certainty.

The provision will be utilised over the term of the relevant leases and falls within the following periods:

	<i>2008</i> <i>£'000</i>	<i>2007</i> <i>£'000</i>
Less than one year	186	290
Between two and five years	592	750
More than five years	123	117
Total	<u><u>901</u></u>	<u><u>1,157</u></u>

16. Financial assets and liabilities

The Group does not have any material exposure to interest rate, liquidity or currency risks. The Group has cash balances, committed overdraft facilities if required and conducts the majority of its business in sterling. The Group does not use any swap or hedge instruments. Cash deposits are held on term notice or placed with the money market. Interest is earned by reference to inter-bank rates.

The Group banking facility operates under a right of set-off agreement for each balance and each currency.

Short-term debtors and creditors have been excluded from the following disclosures.

The fair value of the financial assets is not materially different to the carrying value.

At the year end the Group held net £3.6 million cash balances (2007: £3.0 million), which were held in current accounts and deposit accounts. All balances are held at Lloyds TSB Group plc which is ranked by Moody's Aaa; Fitch AA+ and Standard & Poor's AA (as disclosed by Lloyds TSB Group plc).

Financial assets: floating rate

	<i>2008</i> <i>£'000</i>	<i>2007</i> <i>£'000</i>
EUR	35	35
USD	167	52
Indian Rupees	1	11
GB pounds	3,427	2,941
Total	<u><u>3,630</u></u>	<u><u>3,039</u></u>

Interest on floating-rate bank deposits is based on the inter-bank rate and may be fixed for up to one month. The balance held on deposit for one month at the year end was £1.3 million (2007: £2.8 million).

17. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2008 £'000	2007 £'000
Land and buildings		
Less than one year	61	61
More than five years	1,211	1,211
Total	<u>1,272</u>	<u>1,272</u>
Other		
Less than one year	175	40
Between two and five years	3	9
Total	<u>178</u>	<u>49</u>

18. Share capital

	2008 Number '000	2007 Number '000	2008 £'000	2007 £'000
Authorised				
Ordinary shares of 5p each	223,754	223,754	11,188	11,188
Redeemable deferred shares of 1p each	535,621	535,621	5,356	5,356
At 31 March	<u> </u>	<u> </u>	<u>16,544</u>	<u>16,544</u>
Allotted and fully paid				
Ordinary shares of 5p each	<u>85,857</u>	<u>85,857</u>	<u>4,293</u>	<u>4,293</u>

There are outstanding options over ordinary shares granted to executives and employees as shown in the following table:

Scheme	Date of grant	Number of options				Exercise price	Date from which exercisable	Expiry Date
		1 April 2007	Granted during the year	Exercised/lapsed during the year	31 March 2008			
1996	07/07/1998	15,000	–	–	15,000	15.00p	08/07/2001	06/07/2008
1996	06/07/1999	125,000	–	–	125,000	33.00p	07/07/2002	05/07/2009
1996	15/12/1999	65,000	–	(20,000)	45,000	76.50p	16/12/2002	14/12/2009
2000	10/03/2000	1,333,335	–	–	1,333,335	116.50p	10/03/2000	31/05/2008
1996	07/07/2000	100,000	–	–	100,000	132.50p	08/07/2003	06/07/2010
1996	24/11/2000	70,000	–	(20,000)	50,000	135.00p	25/11/2003	23/11/2010
1996	20/12/2002	60,000	–	–	60,000	11.25p	21/12/2005	19/12/2012
2003	25/07/2004	150,000	–	(150,000)	–	12.00p	26/07/2007	24/07/2014
2003	26/07/2004	100,000	–	(100,000)	–	12.00p	27/07/2007	27/07/2014
2003	01/07/2005	500,000	–	(200,000)	300,000	7.12p	02/07/2008	30/06/2015
2003	05/09/2005	2,500,000	–	(1,250,000)	1,250,000	8.20p	06/09/2008	04/09/2015
2003	21/09/2005	50,000	–	–	50,000	10.25p	22/09/2008	20/09/2015
2003	01/04/2006	50,000	–	–	50,000	11.00p	02/04/2009	31/03/2016
2003	06/03/2007	3,300,000	–	(25,000)	3,275,000	6.00p	07/03/2010	05/03/2017
2003	28/11/2007	–	2,700,000	–	2,700,000	8.50p	29/11/2010	27/11/2017
		<u>8,418,335</u>	<u>2,700,000</u>	<u>(1,765,000)</u>	<u>9,353,335</u>			

The Group operates three share option schemes. Under the terms of the Sterling Publishing Group 1996 Scheme ("1996"), 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 per cent.

The Sterling Publishing Group 2000 Scheme (“2000”) was approved to grant options by way of compensation for rights given up under the long term incentive plan. The options were exercisable as to 40 per cent. immediately, 35 per cent. after one year (10 March 2001) and 25 per cent. 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 per cent. 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.

The third scheme is the Sterling Publishing Group 2003 Scheme (“2003”) approved by shareholders on 28 July 2003 and excludes the awards made under the 2000 scheme from the calculation of limits of share options to be awarded. Option granted under the 2003 scheme are subject to the requirement that earnings per share grow at an annual rate of the increase in the retail price index plus either 5 per cent. (where the market value of the options granted is less than or equal to 50 per cent. of the recipients salary) or 8 per cent. (where the market value of the options granted is greater than 50 per cent. of the recipients salary). The grants made on 28 November 2007 are subject to a different performance criteria in which the relative performance of the Company’s share price must be greater than the performance of the AiM Media index, if the percentage increase in share price outperforms the median of the index then 50 per cent. of the options will vest on the third anniversary of the Grant Date. If the percentage increase in share price is in excess of the third upper quartile (ie the percentage improvement falls within the upper quartile of the index) 100 per cent. of the options will vest on the third anniversary of the Grant Date. The start of the measurement period is 1 April 2007.

Apart from the 2000 scheme, all employees including directors are eligible to participate in the share option schemes. No awards have been made under the 1996 scheme since December 2005.

The fair value of options granted on 28 November 2007 was determined using the Black-Scholes valuation model as 4.08 pence per option (2007: 1 April 2006 and 6 March 2007 awards; 4.32 pence and 2.59 pence per option respectively). The significant inputs into the model were the share price at the date of grant, exercise price of 8.50 pence (2007: 1 April 2006 and 6 March 2007 awards; 11.00 pence and 6.00 pence respectively), volatility 67.80 per cent. (2007: 52.05 per cent. and 58.89 per cent. respectively) (as measured on the statistical analysis of weekly share prices over the previous three years from the date of grant), expected option life of three years and an annual risk-free interest rate of 4.50 per cent. (2007: 4.50 per cent.).

19. Changes in equity

	<i>Share capital</i>	<i>Share premium</i>	<i>Capital redemption reserve</i>	<i>Other reserves</i>	<i>Profit and loss account</i>	<i>Equity attributable to equity holders of the company</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 31 March 2007	4,293	7,262	7,874	733	(17,247)	2,915
Retained profit for the year	–	–	–	–	430	430
Share based payments	–	–	–	–	23	23
Loan to EBT to purchase Company shares	–	–	–	–	(81)	(81)
Exchange rate differences	–	–	–	–	(16)	(16)
At 31 March 2008	4,293	7,262	7,874	733	(16,891)	3,271

In January 2008 the Group's EBT purchased 791,448 and 165,000 Ordinary Shares in the Company. At the 31 March 2008, the Group's EBT held 2,170,843 (2007: 1,214,395) Ordinary Shares in the Company. The historical cost of the Ordinary Shares is £1,755,000. In prior years this was shown as a separate reserve.

	<i>Share capital</i>	<i>Share premium</i>	<i>Capital redemption reserve</i>	<i>Other reserves</i>	<i>Profit and loss account</i>	<i>Equity attributable to equity holders of the company</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 31 March 2006	4,293	7,262	7,874	733	(17,614)	2,548
Retained profit for the year	–	–	–	–	354	354
Share based payments	–	–	–	–	17	17
Exchange rate differences	–	–	–	–	(4)	(4)
At 31 March 2007	<u>4,293</u>	<u>7,262</u>	<u>7,874</u>	<u>733</u>	<u>(17,247)</u>	<u>2,915</u>

20. Contingent liabilities

All the companies within the Group are subject to a right of set-off agreement with Lloyds TSB plc. As the Group has no borrowings there is no contingent liability existing under any banking arrangements at 31 March 2008 (2007: £nil).

21. Capital commitments

There were no capital commitments at 31 March 2008 (2007: £nil).

22. Cash flows from operating activities

	2008	2007
	<i>£'000</i>	<i>£'000</i>
Operating profit		
- Group	354	390
Amortisation of publishing rights	141	141
Depreciation of tangible fixed assets	168	225
Amortisation of software	236	623
Share based payment	23	17
Loss on disposal of tangible fixed assets	8	26
Write-off of tangible fixed assets	–	81
Operating cash flow before movements in working capital	<u>930</u>	<u>1,503</u>
Decrease in debtors	48	757
(Decrease) in creditors	(13)	(42)
Movement in provision for liabilities and charges	(314)	(1,237)
Net cash inflow from operating activities	<u>651</u>	<u>981</u>

23. Analysis of net funds

	1 April	Cash flow	31 March
	2007	£'000	2008
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash at bank and in hand	3,039	591	3,630
Net funds	<u>3,039</u>	<u>591</u>	<u>3,630</u>

24. Explanation of the transition from UK GAAP to IFRS

These financial statements are the first 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 year ended 31 March

	<i>2007</i>
	<i>£'000</i>
Profit under UK GAAP	254
Amortisation of goodwill	100
	<hr/>
Profit under IFRS	354
	<hr/> <hr/>

(ii) Reconciliation of equity at 1 April 2006

	<i>UK GAAP</i>	<i>Transition</i>	<i>IFRS</i>
	<i>£'000</i>	<i>Adjustment</i>	<i>£'000</i>
		<i>£'000</i>	
Assets			
Non-current assets			
Intangible assets	4,159	970	5,129
Property, plant and equipment	1,590	(970)	620
	<hr/>	<hr/>	<hr/>
	5,749	–	5,749
Current assets			
Trade and other receivables	4,861	–	4,861
Cash and cash equivalents	2,329	–	2,329
	<hr/>	<hr/>	<hr/>
	7,190	–	7,190
Total assets	<hr/>	<hr/>	<hr/>
	12,939	–	12,939
Current liabilities			
Trade and other payables	(8,072)	–	(8,072)
	<hr/>	<hr/>	<hr/>
	(8,072)	–	(8,072)
Non-current liabilities			
Trade and other payables	(39)	–	(39)
Provisions	(2,280)	–	(2,280)
	<hr/>	<hr/>	<hr/>
	(2,319)	–	(2,319)
Total liabilities	<hr/>	<hr/>	<hr/>
	(10,391)	–	(10,391)
Net assets	<hr/>	<hr/>	<hr/>
	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)
	<hr/>	<hr/>	<hr/>
Total equity	<hr/>	<hr/>	<hr/>
	2,548	–	2,548
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(iii) Reconciliation of equity at 31 March 2007

	<i>UK GAAP</i> £'000	<i>Transition</i> <i>Adjustment</i> £'000	<i>IFRS</i> £'000
Assets			
Non-current assets			
Intangible assets	3,918	566	4,484
Property, plant and equipment	936	(466)	470
	<u>4,854</u>	<u>100</u>	<u>4,954</u>
Current assets			
Trade and other receivables	4,104	–	4,104
Cash and cash equivalents	3,039	–	3,039
	<u>7,143</u>	<u>–</u>	<u>7,143</u>
Total assets	<u>11,997</u>	<u>100</u>	<u>12,097</u>
Current liabilities			
Trade and other payables	(8,025)	–	(8,025)
	<u>(8,025)</u>	<u>–</u>	<u>(8,025)</u>
Non-current liabilities			
Provisions	(1,157)	–	(1,157)
Total liabilities	<u>(9,182)</u>	<u>–</u>	<u>(9,182)</u>
Net assets	<u>2,815</u>	<u>100</u>	<u>2,915</u>
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	(17,347)	100	(17,247)
Total equity	<u>2,815</u>	<u>100</u>	<u>2,915</u>

Notes to transition adjustments

- (a) IAS 38, intangible assets, requires that goodwill is no longer amortised, but is subject to an annual impairment review. 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 April 2006 and therefore the UK GAAP goodwill balance at 1 April 2007 has been included in the transition IFRS balance sheet and is no 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 £970,487 and £466,474, respectively, of software was reclassified as an intangible asset. The depreciation of this software of £623,295 for the year ended 31 March 2007 has been reclassified from depreciation to amortisation. This amortisation of software has been disclosed within administration expenses on the income statement as these expenses form part of normal trading.

**(c) SPG Media Group plc audited consolidated financial statements
for the year ended 31 March 2007**

AUDITORS' REPORT TO THE MEMBERS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPG MEDIA GROUP PLC

We have audited the group and parent company financial statements (the "financial statements") of SPG Media Group Plc for the year ended 31 March 2007 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Business Review that is cross referred from the Principal Activities and Business Review section of the Directors' Report.

We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement, the Business Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

We also, at the request of the directors (because the company applies the Listing Rules of the Financial Services Authority as if it were a listed company), review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the Combined Code (2003) 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.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, 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 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2007 and of the group's profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Bristol

29 June 2007

Notes:

- (a) The maintenance and integrity of the SPG Media Group Plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 March

	Notes	2007			2006		
		Before exceptional items and amortisation £'000	Exceptional items and amortisation (Note 4) £'000	Total £'000	Before exceptional items and amortisation £'000	Exceptional items and amortisation (Note 4) £'000	Total £'000
Group turnover including share of joint venture		16,597	–	16,597	18,256	–	18,256
Less share of joint venture turnover		–	–	–	(65)	–	(65)
Group turnover	2	16,597	–	16,597	18,191	–	18,191
Cost of sales		(7,567)	–	(7,567)	(8,349)	–	(8,349)
Gross profit		9,030	–	9,030	9,842	–	9,842
Distribution costs		(380)	–	(380)	(450)	–	(450)
Administrative expenses		(7,916)	(444)	(8,360)	(7,752)	(94)	(7,846)
Administrative expenses	3	(7,916)	–	(7,916)	(7,752)	–	(7,752)
Amortisation	3	–	(241)	(241)	–	(248)	(248)
Exceptional items	4	–	(203)	(203)	–	154	154
Total administrative expenses		(7,916)	(444)	(8,360)	(7,752)	(94)	(7,846)
Group operating profit		734	(444)	290	1,640	(94)	1,546
Share of joint venture operating loss		–	–	–	(44)	–	(44)
Loss on termination of joint venture	4	–	–	–	–	(57)	(57)
Profit on disposal of business	4	–	–	–	–	51	51
Net interest payable	6	(34)	–	(34)	(152)	–	(152)
Profit on activities before taxation		700	(444)	256	1,444	(100)	1,344
Tax on profit on ordinary activities	7	(2)	–	(2)	–	–	–
Profit on ordinary activities after taxation and retained profit for the financial year		698	(444)	254	1,444	(100)	1,344
Basic profit per share	8			0.30p			1.59p
Diluted profit per share	8			0.30p			1.58p

- All of the above activities are continuing operations with the exception of the joint venture
- There are no material differences between the profits on ordinary activities before taxation and the retained profit as stated above and their historical cost equivalents.

CONSOLIDATED BALANCE SHEET

As at 31 March 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Intangible assets	9	3,918	4,159
Tangible assets	10	936	1,590
		<u>4,854</u>	<u>5,749</u>
Current assets			
Debtors	12	4,104	4,861
Cash at bank and in hand		3,039	2,329
		<u>7,143</u>	<u>7,190</u>
Creditors – amounts falling due within one year			
Trade and other creditors	14	(8,025)	(8,072)
		<u>(8,025)</u>	<u>(8,072)</u>
Net current liabilities		<u>(882)</u>	<u>(882)</u>
Total assets less current liabilities		3,972	4,867
Creditors – amounts falling due after more than one year	15	–	(39)
Provisions for liabilities and charges	16	(1,157)	(2,280)
		<u>2,815</u>	<u>2,548</u>
Net assets		<u>2,815</u>	<u>2,548</u>
Capital and reserves			
Called up share capital	20	4,293	4,293
Share premium account	21	7,262	7,262
Capital redemption reserve	21	7,874	7,874
Other reserves	21	733	733
Profit and loss account	21	(17,347)	(17,614)
Equity shareholders' funds		<u>2,815</u>	<u>2,548</u>

These financial statements were approved by the board of directors on 29 June 2007 and signed on its behalf by:

K J Sadler
Director

K K Appiah
Director

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 March 2007

	2007 £'000	2006 £'000
Profit for the financial year		
– Group	254	1,388
– Joint venture	–	(44)
	<u>254</u>	<u>1,344</u>
Exchange rate adjustment offset in reserves (retranslation of foreign investments)	(4)	8
Total recognised gains for the year		
– Group	250	1,396
– Joint venture	–	(44)
	<u>250</u>	<u>1,352</u>
Total recognised gains for the year	250	1,352
Prior year adjustment	–	(4,431)
	<u>–</u>	<u>(4,431)</u>
Total gains/(losses) recognised since last annual report	<u>250</u>	<u>(3,079)</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 31 March 2007

	2007 £'000	2006 £'000
Profit/(loss) for the financial year	254	1,344
Share based payments charge	17	–
Other recognised gains and losses	(4)	8
	<u>267</u>	<u>1,352</u>
Net change in shareholders' funds	267	1,352
Shareholders' funds as at start of year	2,548	1,196
	<u>2,548</u>	<u>1,196</u>
Shareholders' funds as at 31 March	<u>2,815</u>	<u>2,548</u>

COMPANY BALANCE SHEET

As at 31 March 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	10	–	47
Investments in subsidiary undertakings	11	8,768	10,392
		<u>8,768</u>	<u>10,439</u>
Current assets			
Debtors	12	6,235	6,820
Cash at bank and in hand		–	2
		<u>6,235</u>	<u>6,822</u>
Creditors – amounts falling due within one year			
Trade and other creditors	14	(709)	(1,997)
Bank loans and overdrafts		(16)	–
		<u>5,510</u>	<u>4,825</u>
Net current assets		<u>14,278</u>	<u>15,264</u>
Total assets less current liabilities			
		14,278	15,264
Creditors – amounts falling due after more than one year	15	–	(39)
Provisions for liabilities and charges	16	(120)	(135)
		<u>14,158</u>	<u>15,090</u>
Net assets		<u>14,158</u>	<u>15,090</u>
Capital and reserves			
Called up share capital	20	4,293	4,293
Share premium account	21	7,262	7,262
Capital redemption reserve	21	7,874	7,874
Other reserves	21	1,701	1,701
Profit and loss account	21	(6,972)	(6,040)
		<u>14,158</u>	<u>15,090</u>
Equity shareholders' funds		<u>14,158</u>	<u>15,090</u>

These financial statements were approved by the board of directors on 29 June 2007 and signed on its behalf by:

K J Sadler
Director

K K Appiah
Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2007

	Notes	2007 £'000	2006 £'000
Net cash inflow from operating activities	24	981	2,199
Returns on investments and servicing of finance			
Interest received and similar items		82	21
Interest element of finance lease payments		(2)	(5)
Taxation			
Overseas corporation tax paid		(2)	–
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(341)	(291)
Acquisitions and disposals			
Net cash inflow from sale of trading assets		39	180
Net cash flow before financing		757	2,104
Financing			
Capital element of finance lease payments		(45)	(8)
Increase in net cash in the period		712	2,096
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the period		712	2,096
Cash outflow from lease financing		45	8
Change in net funds resulting from cash flows		757	2,104
Movement in net funds for the period		757	2,104
Opening net funds		2,282	178
Closing net funds	25	3,039	2,282

NOTES TO THE ACCOUNTS

1. Statement of accounting policies

The significant accounting policies have been applied consistently throughout the current and prior year, with the exception of the following changes in preparing the financial statements.

FRS20 Share Based Payments, FRS23 The Effects of Foreign Exchange rates, FRS25 Financial Instruments: Disclosure and Presentation and FRS26 Financial Instruments: Measurement have been adopted during the period. The adoption of these standards has had no impact on the results for the period.

In accordance with Financial Reporting Standard 18 the Board regularly review the group's accounting policies to ensure that they remain most appropriate.

(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.

(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, statement of total gains and losses or cash flow statement is presented for the company as permitted by s230 of the Companies Act 1985.

(c) Acquisitions and disposals

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 value attributable to such net assets the difference is treated as purchased goodwill 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 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). Turnover derived from barter transactions is valued on an arms length basis.

(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 term of the leases or useful economic life if shorter.

(f) Intangible fixed assets and publishing rights

Publishing rights relating to websites and other intangible fixed assets acquired are stated at cost or fair value at the date of acquisition less any provision for impairment. They are amortised over their useful economic lives. During the year the useful economic lives was revised from indefinite life to 20 years.

(g) Impairment of fixed assets

Impairment reviews are undertaken if events or changes in circumstances indicate that the carrying amount of tangible and intangible fixed assets may not be recoverable.

(h) 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 economic 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. 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.

(i) Investments in subsidiary undertakings

Investments are stated at cost less provision for any impairment.

(j) 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 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.

(k) 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 where their recovery is considered more likely than not. Deferred tax assets and liabilities are not discounted.

(l) Foreign currencies

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

(m) Pensions

The Group's contributions to pension schemes for its employees, all of which are defined contribution schemes, are charged in the profit and loss account in the year in which they fall due.

(n) 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 profit and loss reserve account.

(o) Share schemes

The Company applies the requirements of FRS 20 "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 FRS 20.

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 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.

(p) 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

The turnover and operating profit is derived from international business to business communications and originates in the UK and India. Revenue generated out of India was £0.7 million (2006: £0.9 million).

Geographical analysis of turnover:

	<i>2007</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
UK	3,892	3,659
USA	3,208	3,640
Europe (other than UK)	7,774	9,272
Other	1,723	1,620
	<u>16,597</u>	<u>18,191</u>

Business analysis:

	<i>2007</i>			<i>2006</i>		
	<i>Turnover</i>	<i>Operating</i>	<i>Net</i>	<i>Turnover</i>	<i>Operating</i>	<i>Net</i>
	<i>£'000</i>	<i>profit</i>	<i>assets</i>	<i>£'000</i>	<i>profit</i>	<i>assets</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Print	4,116	56	1,602	5,884	404	825
Internet	6,533	165	460	6,115	653	856
Events	5,948	69	736	6,192	489	867
	<u>16,597</u>	<u>290</u>	<u>2,798</u>	<u>18,191</u>	<u>1,546</u>	<u>2,548</u>

The calculation of operating profit before tax has been undertaken by allocating central costs to each division on the basis of contribution generated. Net assets have been allocated to each business unit on a proportional basis using turnover as the basis for the calculation. Barter revenue of £0.5 million (2006: £nil) is contained in the above total revenue.

3. Operating profit

Operating profit is stated after charging/(crediting) the following amounts:

	2007 £'000	2006 £'000
Staff costs (including directors)		
Wages and salaries	7,867	8,924
Share based payments	17	–
Social security costs	988	951
Other pension costs	64	26
	<u>8,936</u>	<u>9,901</u>
Depreciation, amortisation and impairment		
Owned assets	848	908
Assets held under finance leases	–	13
Amortisation of goodwill	100	107
Amortisation of web publishing rights	141	141
Auditors' remuneration		
Fees payable to the company's auditor for the audit of the parent company and consolidated accounts	58	55
Fees payable to the company's auditor and its associates for other services:		
The audit of the company's subsidiaries pursuant to legislation	5	5
Other services pursuant to legislation	12	–
Tax services	22	–
Operating lease rentals		
Other (land and buildings)	1,492	1,174
Plant and machinery	74	112
Release of credit balances	(428)	(148)

Information regarding directors' remuneration, share options, bonuses and pension contributions are set out in the Report of the Board to the Shareholders on Directors Remuneration.

The Board regularly reviews and assesses the appropriateness of credit balances held on the balance sheet. In the year, this review resulted in the release of £428,000 (2006: £148,000).

4. Exceptional items

The following have been identified as exceptional items and disclosed separately on the face of the profit and loss account:

Exceptional items	2007 £'000	2006 £'000
Property provisions	603	523
Write-off of leasehold improvements associated with onerous leases	–	(369)
Write down of Indian fixed assets	(81)	–
Tax exposure on India employees	(101)	–
Costs associated with potential offer	(44)	–
Redundancy costs and compensation for loss of office	(580)	–
	<u>(203)</u>	<u>154</u>
Closure of joint venture	–	(57)
Profit on disposal of business	–	51

Due to the surrender, letting and recalculation of the required property provision an exceptional release of £603,000 has been made. The release mainly comprises £187,000 for the surrender of Edgware Road.

The fourth floor of Goodge Street has been let for the remainder of the term at the current rent. Therefore the remaining provision for this floor of £257,000 has been released.

As the Indian undertaking has been sold post year end we have reviewed the carrying value of the Indian assets on the balance sheet and provided £81,000 against these assets. The assets relate to software licences. In addition a provision of £101,000 has been made for personal tax liability of employees in India. A claim is to be pursued against the individuals to reclaim this tax.

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

Leasehold improvements were undertaken to improve the potential letting ability of the non-operational properties and accordingly the ascertained costs have therefore been written off.

In 2006 the Board decided to discontinue its joint venture with its partner and closed this business down. A one-off charge has been made of outstanding loans made to the joint venture company. £57,000 has been written off.

The profit on disposal of business relates to deferred consideration on disposal of Debrett's in 2005 which has been adjusted to reflect the estimated amount receivable, resulting in a £51,000 credit to the profit and loss account.

5. Number of employees

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

	<i>2007</i> <i>Number</i>	<i>2006</i> <i>Number</i>
Sales	147	162
Production, editorial and administrative	174	202
Total	<u>321</u>	<u>364</u>

6. Net interest payable

	<i>2007</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
Interest payable		
Interest on finance leases	(2)	(5)
Unwinding of discount on property provisions	(114)	(168)
	<u>(116)</u>	<u>(173)</u>
Interest receivable		
Bank interest	82	21
Total	<u>(34)</u>	<u>(152)</u>

The unwinding of the discount on the property provisions calculates a nominal interest charge on the property provision made. This is not a cash charge and will fall as the provision is either released or utilised.

7. Tax charge

	2007 £'000	2006 £'000
UK corporation tax at 30% (2005: 30%)	–	–
Foreign taxation	(2)	–
Deferred taxation (note 13)	–	–
	<u>(2)</u>	<u>–</u>

The current tax charge is reconciled to the standard corporation tax rate applicable in the UK as follows:

	2007 £'000	2006 £'000
Profit/(loss) on ordinary activities before tax	256	1,344
Corporation tax at 30% (2005: 30%)	77	403
Effects of:		
Prior year adjustment for basis of work-in-progress	–	(1,329)
Expenses not deductible for tax purposes	14	57
Excess of capital allowances over depreciation of eligible assets	87	195
Reduction in rate due to foreign reliefs	–	(35)
Utilisation of losses brought forward	(331)	–
Losses carried forward	46	694
General bad debt provision	–	(71)
Amortisation of goodwill	70	73
Associate losses not utilised	37	13
Foreign tax	(2)	–
	<u>(2)</u>	<u>–</u>

The 2007 budget, announced by the Chancellor of the Exchequer on 21 March 2007, reduced the rate of UK corporation tax from 30 per cent. to 28 per cent. with effect from 1 April 2008. There is no impact on the 2007 Financial statements.

8. Earnings per share

The earnings per share of 0.30p (2006: 1.59p) and the diluted earnings per share of 0.30p (2006: 1.58p) have been calculated on the attributable profit to shareholders of £0.3 million (2006: £1.3million).

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

	2007 Number '000	2006 Number '000
Total number of shares	85,857	85,857
Shares held in employee benefit trust	<u>(1,214)</u>	<u>(1,214)</u>
Basic number of shares	84,643	84,643
Dilutive effect of share options	74	376
Diluted number of shares	<u>84,717</u>	<u>85,019</u>

9. Intangible assets

	<i>Goodwill</i> £'000	<i>Website publishing rights and other intangible fixed assets</i> £'000	<i>Total</i> £'000
Group			
Cost			
At 1 April 2006 and 31 March 2007	2,306	10,539	12,845
Amortisation/permanent diminution			
At 1 April 2006	(838)	(7,848)	(8,686)
Charge for the year	(100)	(141)	(241)
At 31 March 2007	(938)	(7,989)	(8,927)
Net book value			
At 31 March 2007	1,368	2,550	3,918
At 31 March 2006	1,468	2,691	4,159

Goodwill, being the excess of the consideration paid over the fair value attributed to net assets acquired, relates to the acquisitions of Net Resources International Limited and Vision in Business Limited.

The carrying value of publishing rights relate to fair value of the websites acquired with Net Resources International Limited.

10. Tangible fixed assets

Group

	<i>Short-term leasehold premises</i> £'000	<i>Equipment, vehicles fixtures and fittings</i> £'000	<i>Total</i> £'000
Cost			
At 1 April 2006	263	4,046	4,309
Additions	–	341	341
Disposals	–	(134)	(134)
Impairment of assets held in India	–	(81)	(81)
Assets written off	–	(1,754)	(1,754)
At 31 March 2007	263	2,418	2,681
Depreciation			
At 1 April 2006	(76)	(2,643)	(2,719)
Charge for the year	(38)	(810)	(848)
Depreciation written off	–	68	68
Assets written off	–	1,754	1,754
At 31 March 2007	(114)	(1,631)	(1,745)
Net book value			
At 31 March 2007	149	787	936
At 31 March 2006	187	1,403	1,590

The net book value assets held under finance leases and hire purchase contracts included in tangible fixed assets in the Group was £nil (2006: £47,000). The depreciation charge on these assets in the year was £nil (2006: £13,000).

	<i>Motor vehicles</i> £'000	<i>Total</i> £'000
Company Cost		
At 1 April 2006	65	65
Disposals	(65)	(65)
At 31 March 2007	<u>–</u>	<u>–</u>
Depreciation		
At 1 April 2006	(18)	(18)
Disposals	(47)	(47)
At 31 March 2007	<u>–</u>	<u>–</u>
Net book value		
At 31 March 2007	<u>–</u>	<u>–</u>
At 31 March 2006	<u>47</u>	<u>47</u>

11. Fixed asset investments

Shares in Group undertakings

	<i>Company</i>	
	<i>2007</i> £'000	<i>2006</i> £'000
Cost		
At 1 April and 31 March	<u>33,680</u>	<u>33,680</u>
Provisions for impairment		
At 1 April	23,288	23,288
Impairment	1,624	–
At 31 March	<u>24,912</u>	<u>23,288</u>
Net book value		
At 31 March	<u>8,768</u>	<u>10,392</u>

The listing below shows the principal subsidiary undertakings as at 31 March 2007.

<i>Company</i>	<i>Country of registration and operation</i>	<i>Principal activity</i>	<i>Percentage of ordinary shares held</i>
SPG Media Limited	UK	Business to business marketing solutions	100%
Cornhill Publications Limited	UK	Business to business marketing solutions	100%

12. Debtors

	<i>Group</i>		<i>Company</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade debtors	3,494	4,179	–	–
Amounts owed by Group undertakings	–	–	6,156	6,705
Other debtors	66	234	79	108
Prepayments and accrued income	544	448	–	7
	<u>4,104</u>	<u>4,861</u>	<u>6,235</u>	<u>6,820</u>

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

13. Deferred taxation

The Group has a unrecognised potential deferred tax asset at the year end comprising:

Group

	<i>Provided</i>		<i>Unprovided</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
General bad debt provisions	–	–	51	76
Excess capital allowances over depreciation	–	–	211	110
Losses	–	–	1,940	2,157
Capital losses	–	–	4,573	4,583
	<u>–</u>	<u>–</u>	<u>6,775</u>	<u>6,926</u>

The company has an unrecognised potential deferred tax asset at the year end of £4,220 (2006: £4,270).

14. Creditors – amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Bank overdraft (secured)	–	–	16	–
Net obligations under finance leases	–	8	–	8
Trade creditors	398	139	1	9
Amounts owed to Group undertakings	–	–	679	1,126
Other taxes and social security costs	527	268	14	126
Other creditors	1,308	1,728	11	27
Accruals and deferred income	5,792	5,929	4	701
	<u>8,025</u>	<u>8,072</u>	<u>725</u>	<u>1,997</u>

The overdraft is secured against the assets of the company.

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

15. Creditors – amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Net obligations under finance leases	–	39	–	39
	–	39	–	39

16. Provision for liabilities

	<i>Group</i>	<i>Company</i>
	<i>£'000</i>	<i>£'000</i>
At 1 April 2006	2,280	135
Utilised in year	(634)	(21)
Release in the year	(603)	(1)
Unwinding of discount (see note 6)	114	7
At 31 March 2007	1,157	120

Provision has been made for the net present value of future residual leasehold commitments. This provision has been calculated making assumptions on future rental income, market rents, insurance and rates this has then been discounted using a discount rate of 5.0 per cent. per annum. As these are estimates this provision cannot be known with certainty. During the year we surrendered the lease for Edgware Road which had been empty for a number of years this allowed us to release the provision for this property of £206,000. This surrender will also save the Group cash flow of approximately £100,000. The subletting of the vacant floors at Goodge Street, London allowed a release of £397,000.

The provision will be utilised over the term of the relevant leases and falls within the following periods:

	<i>Group</i>	<i>Company</i>
	<i>£'000</i>	<i>£'000</i>
Less than one year	290	21
Between two and five years	750	85
More than five years	117	14
Total	1,157	120

17. Financial assets and liabilities

The Group does not have any material exposure to interest rate, liquidity or currency risks. The Group has cash balances, committed overdraft facilities if required and conducts the majority of its business in sterling. The Group does not use any swap or hedge instruments. Cash deposits are held on term notice or placed with the money market. Interest is earned by reference to inter-bank rates.

During the year the company funded its subsidiary, SPG Media Private Limited, on an imprest basis on a monthly cycle. Since the disposal of SPG Media Private Limited no further funding is required. The remaining employees based in India are paid directly from the UK.

The Group banking facility operates under a right of set-off agreement for each balance and each currency.

Short-term debtors and creditors have been excluded from the following disclosures.

The fair value of the financial assets is not materially different to the carrying value.

Financial assets: floating rate

	<i>2007</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
EUR	35	3
USD	52	(7)
Indian Rupees	11	92
Total	<u>98</u>	<u>88</u>

Interest on floating-rate bank deposits is based on the inter-bank rate and may be fixed for up to one month. The balance held on deposit for one month at the year end was £2.8 million (2006: £2.0 million).

18. Obligations under finance leases

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

	<i>2007</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
Less than one year	–	8
Between two and five years	–	39
Total	<u>–</u>	<u>47</u>

19. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	<i>2007</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
Land and buildings		
Less than one year	61	57
Between two and five years	–	201
More than five years	1,211	1,181
Total	<u>1,272</u>	<u>1,439</u>
Other		
Less than one year	40	56
Between two and five years	9	–
Total	<u>49</u>	<u>56</u>

20. Share capital

	<i>2007</i> <i>Number</i> <i>'000</i>	<i>2006</i> <i>Number</i> <i>'000</i>	<i>2007</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
Authorised				
Ordinary shares of 5p each	223,754	223,754	11,188	11,188
Redeemable deferred shares of 1p each	535,621	535,621	5,356	5,356
At 31 March	<u> </u>	<u> </u>	<u>16,544</u>	<u>16,544</u>
Allotted and fully paid				
Ordinary shares of 5p each	<u>85,857</u>	<u>85,857</u>	<u>4,293</u>	<u>4,293</u>

There are outstanding options over ordinary shares granted to executives and employees as shown in the following table:

<i>Number of options</i>								
<i>Scheme</i>	<i>Date of grant</i>	<i>1 April 2006</i>	<i>Granted during the year</i>	<i>Exercised/ lapsed during the year</i>	<i>31 March 2007</i>	<i>Exercise price</i>	<i>Date from which exercisable</i>	<i>Expiry date</i>
1996	07/07/1998	15,000	–	–	15,000	15.00p	08/07/2001	06/07/2008
1996	06/07/1999	125,000	–	–	125,000	33.00p	07/07/2002	05/07/2009
1996	15/12/1999	86,000	–	(21,000)	65,000	76.50p	16/12/2002	14/12/2009
2000	10/03/2000	1,333,335	–	–	1,333,335	116.50p	10/03/2000	09/03/2010
1996	07/07/2000	200,000	–	(100,000)	100,000	132.50p	08/07/2003	06/07/2010
1996	24/11/2000	70,000	–	–	70,000	135.00p	25/11/2003	23/11/2010
1996	20/12/2002	90,000	–	(30,000)	60,000	11.25p	21/12/2005	19/12/2012
2003	09/12/2003	1,535,708	–	(1,535,708)	–	13.25p	10/12/2006	08/12/2013
2003	25/07/2004	150,000	–	–	150,000	12.00p	26/07/2007	24/07/2014
2003	26/07/2004	244,292	–	(144,292)	100,000	12.00p	27/07/2007	27/07/2014
2003	01/07/2005	1,075,000	–	(575,000)	500,000	7.12p	02/07/2008	30/06/2015
2003	05/09/2005	2,500,000	–	–	2,500,000	8.20p	06/09/2008	04/09/2015
2003	21/09/2005	50,000	–	–	50,000	10.25p	22/09/2008	20/09/2015
2003	10/10/2005	250,000	–	(250,000)	–	9.42p	11/10/2008	09/10/2015
2003	10/02/2006	250,000	–	(250,000)	–	10.87p	11/02/2009	09/02/2016
2003	01/04/2006	–	50,000	–	50,000	11.00p	02/04/2009	31/03/2016
2003	06/03/2007	–	3,300,000	–	3,300,000	6.00p	07/03/2010	05/03/2017
		<u>7,974,335</u>	<u>3,350,000</u>	<u>(2,906,000)</u>	<u>8,418,335</u>			

The Group operates three share option schemes. Under the terms of the Sterling Publishing Group 1996 Scheme (“1996”), 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 per cent.

The Sterling Publishing Group 2000 Scheme (“2000”) was approved to grant options by way of compensation for rights given up under the long term incentive plan. The options were exercisable as to 40 per cent. immediately, 35 per cent. after one year (10 March 2001) and 25 per cent. 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 per cent. 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.

The third scheme is the Sterling Publishing Group 2003 Scheme (“2003”) approved by shareholders on 28 July 2003 and excludes the awards made under the 2000 scheme from the calculation of limits of share options to be awarded. Option granted under the 2003 scheme are subject to the requirement that earnings per share grow at an annual rate of the increase in the retail price index plus either 5 per cent. (where the market value of the options granted is less than or equal to 50 per cent. of the recipients salary) or 8 per cent. (where the market value of the options granted is greater than 50 per cent. of the recipients salary).

Apart from the 2000 scheme, all employees including directors are eligible to participate in the share option schemes. No awards have been made under the 1996 scheme since December 2005.

The fair value of options granted on 1 April 2006 and 6 March 2007 determined using the Black-Scholes valuation model was 4.32 pence and 2.59 pence per option respectively (2006: nil pence per option). The significant inputs into the model were the share price at the date of grant, exercise prices of 11.00 pence and 6.00 pence, volatility 52.05 per cent. and 58.89 per cent. respectively (as measured on the statistical analysis of weekly share prices over the previous three years from the date of grant), expected option life of three years and an annual risk-free interest rate of 4.5 per cent.

21. Statement of movement on reserves

	<i>Share premium £'000</i>	<i>Capital redemption reserve £'000</i>	<i>Other reserves £'000</i>	<i>Profit and loss account £'000</i>
Group				
At 31 March 2006	7,262	7,874	733	(17,614)
Retained profit for the year	–	–	–	254
Share based payments	–	–	–	17
Exchange rate differences	–	–	–	(4)
At 31 March 2007	<u>7,262</u>	<u>7,874</u>	<u>733</u>	<u>(17,347)</u>
Company				
At 31 March 2006 as previously stated	7,262	7,874	1,701	(6,040)
Retained loss for the period	–	–	–	(949)
Share based payments	–	–	–	17
At 31 March 2007	<u>7,262</u>	<u>7,874</u>	<u>1,701</u>	<u>(6,972)</u>

At the 31 March 2007, the Group's EBT held 1,214,395 Ordinary Shares in the Company. The historical cost of the Ordinary Shares is £1,755,000. Under UITF 38 this has been set off against the profit and loss account. In prior years this was shown as a separate reserve.

22. Contingent liabilities

All the companies within the Group, with the exception of SPG Media Private Limited, are subject to a right of set-off agreement with Lloyds TSB plc. As the Group has no borrowings there is no contingent liability existing under any banking arrangements at 31 March 2007 (2006: £nil).

23. Capital commitments

There were no capital commitments at 31 March 2007 (2006: £nil).

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

	<i>2007 £'000</i>	<i>2006 £'000</i>
Operating profit		
– Group	290	1,546
Amortisation of goodwill	241	248
Depreciation of tangible fixed assets	848	921
Share based payment	17	–
Loss on disposal of tangible fixed assets	26	–
Write-off of tangible fixed assets	81	–
Write-off of leasehold improvements	–	369
Decrease/(increase) in debtors	757	(511)
Write-off of joint venture investment	–	(47)
(Decrease)/increase in creditors	(42)	908
Movement in provision for liabilities and charges	(1,237)	(1,235)
Net cash inflow from operating activities	<u>981</u>	<u>2,199</u>

25. Analysis of net funds

	<i>1 April 2006 £'000</i>	<i>Cash flow £'000</i>	<i>31 March 2007 £'000</i>
Cash at bank and in hand	2,329	710	3,039
Finance leases	(47)	47	–
Net funds	<u>2,282</u>	<u>757</u>	<u>3,039</u>

26. Post balance sheet event

On 14 May heads of agreement were signed with Visage Media Services Pvt Limited (“Visage”) whereby Visage would purchase the share capital and assets of SPG Media Private Limited. The consideration is \$100,000 (United States dollars). As a result the carrying value of the assets held in the consolidated balance sheet were reviewed for the year ended 31 March 2007 and an impairment provision of £81,000 was made against these assets.

**(d) SPG Media Group plc audited consolidated financial statements
for the year ended 31 March 2006**

AUDITORS' REPORT TO THE MEMBERS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPG MEDIA GROUP PLC

We have audited the group and parent company financial statements (the "financial statements") of SPG Media Group PLC for the year ended 31 March 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Operating and Financial Review that is cross referred from the Business Review section of the Directors' Report. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement, the Chief Executive's Operational Review and the Finance Review and the corporate governance statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

We also, at the request of the directors (because the company applies the Financial Services Authority listing rules as if it were a listed company), review whether the corporate governance statement reflects the company's compliance with the nine provisions of the 2003 FRC 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.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, 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 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the Parent Company's affairs as at 31 March 2006 and of the Group's profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Bristol

29 June 2006

Notes:

- (a) The maintenance and integrity of the SPG Media Group PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 March

	Notes	2006		2005		Restated* Total £'000	
		Before exceptional items and amortisation £'000	Exceptional items and amortisation (Note 4) £'000	Restated* Before exceptional items and amortisation £'000	Exceptional items and amortisation (Note 4) £'000		
Turnover (including share of joint venture)		18,256	–	18,256	18,861	–	18,861
Less share of joint venture turnover		(65)	–	(65)	(21)	–	(21)
Turnover	2	18,191	–	18,191	18,840	–	18,840
Cost of sales		(8,349)	–	(8,349)	(10,583)	–	(10,583)
Gross profit		9,842	–	9,842	8,257	–	8,257
Distribution costs		(450)	–	(450)	(366)	–	(366)
Administrative expenses		(7,752)	(94)	(7,846)	(8,351)	(2,970)	(11,321)
Administrative expenses		(7,752)	–	(7,752)	(8,351)	–	(8,351)
Amortisation	3	–	(248)	(248)	–	(109)	(109)
Exceptional items	4	–	154	154	–	(2,861)	(2,861)
Total administrative expenses		(7,752)	(94)	(7,846)	(8,351)	(2,970)	(11,321)
Group operating profit/(loss)		1,640	(94)	1,546	(460)	(2,970)	(3,430)
Share of joint venture operating loss	11	(44)	–	(44)	(10)	–	(10)
Loss on termination of joint venture	4	–	(57)	(57)	–	–	–
Profit on disposal of business	4	–	51	51	–	429	429
Net interest payable	6	(152)	–	(152)	(75)	–	(75)
Profit/(loss) on activities before taxation		1,444	(100)	1,344	(545)	(2,541)	(3,086)
Tax on profit/(loss) on ordinary activities	7	–	–	–	(6)	–	(6)
Profit/(loss) on ordinary activities after taxation and retained loss for the financial year		1,444	(100)	1,344	(551)	(2,541)	(3,092)
Basic profit/(loss) per share	8			1.59p			(3.65)p
Diluted profit/(loss) per share	8			1.58p			(3.65)p

- 2004/2005 results have been restated for the change in accounting policy. This is described in note 1; Statement of accounting policies.
- All of the above activities are continuing operations with the exception of the joint venture
- There are no material differences between the profits on ordinary activities before taxation and the retained profit as stated above and their historical cost equivalents.

CONSOLIDATED BALANCE SHEET

As at 31 March 2006

		2006	2005
	Notes	£'000	Restated £'000
Fixed assets			
Intangible assets	9	4,159	4,407
Tangible assets	10	1,590	2,580
Investment in joint venture	11	–	55
		<u>5,749</u>	<u>7,042</u>
Current assets			
Debtors	13	4,861	4,476
Cash at bank and in hand		<u>2,329</u>	<u>233</u>
		7,190	4,709
Creditors – amounts falling due within one year			
Trade and other creditors	15	<u>(8,072)</u>	<u>(7,160)</u>
		<u>(8,072)</u>	<u>(7,160)</u>
Net current liabilities			
		<u>(882)</u>	<u>(2,451)</u>
Total assets less current liabilities			
		4,867	4,591
Creditors – amounts falling due after more than one year			
	16	(39)	(48)
Provisions for liabilities and charges			
	17	<u>(2,280)</u>	<u>(3,347)</u>
Net assets			
		<u>2,548</u>	<u>1,196</u>
Capital and reserves			
Called up share capital	21	4,293	4,293
Share premium account	22	7,262	7,262
Capital redemption reserve	22	7,874	7,874
Other reserves	22	733	733
Profit and loss account	22	<u>(17,614)</u>	<u>(18,966)</u>
Equity shareholders' funds			
		<u>2,548</u>	<u>1,196</u>

These financial statements were approved by the board of directors on 29 June 2006 and signed on its behalf by:

Steve Nicholson
Director

Keith Sadler
Director

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 March 2006

	2006	2005
	£'000	Restated £'000
Profit/(loss) for the financial year		
– Group	1,388	(3,082)
– Joint venture	(44)	(10)
	<u>1,344</u>	<u>(3,092)</u>
Exchange rate adjustment offset in reserves (retranslation of foreign investments)	8	(5)
Release of negative goodwill on sale of Debretts	–	(225)
	<u>1,352</u>	<u>(3,322)</u>
Prior year adjustment (note 12)	(4,431)	
	<u>(3,079)</u>	<u></u>
Total loss recognised since last annual report	<u><u>(3,079)</u></u>	<u><u></u></u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 31 March 2006

	2006	2005
	£'000	Restated £'000
Profit/(loss) for the financial year	1,344	(3,092)
Other recognised gains and losses	8	(230)
	<u>1,352</u>	<u>(3,322)</u>
Net change in shareholders' funds	<u>1,352</u>	<u>(3,322)</u>
Shareholders' funds as at start of year (previously £8.9 million before prior year adjustment of £4.4 million)	1,196	4,518
	<u>2,548</u>	<u>1,196</u>
Shareholders' funds as at 31 March	<u><u>2,548</u></u>	<u><u>1,196</u></u>

COMPANY BALANCE SHEET

As at 31 March 2006

		2006	2005
	Notes	£'000	Restated £'000
Fixed assets			
Tangible assets	10	47	60
Investments in subsidiary undertakings	11	10,392	10,392
Investment in joint venture	11	–	65
		<u>10,439</u>	<u>10,517</u>
Current assets			
Debtors	13	6,820	7,287
Cash at bank and in hand		2	–
		<u>6,822</u>	<u>7,287</u>
Creditors – amounts falling due within one year			
Trade and other creditors	15	(1,997)	(2,458)
Net current assets		<u>4,825</u>	<u>4,829</u>
Total assets less current liabilities		15,264	15,346
Creditors – amounts falling due after more than one year	16	(39)	(48)
Provisions for liabilities and charges	17	(135)	(159)
Net assets		<u>15,090</u>	<u>15,139</u>
Capital and reserves			
Called up share capital	21	4,293	4,293
Share premium account	22	7,262	7,262
Capital redemption reserve	22	7,874	7,874
Other reserves	22	1,701	1,701
Profit and loss account	22	(6,040)	(5,991)
Equity shareholders' funds		<u>15,090</u>	<u>15,139</u>

These financial statements were approved by the board of directors on 29 June 2006 and signed on its behalf by:

Steve Nicholson
Director

Keith Sadler
Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2006

		2006	2005
	Notes	£'000	Restated £'000
Net cash inflow from operating activities	25	2,199	666
Returns on investments and servicing of finance			
Interest received and similar items		21	8
Interest paid		–	(27)
Interest element of finance lease payments		(5)	(2)
Taxation			
Overseas corporation tax paid		–	(6)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(291)	(569)
Investments in joint venture		–	(65)
Acquisitions and disposals			
Net cash inflow from sale of trading assets		180	569
Net cash flow before financing		2,104	574
Financing			
Capital element of finance lease payments		(8)	(3)
Increase in cash in the period		2,096	571
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the period		2,096	574
Cash outflow from lease financing		8	3
Change in net debt resulting from cash flows		2,104	577
New finance lease obligations		–	(58)
Movement in net funds for the period		2,104	519
Opening net funds/(debt)		178	(341)
Closing net funds	26	2,282	178

NOTES TO THE ACCOUNTS

1. Statement of accounting policies

The significant accounting policies have been applied consistently throughout the current and prior year, with the exception of the following changes in preparing the financial statements.

In accordance with Financial Reporting Standard 18 the Board regularly review the group's accounting policies to ensure that they remain most appropriate.

During the year the Board have decided to change the accounting policy in respect of work in progress. Under the new accounting policy only directly attributable expenditure to a publication, website or event is included as work in progress. Under the previous accounting policy, certain overheads and sales force costs were also included. In the view of the Board, the new accounting policy is more appropriate and will provide a better platform for the Group's transition to International Financial Reporting Standards in 2008.

This change in accounting policy has been reflected as a prior year adjustment. This results in an additional charge of £0.1 million to the profit and loss account for the year ended 31 March 2005 and a reduction in net assets of £4.4 as at 31 March 2005.

Had the previous accounting policy been maintained during the year ended 31 March 2006, profit before tax would have been £1.0 million lower.

During the year the Board have reconsidered the useful lives of the publishing rights and have decided to revise the life from infinite to 20 years. A charge of £141,000 has been made in the accounts for the year ended 31 March 2006. No charge has been made in the previous period.

The Group has adopted FRS21 "Events after the balance sheet date" and FRS25 "Financial Instruments: Disclosure and presentation" in these financial statements. There is no impact on the comparative results from the adoption of these standards.

(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 the change in accounting policy relating to work in progress noted above.

(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, statement of total gains and losses or cash flow statement 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 value attributable to such net assets the difference is treated as purchased goodwill 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 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 term of the leases or useful economic life if shorter.

(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 less any provision for impairment. They are amortised over the useful economic life. During the year the useful economic life was revised from an indefinite life to 20 years.

(g) Impairment of fixed assets

Impairment reviews are undertaken if events or changes in circumstances indicate that the carrying amount of tangible and intangible fixed assets may not be recoverable.

(h) 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 economic 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. 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.

(i) Investments in subsidiary undertakings

Investments are stated at cost less provision for any impairment.

(j) 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 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.

(k) 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 and liabilities are not discounted.

(l) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Any translation differences are dealt with in the profit and loss account. Profit and loss of foreign Group undertakings are translated at average rates of exchange. Balance sheets are translated at year end exchange rates. Exchange gains and losses arising from these translations are taken to reserves and reported through the Statement of Total Recognised Gains and Losses.

(m) Pensions

The Group's contributions to pension schemes for its employees, all of which are defined contribution schemes, are charged in the profit and loss account in the year in which they fall due.

(n) 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 profit and loss reserve account.

(o) Share schemes

The Group has taken advantage of the exemption under UITF 17 for Inland Revenue approved save as you earn schemes.

2. Segmental reporting analysis

The turnover and operating profit is derived from international business to business communications and originates in the UK and India. Revenue generated out of India was £0.9 million (2005: £0.2 million).

Geographical analysis of turnover:

	<i>2006</i> <i>£'000</i>
UK	3,659
USA	3,640
Europe (other than UK)	9,272
Other	1,620
	<u>18,191</u>

No comparative information has been disclosed above as the relevant data was not recorded during the year ended 31 March 2005.

Business analysis:

	<i>2006</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>
	<i>Turnover</i>	<i>Operating profit</i>	<i>Net assets</i>	<i>Turnover</i>	<i>Operating loss</i>	<i>Net assets</i>
Print	5,884	404	1,098	7,919	(1,243)	507
Internet	6,115	653	120	5,947	(1,583)	381
Events	6,192	489	1,330	4,801	(604)	308
Other	—	—	—	173	—	—
	<u>18,191</u>	<u>1,546</u>	<u>2,548</u>	<u>18,840</u>	<u>(3,430)</u>	<u>1,196</u>

The calculation of operating profit has been undertaken by allocating central costs to each division on the basis of contribution generated.

3. Operating profit/(loss)

Operating profit/(loss) is stated after charging the following amounts:

	2006 £'000	2005 £'000
Staff costs (including directors):		
Wages and salaries	8,924	10,594
Social security costs	951	1,125
Other pension costs	26	115
	<u>9,901</u>	<u>11,834</u>
Depreciation, amortisation and impairment		
Owned assets	908	995
Assets held under finance leases	13	5
Amortisation of goodwill	107	109
Amortisation of publishing rights	141	–
Auditors' remuneration		
Audit services – statutory audit Group	60	71
Including statutory audit of the company	15	29
Operating lease rentals		
Other (land and buildings)	1,174	722
Plant and machinery	112	287
	<u>1,174</u>	<u>722</u>

Information regarding directors' remuneration, share options, bonuses and pension contributions are set out in the Report of the Board to the Shareholders on Directors Remuneration.

4. Exceptional items

The following have been identified as exceptional items and disclosed separately on the face of the profit and loss account:

<i>Exceptional items</i>	2006 £'000	2005 £'000
Property provisions	523	(2,445)
Write-off of leasehold improvements associated with onerous leases	(369)	–
Redundancy costs	–	(416)
	<u>154</u>	<u>(2,861)</u>
Closure of joint venture	(57)	–
Profit on disposal of business	51	429

In 2005 the property provision was a charge in respect of the non-operational properties of the Group. During the current year certain of the empty properties have been let which has meant a release of the provision made in previous periods.

Leasehold improvements were undertaken to improve the potential letting ability of the non-operational properties and accordingly the ascertained costs have therefore been written off.

The Board decided to discontinue its joint venture with its partner and closed this business down. A one-off charge has been made in the year of outstanding loans made to the joint venture company. £57,000 has been written off.

The deferred consideration relates to the Debrett's disposal in the prior year has been adjusted to reflect the estimated amount receivable, resulting in a £51,000 credit to the profit and loss account.

5. Number of employees

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

	<i>2006</i> <i>Number</i>	<i>2005</i> <i>Number</i>
Sales	168	200
Production, editorial and administrative	196	193
Total	<u>364</u>	<u>393</u>

6. Net interest payable

	<i>2006</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>
Interest payable		
Interest on overdrafts repayable within five years	–	(27)
Interest on finance leases	(5)	(2)
Unwinding of discount on property provisions	(168)	(54)
	<u>(173)</u>	<u>(83)</u>
Interest receivable		
Bank interest	21	8
Total	<u>(152)</u>	<u>(75)</u>

7. Tax charge

	<i>2006</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>
UK corporation tax at 30% (2005: 30%)	–	–
Foreign taxation	–	(6)
Deferred taxation (note)	–	–
	<u>–</u>	<u>(6)</u>

The current tax charge is reconciled to the standard corporation tax rate applicable in the UK as follows:

	<i>2006</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>
Profit/(loss) on ordinary activities before tax	1,344	(3,040)
Corporation tax at 30% (2005: 30%)	403	(912)
Effects of:		
Capital gains reliefs utilised	–	(173)
Prior year adjustment for basis of work-in-progress	(1,329)	–
Expenses not deductible for tax purposes	57	143
Excess of capital allowances over depreciation of eligible assets	195	(12)
Reduction in rate due to foreign reliefs	(35)	(11)
Losses carried forward	694	915
General bad debt provision	(71)	17
Amortisation of goodwill	73	39
Associate losses not recognised	13	–
	<u>–</u>	<u>(6)</u>

8. Earnings per share

The earnings per share of 1.59p (2005: loss 3.65p) and the diluted earnings per share of 1.58p (2005: loss 3.65p) have been calculated on the attributable profit to shareholders of £1.3 million (2005: loss £3.1million).

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

	<i>2006</i> <i>Number</i> <i>'000</i>	<i>2005</i> <i>Number</i> <i>'000</i>
Total number of shares	85,857	85,857
Shares held in employee benefit trust	<u>(1,214)</u>	<u>(1,214)</u>
Basic number of shares	84,643	84,643
Dilutive effect of share options	<u>376</u>	<u>-</u>
Diluted number of shares	<u><u>85,019</u></u>	<u><u>84,643</u></u>

9. Intangible assets

	<i>Goodwill</i> <i>£'000</i>	<i>Publishing</i> <i>rights</i> <i>and other</i> <i>intangible</i> <i>fixed assets</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>
Group			
Cost			
At 1 April 2005 and 31 March 2006	<u>2,306</u>	<u>10,539</u>	<u>12,845</u>
Amortisation/permanent diminution			
At 1 April 2005	(731)	(7,707)	(8,438)
Charge for the year	<u>(107)</u>	<u>(141)</u>	<u>(248)</u>
At 31 March 2006	<u>(838)</u>	<u>(7,848)</u>	<u>(8,686)</u>
Net book value			
At 31 March 2006	<u><u>1,468</u></u>	<u><u>2,691</u></u>	<u><u>4,159</u></u>
At 31 March 2005	<u><u>1,575</u></u>	<u><u>2,832</u></u>	<u><u>4,407</u></u>

10. Tangible fixed assets

	<i>Short-term leasehold premises £'000</i>	<i>Equipment, vehicles fixtures and fittings £'000</i>	<i>Total £'000</i>
Group			
Cost			
At 1 April 2005	988	4,539	5,527
Additions	23	268	291
Assets written off	(748)	(771)	(1,519)
Exchange adjustment	–	10	10
At 31 March 2006	<u>263</u>	<u>4,046</u>	<u>4,309</u>
Depreciation			
At 1 April 2005	(417)	(2,530)	(2,947)
Charge for the year	(38)	(883)	(921)
Depreciation written off	379	771	1,150
Exchange adjustment	–	(1)	(1)
At 31 March 2006	<u>(76)</u>	<u>(2,643)</u>	<u>(2,719)</u>
Net book value			
At 31 March 2006	<u>187</u>	<u>1,403</u>	<u>1,590</u>
At 31 March 2005	<u>571</u>	<u>2,009</u>	<u>2,580</u>

The net book value assets held under finance leases and hire purchase contracts included in tangible fixed assets in the Group was £47,000 (2005: £60,000). The depreciation charge on these assets in the year was £13,000 (2005: £5,000).

	<i>Motor vehicles £'000</i>	<i>Total £'000</i>
Company		
Cost		
At 31 March 2005 and 2006	<u>65</u>	<u>65</u>
Depreciation		
At 1 April 2005	(5)	(5)
Charge for the year	(13)	(13)
At 31 March 2006	<u>(18)</u>	<u>(18)</u>
Net book value		
At 31 March 2006	<u>47</u>	<u>47</u>
At 31 March 2005	<u>60</u>	<u>60</u>

11. Fixed asset investments

Investment in joint venture

	<i>Group</i>		<i>Company</i>	
	<i>2006</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>
At 1 April				
– Cost	–	–	65	–
– Goodwill	55	–	–	–
	<u>55</u>	<u>–</u>	<u>65</u>	<u>–</u>
Additions				
– Cost	–	–	–	65
– Goodwill	–	65	–	–
Share of losses	(44)	(10)	–	–
Closure of joint venture	(11)	–	(65)	–
	<u>(55)</u>	<u>(10)</u>	<u>(65)</u>	<u>–</u>
At 31 March	<u>–</u>	<u>55</u>	<u>–</u>	<u>65</u>

Shares in Group undertakings

	<i>Company</i>	
	<i>2006</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>
Cost		
At 1 April and 31 March	<u>33,680</u>	<u>33,680</u>
Provisions for impairment		
At 1 April	23,288	–
Impairment	–	23,288
At 31 March	<u>23,288</u>	<u>23,288</u>
Net book value		
At 31 March	<u>10,392</u>	<u>10,392</u>

The listing below shows the principal subsidiary undertakings as at 31 March 2006.

<i>Company</i>	<i>Country of registration and operation</i>	<i>Principal activity</i>	<i>Percentage of ordinary shares held</i>
SPG Media Limited	UK	Business to business marketing solutions	100%
Cornhill Publications Limited	UK	Business to business marketing solutions	100%
SPG Media Private Limited	India	Business to business marketing solutions	100%

12. Stocks and Work-in-progress

	2006	2005
	£'000	<i>Restated</i> £'000
Group and company		
Work-in-progress as previously reported	–	4,517
Restated as prepayments	–	(86)
Prior year adjustment as a result of change in accounting policy	–	(4,431)
	<u>–</u>	<u>–</u>
As restated	–	–
At 31 March	<u>–</u>	<u>–</u>

During the year the Board have decided to change the accounting policy in respect of work in progress. Under the new accounting policy only directly attributable expenditure to a publication, website or event is included as work in progress. Under the previous accounting policy, certain overheads and sales force costs were also included. In the view of the Board, the new accounting policy is more appropriate and will provide a better platform for the Group's transition to International Financial Reporting Standards in 2008.

This change in accounting policy has been reflected as a prior year adjustment. This results in an additional charge of £0.1 million to the profit and loss account for the year ended 31 March 2005 and a reduction in net assets of £4.4 as at 31 March 2005.

Had the previous accounting policy been maintained during the year ended 31 March 2006, profit before tax would have been £1.0 million lower.

13. Debtors

	<i>Group</i>		<i>Company</i>	
	2006	<i>Restated</i> 2005	2006	2005
	£'000	£'000	£'000	£'000
Trade debtors	4,179	3,333	–	–
Amounts owed by Group undertakings	–	–	6,705	7,092
Amounts by joint venture	–	65	–	65
Other debtors	234	690	108	122
Prepayments and accrued income	448	388	7	8
	<u>4,861</u>	<u>4,476</u>	<u>6,820</u>	<u>7,287</u>

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

14. Deferred taxation

The Group has an unrecognised potential deferred tax asset at the year-end comprising:

Group

	<i>Provided</i>		<i>Unprovided</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
General bad debt provisions	–	–	76	147
Excess capital allowances over depreciation	–	–	110	(29)
Losses	–	–	2,157	1,464
Capital losses	–	–	4,583	4,583
	<u>–</u>	<u>–</u>	<u>6,926</u>	<u>6,165</u>

The company has unrecognised potential deferred tax asset at the year-end of £4,270 (2005: £1,337).

15. Creditors – amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Bank overdraft (secured)	–	–	–	477
Net obligations under finance leases	8	7	8	7
Trade creditors	92	364	9	10
Amounts owed to Group undertakings	–	–	1,126	1,112
Other taxes and social security costs	268	256	126	128
Other creditors	1,762	1,624	27	34
Accruals and deferred income	5,942	4,909	701	690
	<u>8,072</u>	<u>7,160</u>	<u>1,997</u>	<u>2,458</u>

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

16. Creditors – amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Net obligations under finance leases	39	48	39	48
	<u>39</u>	<u>48</u>	<u>39</u>	<u>48</u>

17. Provision for liabilities

	<i>£'000</i> <i>Group</i>	<i>£'000</i> <i>Company</i>
At 1 April 2005	3,347	159
Utilised in year	(712)	(26)
Release in the year	(523)	(6)
Unwinding of discount (see note 6)	168	8
At 31 March 2006	<u>2,280</u>	<u>135</u>

Provision has been made for the net present value of future residual leasehold commitments. This provision has been calculated making assumptions on future rental income, market rents, insurance and rates this has then been discounted using a discount rate of 5.0 per cent. per annum. As these are estimates this provision cannot be known with certainty.

The provision will be utilised over the term of the relevant leases and falls within the following periods:

	<i>£'000</i> <i>Group</i>	<i>£'000</i> <i>Company</i>
Less than one year	633	21
Between two and five years	1,237	70
More than five years	410	44
Total	<u>2,280</u>	<u>135</u>

18. Financial assets and liabilities

The Group does not have any material exposure to interest rate, liquidity or currency risks. The Group has cash balances, committed overdraft facilities if required and conducts the majority of its business in sterling. The Group does not use any swap or hedge instruments. Cash deposits are held on term notice or placed with the money market. Interest is earned by reference to inter-bank rates.

The company funds its subsidiary, SPG India Private Limited, on an imprest basis on a monthly cycle.

With the exception of SPG India Private Limited, the Group banking facility operates under a right of set-off agreement for each balance and each currency.

Short-term debtors and creditors have been excluded from the following disclosures.

The fair value of the financial assets is not materially different to the carrying value.

Financial assets: floating rate

	<i>2006</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>
EUR	3	(10)
USD	(7)	60
Indian Rupees	92	17
Total	<u>88</u>	<u>67</u>

Interest on floating-rate bank deposits is based on the inter-bank rate and may be fixed for up to one month. The balance held on deposit for one month at the year end was £2.0 million (2005: £nil).

19. Obligations under finance leases

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

	2006 £'000	2005 £'000
Less than one year	8	7
Between two and five years	39	48
Total	<u>47</u>	<u>55</u>

20. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2006 £'000	2005 £'000
Land and buildings		
Less than one year	57	28
Between two and five years	201	159
More than five years	1,181	916
Total	<u>1,439</u>	<u>1,103</u>
Other		
Less than one year	56	58
Between two and five years	–	35
Total	<u>56</u>	<u>93</u>

21. Share capital

	2006 Number '000	2005 Number '000	2006 £'000	2005 £'000
Authorised				
Ordinary shares of 5p each	223,754	223,754	11,188	11,188
Redeemable deferred shares of 1p each	535,621	535,621	5,356	5,356
At 31 March	<u> </u>	<u> </u>	<u>16,544</u>	<u>16,544</u>
Allotted and fully paid				
Ordinary shares of 5p each	<u>85,857</u>	<u>85,857</u>	<u>4,293</u>	<u>4,293</u>

There are outstanding options over ordinary shares granted to executives and employees as shown in the following table:

<i>Number of options</i>								
<i>Scheme</i>	<i>Date of grant</i>	<i>1 April 2005</i>	<i>Granted during the year</i>	<i>Exercised/ lapsed during the year</i>	<i>31 March 2006</i>	<i>Exercise price</i>	<i>Date from which exercisable</i>	<i>Expiry date</i>
1996	28/07/1997	29,600	–	(29,600)	–	22.50p	29/07/2000	27/07/2007
1996	19/12/1997	75,000	–	(75,000)	–	18.50p	20/12/2000	18/12/2007
1996	01/07/1998	30,000	–	(30,000)	–	15.00p	02/07/2001	30/06/2008
1996	07/07/1998	55,000	–	(40,000)	15,000	15.00p	08/07/2001	06/07/2008
1996	06/07/1999	145,000	–	(20,000)	125,000	33.00p	07/07/2002	05/07/2009
1996	15/12/1999	128,000	–	(22,000)	86,000	76.50p	16/12/2002	14/12/2009
2000	10/03/2000	4,000,005	–	(2,666,670)	1,333,335	116.50p	10/03/2000	09/03/2010
1996	07/07/2000	725,000	–	(525,000)	200,000	132.50p	08/07/2003	06/07/2010
1996	24/11/2000	70,000	–	–	70,000	135.00p	25/11/2003	23/11/2010
1996	20/12/2002	105,000	–	(15,000)	90,000	11.25p	21/12/2005	19/12/2012
2003	09/12/2003	2,100,708	–	(565,000)	1,535,708	13.25p	10/12/2006	08/12/2013
2003	25/07/2004	150,000	–	–	150,000	12.00p	26/07/2007	24/07/2014
2003	26/07/2004	431,792	–	(187,500)	244,292	12.00p	27/07/2007	27/07/2014
2003	01/07/2005	–	1,175,000	(100,000)	1,075,000	7.12p	02/07/2008	30/06/2015
2003	05/09/2005	–	2,500,000	–	2,500,000	8.20p	06/09/2008	04/09/2015
2003	21/09/2005	–	50,000	–	50,000	10.25p	22/09/2008	20/09/2015
2003	10/10/2005	–	250,000	–	250,000	9.42	11/10/2008	09/10/2015
2003	10/02/2006	–	250,000	–	250,000	10.87p	11/02/2009	09/10/2016
		<u>8,045,105</u>	<u>4,225,000</u>	<u>(4,275,770)</u>	<u>7,974,335</u>			

The shareholders approved the 2003 Option Scheme, which excludes the awards made under the 2000 Executive Scheme from the calculation of limits to be awarded.

22. Statement of movement on reserves

	<i>Share premium £'000</i>	<i>Capital redemption reserve £'000</i>	<i>Other reserves £'000</i>	<i>Profit and loss account £'000</i>
Group				
At 31 March 2005 as previously stated	7,262	7,874	733	(14,535)
Prior year adjustment	—	—	—	(4,431)
	<u>7,262</u>	<u>7,874</u>	<u>733</u>	<u>(18,966)</u>
Retained profit for the year	—	—	—	1,344
Exchange rate differences	—	—	—	8
	<u>—</u>	<u>—</u>	<u>—</u>	<u>8</u>
At 31 March 2006	<u><u>7,262</u></u>	<u><u>7,874</u></u>	<u><u>733</u></u>	<u><u>(17,614)</u></u>
	<i>Share premium £'000</i>	<i>Capital redemption reserve £'000</i>	<i>Other reserves £'000</i>	<i>Profit and loss account £'000</i>
Company				
At 31 March 2005 as previously stated	7,262	7,874	1,701	(5,991)
Prior year adjustment	—	—	—	—
	<u>7,262</u>	<u>7,874</u>	<u>1,701</u>	<u>(5,991)</u>
Retained loss for the period	—	—	—	(45)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>(45)</u>
At 31 March 2006	<u><u>7,262</u></u>	<u><u>7,874</u></u>	<u><u>1,701</u></u>	<u><u>(6,040)</u></u>

At the 31 March 2006, the Group's EBT held 1,214,395 Ordinary Shares in the Company. The historical cost of the Ordinary Shares is £1,755,000. Under UITF 38 this has been set-off against the profit and loss account. In prior years this was shown as a separate reserve.

23. Contingent liabilities

All the companies within the Group, with the exception of SPG Media Private Limited, are subject to an omnibus set-off agreement with Lloyds TSB plc. As the Group has no borrowings there is no contingent liability existing under any banking arrangements at 31 March 2006 (2005: £nil).

24. Capital commitments

There were no capital commitments at 31 March 2006 (2005: £nil).

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

	2006	2005
	£'000	<i>Restated</i> £'000
Operating profit/(loss)		
– Group	1,546	(3,430)
Amortisation of goodwill	248	109
Depreciation of tangibles fixed assets	921	1,000
Write-off of leasehold improvements	369	–
(Increase)/decrease debtors	(511)	1,746
Write off of joint venture investment	(47)	–
Loan to joint venture	–	(65)
Increase/(Decrease) creditors	909	(808)
Provision for liabilities and charges	(1,235)	2,114
	<hr/>	<hr/>
Net cash inflow from operating activities	2,199	666
	<hr/> <hr/>	<hr/> <hr/>

26. Analysis of net funds

	1 April	<i>Cash flow</i>	31 March
	2005	£'000	2006
	£'000	£'000	£'000
Cash at bank and in hand	233	2,096	2,329
Overdrafts	–	–	–
	233	2,096	2,329
Finance leases	(55)	8	(47)
	<hr/>	<hr/>	<hr/>
Net funds	178	2,104	2,282
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

PART IV

FINANCIAL INFORMATION ON TMN GROUP

Incorporation of relevant information by reference

The information listed below relating to TMN Group is hereby incorporated by reference into this Re-Admission Document.

No	Information	Source of Information
1.	Turnover, net profit or loss before and after taxation, the charge for tax, extraordinary items, minority interests, the amount absorbed by dividends and earnings and dividends per share for TMN Group for the three years ended 30 April 2008	<p>TMN Group Annual Report & Accounts 2008, Consolidated Income Statement on page 17.</p> <p>If you are reading this Re-Admission Document in hard copy, please enter below the web address in your web browser to be brought to the relevant document. If you are reading this Re-Admission Document in soft copy, please click on the web address below to be brought to the relevant document.</p> <p>http://www.tmnplc.com/tmn/investors/reports/rep2008/fyr_08/fyr_08.pdf</p> <p>TMN Group Annual Report & Accounts 2007, Consolidated Income Statement on page 16.</p> <p>If you are reading this Re-Admission Document in hard copy, please enter below the web address in your web browser to be brought to the relevant document. If you are reading this Re-Admission Document in soft copy, please click on the web address below to be brought to the relevant document.</p> <p>http://www.tmnplc.com/tmn/investors/reports/rep2007/fy07/fy07.pdf</p>
2.	Details relating to the items referred to in 1 above in respect of the interim statement for TMN Group for the six months ending 31 October 2008	<p>TMN Group Interim Report for the six months ending 31 October 2008, Consolidated Income Statement on page 5.</p> <p>If you are reading this Re-Admission Document in hard copy, please enter below the web address in your web browser to be brought to the relevant document. If you are reading this Re-Admission Document in soft copy, please click on the web address below to be brought to the relevant document.</p> <p>http://www.tmnplc.com/tmn/investors/reports/rep2008/interim_08/interim_08.pdf</p>
3.	A statement of the assets and liabilities shown in the audited accounts for TMN Group for the year ended 30 April 2008	<p>TMN Group Annual Report & Accounts 2008, Consolidated Balance Sheet on page 20.</p> <p>If you are reading this Re-Admission Document in hard copy, please enter below the web address in your web browser to be brought to the relevant document. If you are reading this Re-Admission Document in soft copy, please click on the web address below to be brought to the relevant document.</p> <p>http://www.tmnplc.com/tmn/investors/reports/rep2008/fyr_08/fyr_08.pdf</p>

No Information**Source of Information**

4. A cash flow statement as provided in the audited accounts for TMN Group for the year ended 30 April 2008

TMN Group Annual Report & Accounts 2008, Consolidated Cash Flow Statement on page 22.

If you are reading this Re-Admission Document in hard copy, please enter below the web address in your web browser to be brought to the relevant document. If you are reading this Re-Admission Document in soft copy, please click on the web address below to be brought to the relevant document.

http://www.tmnplc.com/tmn/investors/reports/rep2008/fyr_08/fyr_08.pdf

5. Significant accounting policies together with any points from the notes to the accounts which are of major relevance to an appreciation of the figures

TMN Group Annual Report & Accounts 2008, the Statement of Significant Accounting Policies and Significant Accounting Estimates and Judgements are included in the Notes to the Accounts on pages 24 to 31.

If you are reading this Re-Admission Document in hard copy, please enter below the web address in your web browser to be brought to the relevant document. If you are reading this Re-Admission Document in soft copy, please click on the web address to be brought to the relevant document.

http://www.tmnplc.com/tmn/investors/reports/rep2008/fyr_08/fyr_08.pdf

TMN Group Annual Report & Accounts 2007, the Statement of Significant Accounting Policies and Significant Accounting Estimates and Judgements are included in the Notes to the Accounts on pages 22 to 25.

If you are reading this Re-Admission Document in hard copy, please enter below the web address in your web browser to be brought to the relevant document. If you are reading this Re-Admission Document in soft copy, please click on the web address below to be brought to the relevant document.

<http://www.tmnplc.com/tmn/investors/reports/rep2007/fy07/fy07.pdf>

The results for TMN Group for the three years ended 30 April 2008, 30 April 2007 and 30 April 2006 and for the six months ended 31 October 2008 are available free of charge on the TMN Group website at <http://www.tmnplc.com/tmn/investors/reports/>

Information in relation to 1, 2, 3 and 4 above has not been published in an inflation adjusted form.

The annual reports and interim results are available in “read-only” format and can be printed from the TMN Group website. TMN Group will provide within two business days, without charge, to each person to whom a copy of this Re-Admission Document has been delivered, upon their written or verbal request, a copy of any documents incorporated by reference in this Re-Admission Document. Copies of any documents incorporated by reference in this Re-Admission Document will not be provided unless such a request is made. Requests for copies of any such document should be directed to: Capita Registrars, Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by telephoning the shareholder helpline on 0871 664 0321 (or +44 (0)20 8639 3399, if telephoning from outside the UK) or by emailing: ssd@capitaregistrars.com. Calls to the 0871 664 0321 number cost 10 pence per minute (including VAT) plus your service provider’s network extras.

PART V

PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

Set out below is an unaudited pro forma statement of net assets of the Enlarged Group based on the consolidated net assets of TMN Group plc and the net assets of the major components of the Progressive Group. This unaudited pro forma statement of net assets is provided for illustrative purposes only to show the effect of the reverse acquisition and restructuring as if it had occurred on 31 December 2008.

Because of the nature of pro forma information, this information addresses a hypothetical situation and therefore does not represent the actual financial position or results of the Group or the Enlarged Group.

The pro forma statement of net assets set out below is based on the unaudited balance sheet of the Group as at 31 October 2008 (as set out in its interim results published on the TMN Group plc website), the combined historical financial information of Dewberry Redpoint Limited and the business of Progressive Media Markets Limited as at 31 December 2008 (as set out in Section A of Part III of this document), the audited financial statements of SPG Media Group Limited as at 31 December 2008 (as set out in Section D of Part III of this document), the historical financial information of Progressive Capital Limited as at 31 December 2008 (as set out in Section B of Part III of this document) and the historical financial information of Progressive Media Group Limited as at 31 December 2008 (as set out in Section C of Part III of this document), adjusted to reflect the matters described in the notes below.

	SPG Media Group Limited		Progressive Media Markets Limited and Dewberry Redpoint Limited		Progressive Capital Limited	Progressive Media Group Limited	Restructuring	Acquisition	Enlarged Group
	31 Oct 08	31 Dec 08	31 Dec 08	31 Dec 08	31 Dec 08	31 Dec 08			31 Dec 08
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	(Note 6)	(Note 7)		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
ASSETS									
Non-current assets									
Goodwill	11,525	–	1,415	–	–	14,182	(11,525)		15,597
Other intangible assets	10,640	3,851	2,921	–	–	–	(4,332)		13,080
Property, plant and equipment	758	177	400	–	–	–	–		1,335
Investments	108	–	–	10,188	7,095	(17,283)	–		108
	<u>23,031</u>	<u>4,028</u>	<u>4,736</u>	<u>10,188</u>	<u>7,095</u>	<u>(3,101)</u>	<u>(15,857)</u>		<u>30,120</u>
Current assets									
Inventories	–	–	255	–	–	–	–		255
Trade and other receivables	9,414	6,805	2,434	–	5,605	(6,418)	–		17,840
Recoverable income tax	–	1,501	546	–	–	–	–		2,047
Cash and cash equivalents	1,015	765	1,084	–	–	–	(400)		2,464
	<u>10,429</u>	<u>9,071</u>	<u>4,319</u>	<u>–</u>	<u>5,605</u>	<u>(6,418)</u>	<u>(400)</u>		<u>22,606</u>
Assets not forming part of the transaction	–	–	5,762	–	–	(5,762)	–		–
	<u>–</u>	<u>–</u>	<u>5,762</u>	<u>–</u>	<u>–</u>	<u>(5,762)</u>	<u>–</u>		<u>–</u>
Total assets	<u>33,460</u>	<u>13,099</u>	<u>14,817</u>	<u>10,188</u>	<u>12,700</u>	<u>(15,281)</u>	<u>(16,257)</u>		<u>52,726</u>
LIABILITIES									
Current liabilities									
Shareholder loans	–	–	–	7,579	12,700	(10,794)	(9,000)		485
Financial liabilities – bank overdraft	3,018	–	–	–	–	–	(2,000)		1,018
Trade and other payables	6,899	10,121	10,629	2,609	–	(6,418)	–		23,840
Provisions	979	–	677	–	–	–	–		1,656
	<u>10,896</u>	<u>10,121</u>	<u>11,306</u>	<u>10,188</u>	<u>12,700</u>	<u>(17,212)</u>	<u>(11,000)</u>		<u>26,999</u>
Non-current liabilities									
Shareholder loans	–	–	–	–	–	–	11,000		11,000
Provisions	786	3,276	–	–	–	–	–		4,062
Net pension liability	–	–	244	–	–	–	–		244
Deferred tax liabilities	1,738	–	198	–	–	–	–		1,936
	<u>2,524</u>	<u>3,276</u>	<u>442</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>11,000</u>		<u>17,242</u>
Liabilities not forming part of the transaction	–	–	427	–	–	(427)	–		–
	<u>–</u>	<u>–</u>	<u>427</u>	<u>–</u>	<u>–</u>	<u>(427)</u>	<u>–</u>		<u>–</u>
Total liabilities	<u>13,420</u>	<u>13,397</u>	<u>12,175</u>	<u>10,188</u>	<u>12,700</u>	<u>(17,639)</u>	<u>–</u>		<u>44,241</u>
Net assets	<u>20,040</u>	<u>(298)</u>	<u>2,642</u>	<u>–</u>	<u>–</u>	<u>2,358</u>	<u>(16,257)</u>		<u>8,485</u>

Notes:

- The financial information in respect of TMN Group plc as at 31 October 2008 has been extracted, without material adjustment, from the unaudited interim financial statements as at 31 October 2008, as published on the TMN Group plc website.
- The financial information in respect of SPG Media Group Limited as at 31 December 2008 has been extracted, without material adjustment, from the audited financial statements of SPG Media Group Limited (as set out in Section D of Part III of this document).
- The financial information in respect of Dewberry Redpoint Limited and the business of Progressive Media Markets Limited as at 31 December 2008 has been extracted, without material adjustment, from the combined historical financial information of Dewberry Redpoint Limited and the business of Progressive Media Markets Limited (as set out in Section A of Part III of this document). Although Progressive Media Markets Limited as an entity will not form part of the Progressive Group at the time of the Acquisition, the trade and business of Progressive Media Markets Limited (excluding those elements treated as assets or liabilities not forming part of the transaction) has been transferred to the Progressive Group as part of the restructuring (see note 6).
- The financial information in respect of Progressive Capital Limited as at 31 December 2008 has been extracted, without material adjustment, from the historical financial information of Progressive Capital Limited (as set out in Section B of Part III of this document).
- The financial information in respect of Progressive Media Group Limited as at 31 December 2008 has been extracted, without material adjustment, from the historical financial information of Progressive Media Group Limited (as set out in Section C of Part III of this document).

6. In order to reflect the combination of the Progressive Group:
- The investment balance in Progressive Capital Limited of £10,188,000 as at 31 December 2008 has been eliminated against the net assets of SPG Media Group Limited of £(298,000) as at 31 December 2008 (the net assets of SPG Media Group Limited at 31 December 2008 being treated as an approximation of its net assets at the date of acquisition of 5 November 2008), with the difference of £10,486,000 between the investment balance and the net assets of SPG Media Group Limited being treated as goodwill.
 - The investment balance in Progressive Media Group Limited of £7,095,000 as at 31 December 2008 has been eliminated against the net assets of Progressive Media Markets Limited and Dewberry Redpoint Limited of £3,399,000 as at the date of its acquisition (based on completion accounts as at 14 August 2007), with the difference of £3,696,000 between the investment balance and the net assets at acquisition being treated as goodwill.
 - Inter-company balances amounting to £6,418,000 as at 31 December 2008 between Progressive Capital Limited, Progressive Media Group Limited, SPG Media Group Limited and its subsidiary undertakings and Dewberry Redpoint Limited and the business of Progressive Media Markets Limited have been eliminated in the pro forma net asset statement.

As described in note 26 of the historical combined financial information set out in Section A of Part III of this document, as part of a restructuring which occurred on 3 June 2009, the assets and liabilities of Progressive Media Markets Limited were transferred to Progressive Media Group Limited, other than those assets and liabilities disclosed as "Assets not forming part of the transaction" and "Liabilities not forming part of the transaction" in the historical financial information set out in Section A of Part III of this document, and Progressive Media Markets Limited was then disposed of. Accordingly, assets not forming part of the transaction of £5,762,000 as at 31 December 2008 and liabilities not forming part of the transaction of £427,000 as at 31 December 2008 have been eliminated in the pro forma net asset statement.

As described in note 11 of the historical financial information set out in Section C of Part III of this document, as part of the same restructuring, the shareholder loans in Progressive Media Group Limited were reduced by £10,794,000.

7. The Acquisition of the Progressive Group by TMN Group plc will be treated as a reverse acquisition under International Financial Reporting Standard 3 "Business Combinations". For the purposes of the pro forma net asset statement, the cost of the business combination has been deemed to be the market value of the equity instruments of TMN Group plc prior to their suspension on 18 February 2009 of £3,783,000 (being 77,605,014 shares at a price of 4.875 pence per share). Transaction expenses of £400,000 have also been assumed, as set out in paragraph 18.2 of Part VI of this document.

The difference between the deemed cost of the business combination of £4,183,000 (being the deemed market value of the equity instruments of TMN Group plc of £3,783,000 plus transaction expenses of £400,000) and the net assets of TMN Group plc as at 31 October 2008 of £20,040,000 has been offset against goodwill, to the extent goodwill existed in the TMN Group plc balance sheet as at 31 October 2008, with the remaining difference offset against intangible assets in the TMN Group plc balance sheet.

As part of the Acquisition, as set out in paragraph 14(j) of Part VI of this document, the Enlarged Group is to receive cash of £2,000,000 under a loan note repayable on 5 June 2011 and, as also set out in paragraph 14(j) of Part VI of this document, £9,000,000 of existing shareholder loan notes repayable within one year are to be replaced with new loan notes deferring the repayment date until 2019.

8. No adjustments have been made which may be necessary to reflect the difference between the fair value and book value of net assets to be acquired and which may impact on the calculation of goodwill and intangible assets.
9. Apart from the above, no other adjustments have been made to reflect any trading, changes in working capital or other movements since 31 December 2008 for the Progressive Group or 31 October 2008 for TMN Group Plc.
10. The pro forma financial information does not constitute statutory accounts within the meaning of the 1985 Act or the 2006 Act.

PART VI
ADDITIONAL INFORMATION

1. Responsibility

The Directors and Proposed Directors whose names and functions appear on page 3 of this document, and the Company, accept responsibility, both collectively and individually, for the information contained in this document and compliance with the AIM rules for companies. To the best of the knowledge of the Directors and Proposed Directors and the Company, (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

- 2.1 The Company was incorporated and registered as a public limited company in England and Wales (where it remains domiciled) under the 1985 Act on 9 February 2000 with the name The mutual.net plc and with registered number 03925319. On 1 December 2006, the Company changed its name to TMN Group plc.
- 2.2 The Company is a public limited company and accordingly the liability of its members is limited. The Company and its activities and operations are principally regulated by the Acts and the regulations made thereunder.
- 2.3 The head and registered office of the Company is at 2nd Floor, 69-73 Theobalds Road, London WC1X 8TA. The telephone number of the Company is +44 (0)20 7440 9310.
- 2.4 The ISIN number of the Ordinary Shares is GB00B1GCQP32.
- 2.5 The accounting reference date of the Company is 30 April and audited accounts will be prepared to that date. Following Re-Admission it is intended that the accounting reference date will be changed to 31 December.

3. Share capital and loan capital

- 3.1 As at 30 April 2008, being the latest date to which audited accounts for the Company have been prepared, the authorised and issued share capital of the Company, of which all of the issued shares were fully paid up, was as follows:

<i>Authorised</i>			<i>Issued</i>	
<i>Number</i>	<i>Amount</i>		<i>Number</i>	<i>Amount</i>
100,000,000	£10,000.00	Ordinary Shares of £0.0001	75,382,759	£7,538.27
100,000	£100,000.00	Deferred Shares of £1.00	100,000	£100,000.00

- 3.2 The authorised and issued share capital of the Company, of which all of the issued shares are fully paid up, as at the date of publication of this document is as follows:

<i>Authorised</i>			<i>Issued</i>	
<i>Number</i>	<i>Amount</i>		<i>Number</i>	<i>Amount</i>
110,000,000	£11,000.00	Ordinary Shares of £0.0001	77,605,014	£7,760.50
100,000	£100,000.00	Deferred Shares of £1.00	100,000	£100,000.00

- 3.3 The authorised and issued share capital of the Company, of which all of the issued shares will be fully paid up on or before Re-Admission, as it is expected to be immediately following Re-Admission is as follows:

<i>Authorised</i>		<i>Issued</i>	
<i>Number</i>	<i>Amount</i>	<i>Number</i>	<i>Amount</i>
1,000,000,000	£100,000.00	Ordinary Shares	369,547,686 £36,955.00
100,000	£100,000.00	Deferred Shares	100,000 £100,000.00

- 3.4 At incorporation the Company had an authorised share capital of £110,000 made up of 10,000,000,000 ordinary shares of £0.000001 each and 100,000 founder shares (subsequently re-named Deferred Shares) of £1 each.

- 3.5 By a resolution dated 20 October 2004 the authorised share capital of the Company was consolidated and redesignated as £110,000 divided into 100,000,000 Ordinary Shares of £0.0001 each and 100,000 Deferred Shares of £1 each.

- 3.6 As at 1 May 2005, being the commencement of the period covered by the historical financial information contained in this document, the Company had an issued share capital of £104,003 made up of 40,033,192 ordinary shares of 0.0001p each and 100,000 Deferred Shares of £1 each.

- 3.7 Between 2 June and 9 September 2005, the Company allotted and issued 478,758 Ordinary Shares for cash at a price of 0.01 pence per share.

- 3.8 Between 15 November 2005, the Company allotted and issued 7,843,137 Ordinary Shares in consideration of the EDR acquisition.

Between 8 December 2005 and 12 July 2006 the Company allotted and issued 2,106,823 at 0.01p per share (options & unit conversion).

- 3.9 On 2 March 2006 the Company purchased 350,000 Ordinary Shares at a price of 57p per share.

- 3.10 On 3 August 2006 the Company purchased 800,000 Ordinary Shares at a price of 62p per share.

- 3.11 On 8 September 2006, the Company allotted and issued 1,550,000 Ordinary Shares for cash in consideration of the IDF acquisition.

- 3.12 On 14 September 2006, the Company allotted and issued 29,980 Ordinary Shares for cash at a price of 0.01 pence per Share.

- 3.13 By a resolution dated 1 December 2006, each 11 issued Ordinary Shares of £0.0001 each were consolidated and re-designated as one ordinary share of £0.0011 each and that immediately following such consolidation and redesignation each issued ordinary share of £0.0011 so created was divided into and re-designated as 11 ordinary shares of £0.0001 each.

- 3.14 On 7 December 2006 the Company purchased 1,169,498 Ordinary Shares for nil consideration.

- 3.15 On 18 May 2007, the Company allotted and issued 150,000 Ordinary Shares for cash as part of the deferred consideration for iDfactor Limited.

- 3.16 On 16 July 2007, the Company allotted and issued 310,000 Ordinary Shares for cash at a price of 0.01 pence per share.

- 3.17 On 14 February 2008, the Company allotted and issued 20,502,082 Ordinary Shares in consideration of the cancellation of the entire issued share capital of Internet Business Group plc ("IBG") and subsequent issue of the equivalent number of new ordinary shares in the capital of IBG to the Company, pursuant to the terms of a scheme of arrangement dated 14 February 2008.

- 3.18 By an ordinary resolution dated 27 November 2008, the authorised share capital of the Company was increased from £110,000 to £111,000 by the creation of an additional 10,000,000 ordinary shares of £0.0001 each ranking *pari passu* with the Existing Ordinary Shares.

3.19 Details of the total number of options (all granted for nil consideration) under the Existing Share Option Schemes outstanding as at 4 June 2009 (being the latest practicable date prior to the publication of this document) are as follows:

Unapproved Scheme:

<i>Grantee</i>	<i>Date of grant</i>	<i>Number of Ordinary Shares under option</i>	<i>Exercise price (p)</i>	<i>Exercise period</i>
Y. Khan	23/05/2000	5,000	0.01	Option period ends 10 years after grant
S. Pitmohamed	23/05/2000	10,000	0.01	Option period ends 10 years after grant
J.P. Bondierlange	23/05/2000	5,000	0.01	Option period ends 10 years after grant
P. Le Feaux	23/05/2000	5,000	0.01	Option period ends 10 years after grant
F. Toth	23/05/2000	5,000	0.01	Option period ends 10 years after grant
J. Watkins	23/05/2000	8,333	0.01	Option period ends 10 years after grant
S. Thornton	23/05/2000	10,000	0.01	Option period ends 10 years after grant
S. Pitmohamed	31/10/2000	5,000	21.25	Option period ends 10 years after grant
P. Le Feaux	31/10/2000	5,000	21.25	Option period ends 10 years after grant
F. Toth	31/10/2000	5,000	21.25	Option period ends 10 years after grant
S. Thornton	31/10/2000	5,000	21.25	Option period ends 10 years after grant
K. Masser	31/10/2000	2,500	21.25	Option period ends 10 years after grant
M. Greville	31/10/2000	10,000	21.25	Option period ends 10 years after grant
A. Lind	31/10/2000	10,000	21.25	Option period ends 10 years after grant
D. Brayshaw	31/10/2000	30,000	21.25	Option period ends 10 years after grant
M. Smith	06/04/2004	487,180	19.5	Option period ends 10 years after grant
M. Smith	20/09/2006	940,000	65.0	Option period ends 10 years after grant
P. Dixon	14/03/2007	60,606	82.5	Option period ends 10 years after grant
C. Dixon	11/06/2007	370,130	77.0	Option period ends 10 years after grant
Total		1,978,749		

EMI Options:

<i>Grantee</i>	<i>Date of grant</i>	<i>Number of Ordinary Shares under option</i>	<i>Exercise price (p)</i>	<i>Exercise period</i>
M. Smith	06/04/2004	2,820	19.5	Option period ends 10 years after grant
G. Male	11/11/2005	300,000	30.25	Option period ends 10 years after grant
M. Smith	20/09/2006	60,000	65.0	Option period ends 10 years after grant
P. Dixon	14/03/2007	121,212	82.5	Option period ends 10 years after grant
C. Dixon	11/06/2007	129,870	77.0	Option period ends 10 years after grant
Total		613,902		

Completion will trigger a right to exercise the options. To the extent unexercised, options will lapse three months after Completion. The Existing Share Option Schemes will be terminated as soon as practicable at the end of the three month period following Completion.

3.20 Of the balance of the authorised but unissued share capital of the Company immediately following Re-Admission, amounting to Ordinary Shares:

- (a) A maximum of 2,592,651 Ordinary Shares will be reserved for issue to satisfy the exercise of existing options granted under the Existing Share Option Schemes; all existing options will be cleared out by 3 months from Completion and the new share scheme will be put to shareholders in due course, with a new headroom limit); and
- (b) 627,859,663 Ordinary Shares will remain unissued and unreserved.

3.21 Pursuant to an ordinary resolution of the Company included in the Notice of Extraordinary General Meeting, the authorised share capital of the Company is proposed to be increased from £110,000 to £200,000 of 900,000,000 Ordinary Shares of £0.0001 each ranking *pari passu* in all respects with the existing Ordinary Shares of £0.0001 each in the capital of the Company;

3.22 Pursuant to an ordinary resolution of the Company included in the Notice of Extraordinary General Meeting, the Directors are proposed to be generally and unconditionally authorised pursuant to section 80 of the 1985 Act to allot relevant securities (as defined in that section) up to an aggregate nominal amount equivalent to the authorised and unissued share capital of the Company, such authority to be limited to the allotment of:

- (a) up to 291,942,672 new Ordinary Shares of 0.01 pence each in the capital of the Company in connection with the Acquisition;
- (b) relevant securities other than pursuant to sub-paragraph (a) above, having an aggregate nominal value equal to £12,318,

such authority to expire upon the earlier of the conclusion of the next Annual General Meeting of the Company and the date which is 15 months from the date of passing of the resolution, except that the Directors can during the period make offers or arrangements which could or might require the allotment of relevant securities after the expiry of such period.

3.23 Pursuant to a special resolution of the Company included in the Notice of Extraordinary General Meeting, the Directors are proposed to be empowered pursuant to section 95(1) of the 1985 Act to allot equity securities (as defined in section 94(2) of the 1985 Act) of the Company for cash pursuant to the authority of the Directors under section 80 of the 1985 Act conferred by Resolution 1 in the Notice of Extraordinary General Meeting for the duration of such authority, and/or where such an allotment constitutes an allotment of equity securities by virtue of section 94(3A) of the 1985 Act, as if the provisions of section 89(1) of the 1985 Act did not apply to such allotment provided that this power is limited to:

- (a) the allotment of equity securities in connection with an invitation or offer of equity securities to the Shareholders (excluding any shares held by the Company as treasury shares (as defined in section 162A(3) of the 1985 Act)) on a fixed record date in proportion (as nearly as practicable) to their respective holdings of such shares or in accordance with the rights attached to such shares (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or as a result of legal or practical problems under the laws of, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever); and
- (b) the allotment (other than pursuant to the power referred to in sub-paragraph (a) above) of equity securities up to an aggregate nominal value equal to £1,847,

and the Company may, prior to the expiry of such power make any offer or agreement which requires or might require equity securities to be allotted after the expiry of such period.

3.24 The provisions of section 89(1) of the 1985 Act (to the extent not disapplied pursuant to section 95 of the 1985 Act) confer on the Shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 94(2) of the 1985 Act) which are, or are to be, paid up in cash and apply to the authorised but unissued equity share capital of the Company. These provisions have been disapplied to the extent referred to in paragraph 3.23 above.

3.25 Save as mentioned in this paragraph 3:

- (a) no unissued share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option;

- (b) there are no shares in the capital of the Company currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived;
- (c) there are no outstanding convertible securities issued by the Company; and
- (d) no share capital or loan capital of the Company (other than intra-group issues by wholly-owned subsidiaries) is in issue and no such issue is proposed.

3.26 None of the Ordinary Shares has been sold or made available to the public in conjunction with the application for Re-Admission.

3.27 Save as disclosed in this document, no commission, discounts, brokerages or other specific terms have been granted by the Company in connection with the issue or sale of any of its share or loan capital.

3.28 The Ordinary Shares are in registered form and capable of being held in uncertificated form. Application has been made to Euroclear for the Ordinary Shares to be enabled for dealings through CREST as a participating security. No temporary documents of title will be issued. It is expected that definitive share certificates will be posted to those Shareholders who have requested the issue of Ordinary Shares in certificated form by 2 July 2009. The International Securities Identification Number (ISIN) for the Ordinary Shares is GB00B1GCQP32.

4. **Subsidiary undertakings**

The Company is the holding company of the Group.

The Company currently has the following significant subsidiaries:

<i>Name</i>	<i>Registration number</i>	<i>Status</i>	<i>Place of incorporation</i>	<i>Percentage of voting share capital held</i>
TMN Media Limited	3777109	Active	England & Wales	100
MutualPoints Limited	3920452	Active	England & Wales	100
Electronic Direct Response Limited	3919997	Active	England & Wales	100
iD Factor Limited	4325740	Active	England & Wales	100
ICD Research Limited	3758137	Active	England & Wales	100
Internet Business Group Limited	3718515	Active	England & Wales	100
IBG Subsid (UK) Limited*	4268611	Active	England & Wales	100
Mazware Limited*	3237186	Active	England & Wales	100
Lighthouse New Media Limited*	3755662	Dormant	England & Wales	90
Redkinetics.com Limited*	3997520	Active	England & Wales	100
AffiliateFuture Incorporated*	3926208	Active	United States	100
Viajes Xiana S.L.*	B74026881	Active	Spain	100
The Educational Software Limited*	3425349	Dormant	England & Wales	100
Tapps B.V	34174887	Active	Holland	100

*indirectly held

5. **Summary of the Memorandum and Articles of Association of the Company**

Memorandum of Association

5.1 The Memorandum of Association of the Company provides that the Company's principal objects are to act as a general commercial company and to do all such things as are incidental or conducive to

the carrying on of any trade or business by it. The objects of the Company are set out in full in clause 4 of the Memorandum of Association of the Company.

Articles of Association

5.2 The Articles of Association of the Company (the “Articles”) include provisions to the effect as per the following provisions of this paragraph.

5.3 Votes of members

(a) Votes attaching to shares

Subject to any special rights or restrictions as to voting attached by or in accordance with the Articles to any shares or class of shares, on a show of hands every holder of Ordinary Shares who is present in person or by proxy shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share which he holds.

The holders of the Deferred Shares do not have any rights to receive notice of or attend or vote at any general meeting of the Company.

(b) No voting rights where calls outstanding

No member shall, unless the Board otherwise determines, be entitled to vote (save as proxy for another member) if any call or other sum presently payable by him to the Company in respect of the shares remains unpaid.

(c) Restrictions on Ordinary Shares

If the Board is satisfied that a member or any person appearing to be interested in shares in the Company has been duly served with a notice under Section 793 of the 2006 Act and is in default in supplying to the Company the information thereby required within a prescribed period after the service of such notice, the Board (of the Company) may serve on such member or on any such person a notice (“a direction notice”) in respect of the shares in relation to which the default occurred (“default shares”) directing that a member shall not be entitled to be present or vote at any general meeting or class meeting of the Company and that any dividend which would otherwise be payable on such shares shall be retained by the Company without liability to pay interest and no transfer of any of the shares held by the member shall be effective or recognised by the Company.

5.4 Transfer of Shares

(a) Transfer of securities without a written instrument

Title to and interest in securities may be transferred without a written instrument in accordance with the Uncertificated Securities Regulations 2001.

(b) Form of transfer

Transfers of shares may be effected by transfer in writing in any usual or common form or in any other form approved by the Board. The instrument of transfer shall be signed by or on behalf of the transferor and (in the case of fully paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register in respect of such shares.

(c) Right to decline registration

The Board may decline to register a transfer of a share which is not fully paid provided this does not prevent dealings in the shares from taking place on an open and proper basis or on which the Company has a lien, or (in the case of shares in uncertificated form) in the circumstance permitted by the CREST Regulations.

(d) Other rights to decline registration

The Board may also decline to register any instrument of transfer in relation to shares in certificated form unless:

- (i) the duly stamped instrument of transfer:
 - (A) is in respect of only one class of share;

- (B) is lodged at the registered office or such other place as the Board may appoint; and
 - (C) is accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
- (ii) in the case of a transfer to joint holders, the number of joint holders does not exceed four.

5.5 Dividends

(a) Final dividends

The Company may by ordinary resolution declare dividends but no such dividends shall exceed the sum recommended by the Board.

(i) Interim dividends

In so far as, in the opinion of the Board, the profits or reserves of the Company justify such payments, the Board may from time to time declare and pay interim dividends of such sums and on such dates and in respect of such periods as it thinks fit.

(b) Deferred Shares

The Deferred Shares do not confer on their holders as a class, any rights to receive any dividend, or other distribution or participation in the profit of the Company.

(c) Deduction from dividends

The Board may deduct from any dividend any sums of money presently payable by the members to the Company on account of calls or otherwise.

(d) Unclaimed dividend

Any dividend unclaimed after a period of twelve years from the date the dividend became due for payment shall be forfeited and shall revert to the Company.

(e) Distribution of assets otherwise in cash on a winding up

If the Company shall be wound up the liquidator may, with the authority of a special resolution and subject to any provision of law, divide among the members in specie or kind the whole or any part of the assets of the Company (whether or not the assets shall consist of property of the same kind or not), and may for such purpose set such value as he deems fair upon any one or more class or classes or property and may determine how such division shall be carried out as between the members or different classes of members.

(f) There are no dividend restrictions attaching to the Ordinary Shares, provided they are fully paid up. Payments of dividends may be made by any method the directors consider appropriate and on a cash dividend there are no special arrangements for non-resident Shareholders. The directors may make such arrangements as they consider expedient in connection with a dividend payment in shares to deal with any legal or other difficulties that may arise in any territory in which non-resident shareholders are present.

5.6 Capitalisation of profits and reserves

(a) The Board may, with the sanction of an ordinary resolution of the Company, capitalise undistributed profits not required for paying dividends or a sum standing to the credit of share premium account or capital redemption reserve or other reserve fund.

(b) Such capitalisation shall be effected by appropriating such sum to the holders of Ordinary Shares in proportion to their holdings of Ordinary Shares and applying such sum on their behalf in paying up in full unissued shares or debentures of the Company.

5.7 Share Capital

(a) Variation of rights

The special rights attached to any class may, subject to the provisions of the Acts, be varied either with the consent in writing of the holders of not less than three-quarters in nominal value

- of the issued shares of the class or with the sanction of an special resolution passed at a separate general meeting of the holders of the shares of the class.
- (b) Increase in share capital
The Company may from time to time by ordinary resolution increase its share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.
 - (c) Consolidation, subdivision and cancellation
The Company may by ordinary resolution:
 - (i) consolidate and divide all or any of its share capital into shares of larger nominal value than its existing shares;
 - (ii) cancel shares which have not been taken or agreed to be taken by any person; and
 - (iii) subject to the provisions of the Acts, sub-divide its shares.
 - (d) Reduction of capital
Subject to the Acts, the Company may by special resolution reduce its share capital or any capital redemption reserve or share premium account or any other undistributable reserves.
 - (e) Purchase of own shares
Subject to the provisions of the Acts, the Company may purchase, any of its own shares, except in the case of outstanding convertible securities of the Company listed on AIM or the Official List, (save where the purchase is approved by a special resolution passed at a separate class meeting of the holders of the convertible shares).
 - (f) Forfeiture and Lien
 - (i) Notice on failure to pay a call
If a member fails to pay in full any call or instalment of a call on the due date for payment the Board may at any time after the failure serve a notice on him requiring payment and shall state that in the event of non-payment in accordance with such notice the shares on which the call was made will be liable to be forfeited.
 - (ii) Lien on partly-paid shares
The Company shall have a first and paramount lien on every share (not being a fully paid share) for all monies (whether presently payable or not) called or payable at a fixed time in respect of such share.
 - (iii) Sale of shares subject to lien
The Company may sell in such manner as the Board thinks fit any share on which the Company has a lien, fourteen clear days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell.
 - (g) Untraceable members
If during a period of 12 years, no communication has been received by the Company from the member and no cheque or warrant sent by the Company in respect of the shares has been cashed and no fewer than three cash dividends in respect of the shares have become payable and no dividend in respect of those shares have been claimed, the Company, subject to certain notice requirements, shall be entitled to sell at the best price reasonably obtainable, the relevant number of shares in the Company by instructing a member of the London Stock Exchange to sell them.

5.8 Directors

- (a) Number of Directors
Unless otherwise determined by ordinary resolution the Directors shall but shall not be fewer than two and not more than twelve.

- (b) Directors' fees
The remuneration of the Directors (other than Directors holding executive office and alternate directors) shall from time to time be determined by the Board and shall not exceed £150,000 per annum (subject to upwards only adjustment in accordance with the retail prices index) or a higher amount determined by ordinary resolution.
- (c) Other remuneration of Directors
Any Director who holds any employment or executive office or shall be paid such remuneration by way of salary, commission or otherwise or may receive such other benefits as the Board may decide, either in addition to, or in lieu of is remuneration as a Director.
- (d) Directors' expenses
The Board may repay to any Director all such reasonable expenses as he may properly incur in connection with his services.
- (e) Directors' pensions and other benefits
The Board has power to pay benefits, either by payments of gratuities, pensions or income to (or to any person in respect of) any Director or former Director or the relatives or dependants of a Director or former Director
- (f) Restrictions on voting
A Director shall not vote (save as provided in the articles) in respect of any contract or arrangement or any other proposal whatsoever in which he or persons connected with him have a material interest. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is not entitled to vote.
- (g) Subject to the provisions of the Acts, a Director shall be entitled to vote (and be counted in the quorum) in respect of any resolution:
- (i) relating to the giving of any security guarantee or indemnity in respect of:
 - (A) money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings; or
 - (B) a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or part under a guarantee or indemnity or by the giving of security;
 - (ii) where the Company or any of its subsidiary undertakings is offering securities on which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;
 - (iii) relating to another company in which he or any person connected with him does not hold an interest in shares representing one per cent or more of either any class of the equity share capital, or the voting rights in such company;
 - (iv) relating to a contract for the benefit of employees of the Company or its subsidiary undertakings which does not award him a privilege or benefit not generally awarded to the employees to whom the contract relates; or
 - (v) concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors.
- (h) Borrowing powers
The Board may exercise all the powers of the Company to borrow money, to give guarantees, to indemnify, and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

5.9 General Meetings

(a) Annual General Meeting

Each year the Company shall hold a general meeting as its annual general meeting (in addition to any other meetings in that year) and not more than fifteen months shall elapse between the date of one annual general meeting and that of the next. Annual general meetings shall be held at such time and place as may be determined by the Directors.

(b) Extraordinary General Meeting

The Directors may convene an extraordinary general meeting of the Company whenever they think fit and extraordinary general meetings shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by the Acts. Any meeting convened under this Article by requisitionists shall be convened for a date not more than seven weeks after the date when the requisition is deposited at the Company's registered office.

5.10 Restrictions on changes in control, mergers, acquisitions, or corporate restructuring of the Company

There are no provisions in the Articles that would have the effect of delaying, deferring or preventing a change in control of the Company or that would operate only with respect to a merger, acquisition, or corporate restructuring involving the Company.

5.11 Ownership threshold requiring public disclosures

There are no provisions in the Articles governing the threshold above which shareholder ownerships must be disclosed. The Company is subject to the provisions of the Acts requiring public disclosure of shareholdings. Pursuant to Rule 5.1 of the Disclosure and Transparency Rules issued by the FSA (the "Disclosure and Transparency Rules") holders of three per cent. or more of the nominal value of the Company's share capital are required to notify their holdings in writing to the Company. To the extent that holders of three per cent. or more of the nominal value of the Company's share capital increase or decrease their holding, Rule 5.1 of the Disclosure and Transparency Rules requires that this is also notified to the Company by the shareholder. Pursuant to section 793 of the 2006 Act the Company may by notice in writing require a person whom the Company knows or has reasonable cause to believe to be, or, at any time during the three years immediately preceding the date on which the notice is issued, to have been interested in shares comprised in the Company's issued share capital, to confirm that fact or (as the case may be) to indicate whether or not it is the case, and where that person holds, or has during that time held an interest in shares, to give such further information as may be required in accordance with section 793 of the 2006 Act.

6. Mandatory bids, squeeze-out and sell-out rules relating to the Ordinary Shares

6.1 Mandatory bid

The Code applies to the Company. Under the Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Takeover Panel) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for the Ordinary Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

6.2 Squeeze-out

Under the 2006 Act, if an offeror were to acquire or unconditionally contract to acquire both 90 per cent. of the Ordinary Shares to which the offer relates and not less than 90 per cent. of the voting rights in the Company carried by and within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. The consideration offered to the shareholders whose shares are compulsorily acquired under the Acts must, in general, be the same as the consideration that was available under the takeover offer.

6.3 Sell-out

If the offeror makes a takeover offer under the 2006 Act and, by virtue of acceptances of the offer and any other acquisitions, holds not less than 90 per cent. of all the shares in the Company (or, if

the offer relates to a class of target shares, 90 per cent. of all the shares in that class) and which carry not less than 90 per cent. of the voting rights in the Company, then a minority shareholder may require the offeror to acquire his shares in the Company.

7. Directors and employees

7.1 The Directors and each of their respective functions are set out in Part I of this document.

7.2 The business address of the Directors is 2nd Floor, 69-73 Theobalds Road, London WC1X 8TA.

7.3 Details of the length of service of each of the Directors to date in their current office are set out below:

<i>Name</i>	<i>Age</i>	<i>Commencement date in office</i>
Peter Harkness	60	6 August 2007
Mark Smith	38	1 April 2004
Craig Dixon	46	17 July 2007
Vince Smith	51	12 June 2000
Bruce Fair	32	6 August 2007
Michael Danson	46	6 October 2008

7.4 Details of any directorship that is or was in the last five years held by each of the Directors and Proposed Directors, and any partnership of which each of the Directors or Proposed Directors is or was in the last five years a member in addition to their directorships of the Company and its subsidiary undertakings are set out below:

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Peter Harkness	Myhobbystore Ltd Optima Data Intelligence Services Limited Myhobbystore Group Limited Chrysalis Venture Capital Trust plc	GJS (100) Limited Professional Managerial & Healthcare Publications Limited Sherlock Holmes Gazette Limited Postgraduate Publications Limited Walker Greenbank Plc Butler Direct Limited Butler Research Group Limited Butler Research Limited Datamonitor Limited KBBi Group Limited Knight Banner Business Information Limited Clipability Limited Energy Data Services Limited Entertainment Press Cuttings Agency Limited KBI Trustees Limited Knight-Banner Information Limited Lilypress Limited Media Report Editorial Limited Precise Media Monitoring Ltd Press Select Limited UK Media Monitoring Information Limited Advance Media Information Limited Keyways Publishing Limited Magicalia Ltd Precise Media Group Ltd (and subsidiaries) Encanta Publishing Ltd Bretton Management Partners

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Mark Smith	Adhoc Media Limited Newzdog Ltd	NCB Internet Group Limited Revolution Media Limited
Craig Dixon		JBO Limited V2 Matrix Limited V2 Music Group Limited V2 Music Limited V2 Music Publishing (Holdings) Limited V2 Music Publishing Limited V2 Records International Limited V2 TV Limited
Vince Smith	Cairnsford Associated Limited CTG Holdings Limited Deverill Group Limited Deverill Limited CA Ventures Limited J. Leon & Company Limited Lydford Estates Limited Iceni Capital GP Limited Mentor IMC Group Limited ITO World Ltd Iceni Capital LLP HHSS LLP SVI Network Intelligence Limited	RLD Holdings Limited The Truck and Van PLC The Eye Academy Limited Apedale Hall Limited The Eye Academy (Midlands) Limited Opentrade Technologies Limited MTI Trading Systems Limited Digital Design (UK) Limited OPT Technologies Limited
Bruce Fair	Kelkoo.com (UK) Limited	None
Michael Danson	New Statesman Limited Progressive Capital Limited Estel Investments Limited Estel Property Investments Limited ETP Limited Apex Subscription Agency Limited Cornhill Events Limited Cornhill Publications Limited Corporate Media Solutions Limited Ebulletins Limited Global Infomedia Limited Net Resources International Limited Progressive Digital Media Group Limited Progressive Media Markets Limited Progressive Media Publishing Limited Progressive Media Group Limited Progressive Media Ventures Limited Qmina Limited Quasar Events Limited Quasar International Communications Limited Quest Subscription Services Limited SPG Emedia Limited SPG Marketing Solutions Limited SPG Media Events Limited SPG Media Group Limited SPG Media Limited SPG Media Specialist Publishing Limited Vision In Business International Limited	Business Insights Limited Business Review Limited Butler Direct Limited Butler Research Group Limited Butler Research Limited Computerwire Limited Datamonitor Limited Datamonitor Securities Limited Ebenchmarkmarkets Limited Orbys Consulting Limited Ovum Est Limited Ovum Europe Limited Ovum Farnham Limited Ovum Limited Research For Libraries Limited Techmark Research Limited Verdict Research Limited

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Simon Pyper	Apex Subscription Agency Limited Cornhill Events Limited Corporate Media Solutions Limited Dewberry Redpoint Limited ETP Limited Ebulletins Limited Estel Investments Limited Estel Property Investments Limited Global Infomedia Limited Net Resources International Limited New Statesman Limited Office Solutions Media Limited Progressive Capital Limited Progressive Digital Media Group Limited Progressive Media Group Limited Progressive Media Markets Limited Progressive Media Publishing Limited Progressive Media Ventures Limited Progressive Titles Limited QMINA Limited Quasar Events Limited Quasar International Communications Limited Quest Subscription Services Limited Redpoint Publishing Limited SPG Emedia Limited SPG Marketing Solutions Limited SPG Media Events Limited SPG Media Specialist Publishing Limited Vision in Business International Limited	Bishop's Group Limited Budgen Holdings Limited Budgens Card Services Limited Budgens Distribution Services Limited Budgens Jupiter Limited Budgens Nominees Limited Budgens Property Investments Limited Budgens Quest Limited Budgens Stores Limited Business Insights Limited Business Review Limited Butler Direct Limited Butler Research Group Limited Butler Research Limited Carter and Son (Farringdon) Limited Computerwire Limited Datamonitor Limited Datamonitor Secretaries Limited Datamonitor Trustee Limited L C Seward & Sons Limited Linco Limited Londis Developments Limited Marketline International Limited Murdoch Norton Limited Neighbourhood Stores plc Orbys Consulting Limited Ovum EST Limited Ovum Europe Limited Ovum Farnham Limited Ovum Limited Research for Libraries Limited Techmark Research Limited Teleshop Direct Limited Teleshop Services Limited Teleshop Trade Limited Verdict Limited Verdict Research Limited
Kenneth Appiah	Apex Subscription Agency Limited Cornhill Events Limited Cornhill Publications Limited Corporate Media Solutions Limited Ebulletins Limited Estel Investments Limited Estel Property Investments Limited ETP Limited Global Infomedia Limited Net Resources International Limited New Statesman Limited Office Solutions Media Limited Progressive Digital Media Group Limited Progressive Media Group Limited Progressive Media Markets Limited Progressive Media Publishing Limited Progressive Media Ventures Limited Qmina Limited Quasar Events Limited Quasar International Communications Limited	None

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
	Quest Subscription Services Limited	
	SPG Emedia Limited	
	SPG Marketing Solutions Limited	
	SPG Media Events Limited	
	SPG Media Group Limited	
	SPG Media Limited	
	SPG Media Specialist Publishing Limited	
	Vision In Business International Limited	

7.5 Other than as set out in paragraph 7.6 to 7.8 below as at the date of this document none of the Directors and Proposed Directors named in this document:

- (a) has any unspent convictions in relation to indictable offences;
- (b) has been declared bankrupt or has entered into an individual voluntary arrangement;
- (c) was a director of any company at the time of or within the 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors with which such company was concerned;
- (d) was a partner in a partnership at the time of or within the 12 months preceding a compulsory liquidation, administration or partnership voluntary arrangement of such partnership;
- (e) has had his assets the subject of any receivership or was a partner in a partnership at the time of or within the 12 months preceding any assets thereof being the subject of a receivership; or
- (f) has been the subject of any public criticisms by any statutory or regulatory authority (including any recognised professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

7.6 On 5 April 2004 Telstar Records Ltd and Telstar Music Holdings Ltd, of which Craig Dixon was a director, were placed into administration to protect the interests of all creditors. This was due to the failure of the companies to achieve suitable refinancing and as a direct result of the difficult trading conditions facing the global music industry at that time. Telstar Records and Telstar Music Holdings were subsequently placed into creditors' voluntary liquidation on 16 and 17 August 2004 respectively. Telstar Video Entertainment was placed into creditors' voluntary liquidation on 23 April 2004. The administration did not affect other parts of The Telstar Music Group Ltd.

7.7 Peter Harkness was a director of Elan Personnel Limited which went into voluntary liquidation in the early 1990s and Media Medica Limited which went in to voluntary liquidation in December 1993. In both cases, he was a representative of 3i plc on the board of directors.

7.8 Mark Smith trading as Rapide Publishing entered into an individual voluntary arrangement in February 1999 and was declared bankrupt on 8 October 1999, this was discharged on 8 October 2002.

7.9 Details of the number of the Group's employees for each of the three financial years ended 30 April 2008 are as follows:

<i>Financial year ended</i>	<i>Average number of employees</i>
30 April 2006	37
30 April 2007	81
30 April 2008	177

7.10 As at 30 April 2008, the employees of the Group were employed as follows:

Administrative and Sales	177
Total	177

8. **Directors' and other interests**

8.1 The voting rights held (within the meaning of rule 5 of the Disclosure and Transparency Rules), directly or indirectly, by the Directors and Proposed Directors in the issued share capital of the Company as at the date of this document and as they are expected to be prior to and immediately following Re-Admission are/will be as follows:

<i>Director</i>	<i>Number of Ordinary Shares (as at the date of this document)</i>	<i>Percentage of issued Ordinary Shares (as at the date of this document)</i>	<i>Number of Ordinary Shares (as at the date of Re-Admission)</i>	<i>Percentage of issued Ordinary Shares (as at the date of Re-Admission)</i>
Peter Harkness	350,000	0.45	350,000	0.09
Mark Smith	12,500	0.016	12,500	0.003
Vincent Smith	291,841*	0.38	291,841	0.08
Michael Danson	21,697,509	27.96	313,640,181	84.87
Simon Pyper (Proposed Director)	21,767	0.03	21,767	0.01
Kenneth Appiah (Proposed Director)	Nil	Nil	Nil	Nil

*Shares held in the name of Cairnsford Associates Limited, a company of which Vincent Smith is a Director.

8.2 Details of the total number of options granted to the Directors under the Existing Share Option Schemes outstanding as at 4 June 2009 (being the latest practicable date prior to the publication of this document) are as follows:

<i>Name</i>	<i>Date of grant</i>	<i>Exercise price per Ordinary Share (p)</i>	<i>Number of Ordinary Shares under Option</i>	<i>Exercise period up to</i>
Mark Smith	06.04.2004	19.5	490,000 (comprising 487,180 Unapproved Scheme and 2,820 EMI options)	05.04.2014
Mark Smith	20.09.2006	65.0	1,000,000 (comprising 940,000 Unapproved Scheme and 60,000 EMI options)	19.09.2016
Craig Dixon	11.06.2007	77.0	500,000 (comprising 370,130 Unapproved Scheme and 129,870 EMI options)	10.06.2017

8.3 Save as disclosed above, none of the Directors nor any member of his immediate family or any person connected with him (within the meaning of section 252 of the 2006 Act) holds or is beneficially or non-beneficially interested, directly or indirectly, in any shares or options to subscribe for, or securities convertible into, shares of the Company or any of its subsidiary undertakings.

- 8.4 In addition to the interests of the Directors set out in paragraphs 8.1 to 8.3 above, as at 4 June 2009 (being the latest practicable date prior to the publication of this document), insofar as is known to the Company, the following persons were, or will at Re-Admission be, holding voting rights (within the meaning of rule 5 of the Disclosure and Transparency Rules) in 3 per cent. or more of the issued share capital of the Company:

<i>Name</i>	<i>Percentage</i>		<i>Percentage</i>	
	<i>Number of Ordinary Shares (as at the date of this document)</i>	<i>of issued Ordinary Shares (as at the date of this document)</i>	<i>Number of Ordinary Shares (as at the date of Re-Admission)</i>	<i>of issued Ordinary Shares (as at the date of Re-Admission)</i>
Herald Investment Management	3,512,953	4.53%	3,512,953	0.95
James Morris	3,393,727	4.37%	3,393,727	0.92
Maziar Darvish	3,370,809	4.34%	3,370,809	0.84
Cazenove Capital Management	2,380,500	3.04%	2,380,500	0.64

- 8.5 Save as disclosed above, there are no persons, so far as the Company is aware, who are or will be immediately following Re-Admission holding voting rights (within the meaning of rule 5 of the Disclosure and Transparency Rules) in 3 per cent. or more of the Company's issued share capital, nor, so far as the Company is aware, are there any persons who at the date of this document or immediately following Re-Admission, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- 8.6 Save as disclosed in this document, there are no arrangements known to the Company, the operation of which may at a subsequent date result in a change in control of the Company.
- 8.7 The Company's share capital consists of one class of ordinary shares with equal voting rights (subject to the Articles) and one class of deferred shares (with no voting rights). No major Shareholder of the Company has any different voting rights from the other Shareholders.
- 8.8 Save as disclosed in this document, no Director is or has been interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Company or the Group during the current or immediately preceding financial year or which were effected during any earlier financial year and remain in any respect outstanding or unperformed.
- 8.9 Other than as set out in paragraph 14(j) below there are no outstanding loans or guarantees provided by the Company or the Group or to or for the benefit of any of the Directors or Proposed Directors.
- 8.10 Save as disclosed in this document, there have been no related party transactions of the kind set out in the Standards adopted according to the Regulation (EC) No 1606/2002 that the Company has entered into since 1 May 2005.
- 8.11 No Director nor any member of his immediate family nor any person connected with him (within the meaning of section 252 of the 2006 Act) has a Related Financial Product (as defined in the AIM Rules) referenced to Ordinary Shares.

9. Directors' and Proposed Directors terms of employment

- 9.1 Mark Smith is employed as chief executive officer pursuant to the terms of a service agreement with the Company dated 1 April 2004. The agreement is terminable by either party on not less than 12 months' written notice. Mr Smith is paid a basic annual salary of £195,000 and is entitled to receive a bonus equal to 50 per cent. of basic salary in the event that the Group achieves certain performance objectives. His basic salary and bonus are subject to annual review by the Remuneration Committee. Mr Smith is subject to certain non-competition and non-solicitation covenants for a period of six months' following the termination of his employment. The agreement is governed by English law.

- 9.2 Craig Dixon is employed as chief financial officer pursuant to the terms of a service agreement with the Company dated 4 July 2007. The agreement is terminable by either party on not less than 12 months' written notice. Mr Dixon is paid a basic annual salary of £125,000 and is entitled to receive a bonus equal to 50 per cent per cent. of basic salary in the event that the Group achieves certain performance objectives. His basic salary and bonus are subject to annual review by the Remuneration Committee. Mr Dixon is subject to certain non-competition and non-solicitation covenants for a period of 6 months' following the termination of his employment. The agreement is governed by English law.
- 9.3 Peter Harkness currently serves as a Non-executive Director. There are no written terms of engagement in place but Mr. Harkness receives an annual fee of £45,000 (exclusive of VAT). This appointment is for a fixed term of one year but will terminate automatically if Mr Harkness is removed from office by a resolution of the Shareholders or is not re-elected to office. With effect from Re-Admission Mr Harkness has agreed to receive an annual fee of £30,000 (exclusive of VAT) and be subject to a notice period of three months. No further arrangements have been entered into.
- 9.4 Vince Smith currently serves as a Non-executive Director. There are no written terms of engagement in place but Mr. Smith receives an annual fee of £22,500 (exclusive of VAT). This appointment is for a fixed term of one year but will terminate automatically if Mr Smith is removed from office by a resolution of the Shareholders or is not re-elected to office and will receive a payment of 50 per cent. of his annual fee in the event of termination of his contract.
- 9.5 Bruce Fair currently serves as a Non-executive Director. There are no written terms of engagement in place but Mr. Fair receives an annual fee of £17,500 (exclusive of VAT). This appointment is for a fixed term of one year but will terminate automatically if Mr Fair is removed from office by a resolution of the Shareholders or is not re-elected to office and will receive a payment of 50 per cent. of his annual fee in the event of termination of his contract.
- 9.6 Michael Danson currently serves as a Non-Executive Director. He does not receive any fees. There are no written terms of engagement in place.
- 9.7 With effect from Re-Admission, Simon Pyper and Kenneth Appiah will be appointed to the Board and Michael Danson will become an executive director on the terms set out below.
- 9.7.1 Michael Danson will be employed as Executive Chairman pursuant to the terms of a service agreement with the Company. The agreement is terminable by either party on not less than 12 months' written notice. Mr Danson is paid a basic annual salary of £12,000 and is entitled to participate in any bonus scheme approved by the Remuneration Committee. His basic salary is subject to annual review by the Remuneration Committee. Mr Danson is subject to a non-solicitation of Senior Employees covenant for a period of 12 months' following the termination of his employment or the date he is put on garden leave. The agreement is governed by English law.
- 9.7.2 Simon Pyper will be employed as Executive Director pursuant to the terms of a service agreement with the Company. The agreement is terminable by either party on not less than 12 months' written notice. Mr Pyper is paid a basic annual salary of £60,000 and is entitled to participate in any bonus scheme approved by the Remuneration Committee. His basic salary is subject to annual review by the Remuneration Committee. Mr Pyper is subject to certain non-competition and non-solicitation covenants for a period of 12 months' following the termination of his employment or the date he is put on garden leave. The agreement is governed by English law.
- 9.7.3 Kenneth Appiah will be employed as Group Finance Director pursuant to the terms of a service agreement with the Company. The agreement is terminable by either party on not less than 12 months' written notice. Mr Appiah is paid a basic annual salary of £120,000 and is entitled to participate in any bonus scheme approved by the Remuneration Committee. He is also entitled to an annual bonus of 40 per cent. of basic salary subject to targets agreed between Mr Appiah and the Company being met. Mr Appiah also benefits from a contribution towards his personal pension scheme of 10 per cent. of salary. His basic salary is subject to annual review by the Remuneration Committee. Mr Appiah is subject to certain non-competition and non-solicitation covenants for a period of 12 months' following the termination of his employment. The agreement is governed by English law.

- 9.8 Save as disclosed in this document there are no service agreements or agreements for the provision of services existing or proposed between the Directors and the Company or the Group.
- 9.9 There have been no new service contracts entered into with any Director or any terms of the Directors existing services contracts amended with the six month period prior to the publication of this document.
- 9.10 In the financial year ended 30 April 2008 (being the last completed, audited, financial year of the Company) the aggregate remuneration paid, including pension contributions and benefits in kind granted to the Directors, was £603,000.
- 9.11 On the basis of the arrangements in force at the date of this document it is estimated that the aggregate remuneration payable including pension contributions and benefits in kind granted to the Directors for the year ending 30 April 2009 (being the recently ended financial year of the Company) will be £483,000.

10. Information on the Concert Party Members

- 10.1 The Concert Party Members comprise Michael Danson and Simon Pyper, (whose business addresses are Progressive House, Maidstone Road, Sidcup, Kent DA14 5HZ). Michael Danson is the vendor of Progressive and Simon Pyper is a director of Progressive and also an Existing Shareholder.
- 10.2 Further information on each of the Concert Party Members is set out under the heading "Directors, Proposed Directors and employees" in Part I of this document.

10.3 Concert Party shareholdings and dealings

10.3.1 Definitions

For the purposes of this paragraph the following terms have the following meanings:

- (a) "acting in concert" has the meaning attributed to it in the City Code;
- (b) "arrangement" includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (c) "associate" of any company means:
 - (i) its parent, subsidiaries and fellow subsidiaries and their associated companies, and companies of which any such companies are associated companies all with each other (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of "associated company" status);
 - (ii) its connected advisers and persons controlling, controlled by or under the same control as such connected advisers;
 - (iii) its directors and the directors of any company covered in (i) above (together in each case with their close relatives and related trusts);
 - (iv) its pension funds or the pension funds of a company covered in (i) above;
 - (v) any investment company, unit trust or other person whose investments an associate manages on a discretionary basis, in respect of the relevant investment accounts;
 - (vi) its employee benefit trusts, or the employee benefit trust of a company covered in (i) above; and
 - (vii) a company having a material trading arrangement with the company.
- (d) "category 1 associate" means, in relation to a company, its parent, subsidiaries and fellow subsidiaries, their associated companies, and companies of which such parent, subsidiaries, fellow subsidiaries or associated companies are associated companies (for this purpose, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of "associated company" status);

- (e) “connected adviser” has the meaning attributed to it in the City Code;
- (f) “connected person” has the meaning attributed to it in sections 252 to 255 of the 2006 Act;
- (g) “control” means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting right attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives de facto control;
- (h) “dealing” or “dealt” includes the following:
 - (i) the acquisition or disposal of relevant TMN Group securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attached to relevant TMN Group securities or of general control of relevant TMN Group securities;
 - (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant TMN Group securities;
 - (iii) subscribing or agreeing to subscribe for relevant TMN Group securities;
 - (iv) the exercise or conversion of any relevant TMN Group securities carrying conversion or subscription rights;
 - (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant TMN Group securities;
 - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant TMN Group securities; and
 - (vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant TMN Group securities in which a person is interested or in respect of which he has a short position;
- (i) “derivative” includes any financial product whose value, in whole or in part, is determined, directly or indirectly, by reference to the price of an underlying security;
- (j) “disclosure date” means 4 June 2009, being the latest practicable date prior to the posting of this document;
- (k) “disclosure period” means the period commencing on 5 June 2008, being the date 12 months prior to the date of posting this document, and ending on the disclosure date;
- (l) “exempt principal trader” or “exempt fund manager” has the meaning attributed to it in the City Code;
- (m) being “interested” in relevant TMN Group securities includes where a person:
 - (i) owns relevant TMN Group securities;
 - (ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant TMN Group securities or has general control of them;
 - (iii) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant TMN Group securities or call for their delivery or is under an obligation to take delivery of them (whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise); or
 - (iv) is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them;
- (n) “relevant TMN Group securities” means shares in TMN Group (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof; and

- (o) “short position” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

10.3.2 Shareholdings of the members of the Concert Party

As at the disclosure date, Michael Danson held 21,697,509 Existing Ordinary Shares and Simon Pyper held 21,767 Existing Ordinary Shares. None of the Concert Party Members was interested in any options over Existing Ordinary Shares.

Other than as set out below there were no other dealings by Concert Party Members in the 12 month period prior to the date of this document.

<i>Name</i>	<i>Date of share purchase</i>	<i>Number of shares acquired</i>	<i>Price (p)</i>
Michael Danson	12 August 2008	935,909	30.00
	8 September 2008	2,639,600	30.00
Simon Pyper	15 July 2008	21,767	36.57

The Concert Party Members, and their potential interests in the share capital of the Company are set out below:

On Re-Admission

	<i>Number of Ordinary Shares (as at the date of Re-Admission)</i>	<i>% of Enlarged Share Capital</i>	<i>Options over new Ordinary Shares</i>	<i>Percentage of Company's share capital on exercise of Options</i>
Michael Danson	313,640,181	84.87	–	–
Simon Pyper	21,767	0.01	–	–
TOTAL	313,661,948	84.88	Nil	Nil

10.3.3 General

As at the close of business on the disclosure date, save as disclosed in this Part VI:

- no member of the Concert Party (nor any members of their respective immediate families, related trusts or connected persons) had any interest in or right to subscribe for, or had any short position in relation to, any relevant TMN Group securities;
- no member of the Concert Party has dealt in any relevant TMN Group securities in the disclosure period;
- no member of the Concert Party has borrowed or lent any relevant TMN Group securities in the disclosure period, save for any borrowed shares which have either been on-lent or sold;
- none of the Directors (nor any members of their respective immediate families, related trusts or connected persons) had any interest in or right to subscribe for, or had any short position in relation to, any relevant TMN Group securities;
- no category 1 associate of TMN Group had any interest in or right to subscribe for, or had any short position in relation to, any relevant TMN Group securities;
- no pension fund of TMN Group or of a category 1 associate of TMN Group had any interest in or right to subscribe for, or had any short position in relation to, any relevant TMN Group securities;
- no employee benefit trust of TMN Group or of a category 1 associate of TMN Group had any interest in or right to subscribe for, or had any short position in relation to, any relevant TMN Group securities;

- (h) no connected adviser to TMN Group or to a category 1 associate of TMN Group or to a person acting in concert with TMN Group, nor any person controlling, controlled by or under the same control as any such connected adviser (except for an exempt principal trader or exempt fund manager) had any interest in or right to subscribe for, or had any short position in relation to, any relevant TMN Group securities;
- (i) neither TMN Group nor any person acting in concert with TMN Group had borrowed or lent any relevant TMN Group securities;
- (j) neither TMN Group, nor any of the TMN Group Directors, nor any member of their immediate families, related trusts or (so far as the TMN Group Directors are aware) connected persons had an interest or right to subscribe for relevant TMN Group securities or any relevant Progressive securities (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, nor had any of the foregoing dealt in any relevant TMN Group securities or any relevant Progressive securities;
- (k) no related company of TMN Group, no pension fund of TMN Group or of any of its related companies, no employee benefit trust of TMN Group or of any of its related companies, no connected adviser to TMN Group or of any of its related companies or to any person acting in concert with TMN Group, no person controlling, controlled by or under the same control as any such connected adviser (except for an exempt principal trader or an exempt fund manager) and no person who has an arrangement with TMN Group or any person who is an associate of TMN Group had an interest in or right to subscribe for any relevant TMN Group securities or any relevant Progressive securities (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, nor had any of the foregoing dealt in any relevant TMN Group securities or any relevant Progressive securities; and
- (l) neither TMN Group nor any person acting in concert with TMN Group has borrowed or lent any relevant TMN Group securities or any relevant Progressive securities.

10.4 There is no agreement, arrangement or understanding pursuant to which any of the Consideration Shares to be issued to any Concert Party Member will be transferred to any other person.

10.5 Save as set out in paragraph 14 of Part VI of this document, there are no financing arrangements in place where repayment or security is dependent on any member of the Enlarged Group.

10.6 Save for the arrangements in relation to the Acquisition disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between any Concert Party Member or any persons acting in concert with them and any Directors or Proposed Directors, recent directors or recent shareholders of the Company which have any connection with or dependence upon the Acquisition being implemented.

11. The Existing Share Option Schemes

TMN Group Share Schemes

11.1 Summary of the principal features of the TMN Group Plc Share Option Plan (the "Plan"):

(a) Structure

The Plan was adopted on 23 May 2000. The Plan is a discretionary share option scheme and is not approved by HMRC.

Options are personal to the Participant and may not be transferred or assigned by him except on the Participant's death when, subject to the Plan rules, the option may be exercised by his legal personal representatives.

(b) Eligibility

All directors and employees of the Company and such of its subsidiaries as are designated participating companies by the Board, are eligible to participate in the Plan.

The directors and employees of the Company who receive options are called "Participants".

(c) Grant of options

Options may generally be granted by the Board (or a duly authorised committee of the Board) only within the period of 42 days commencing on the “Announcement Date” (defined as the date on which the Company’s annual or half-yearly results are announced to the London Stock Exchange for any financial year), but no grant of options shall be made on or before the third dealing day on which the London Stock Exchange is open for business, of any period of 42 days commencing on an Announcement Date. The Board may grant options outside the 42 day period in circumstances which it considers to be sufficiently exceptional to justify the grant of options at that time.

(d) Performance conditions and vesting

When granting options, the Board may specify objective conditions (including limitations on the time at or period during which the option may be exercised or become capable of exercise) by way of performance conditions, to be satisfied before options may be exercised.

Unless otherwise specified by the Board at the date of grant, options granted under the Plan generally vest as to one sixth of the shares under option at the date of grant and then in five equal tranches at six-monthly intervals from the date of grant; options vest in full 30 months after the date of grant. Vesting ceases on cessation of employment for any reason, unless the Board decides otherwise in its absolute discretion. Vesting is accelerated on the occurrence of a change of control of TMN Group, so that all unvested options will vest in full at the date of Completion.

(e) Share capital limit

No option to subscribe for shares shall be granted if the nominal value of Shares issuable on exercise of the option when aggregated with the nominal value of all shares issued or remaining issuable by the Company in respect of options granted under the Plan immediately preceding the proposed date of grant would exceed 10 per cent. of the nominal value of the ordinary share capital of the Company in issue immediately prior to the date of grant. Options that have lapsed or been surrendered or otherwise become incapable of exercise do not count for this purpose.

(f) Exercise, lapse and exchange of options

Options may generally only be exercised until the occurrence of the earlier of a change of control of the Company or twelve months after the date of admission of the Company’s Ordinary Shares to trading on AIM, provided the Participant is not prohibited from exercising the option under the Model Code. An option may only be exercised to the extent that it has vested in whole or in part and on more than one occasion during the option period of 10 years, or less as the Board may determine, from the date of grant.

Options may be exercised by a deceased option holder’s personal representatives, to the extent vested at the date of death, subject to the rules of the Plan.

Options will normally lapse on the first to occur of the following:

- (i) the expiry of the option period;
- (ii) the Participant becoming bankrupt;
- (iii) the Participant ceasing to be employed within the TMN Group by reason of gross misconduct, fraud or dishonesty;
- (iv) a purported transfer or charge of the option or an interest in it;
- (v) the expiry of three months after a change of control of TMN Group; or
- (vi) the expiry of the period during which an offeror remains bound or entitled to acquire Ordinary Shares under sections 979 - 982 Companies Act 2006.

Following the exercise of options and subject to any necessary consents of any governmental or regulatory authority and provided the Participant has made arrangements satisfactory to the Company to meet any tax liability (see (h) below). Ordinary Shares will be issued and allotted or transferred to the Participant within 30 days of exercise.

(f) Taxation

Participants must make arrangements satisfactory to the Company to meet any tax liability arising on the exercise of an option granted under the Plan (including income tax under PAYE), employees' primary Class 1 National Insurance contributions and to the extent specified at the date of grant, employer's secondary Class 1 National Insurance contributions.

(g) Variations in share capital

The number of Ordinary Shares subject to an option and/or the option price and/or the nominal value of the Ordinary Shares may be adjusted by the Board as considered appropriate if there is a variation of the issued share capital of the Company, including by way of capitalisation issue, rights issue, sub-division, consolidation or reduction. The Company's auditors must confirm in writing that the adjustment, in their opinion is fair and reasonable. The adjustment is restricted, if necessary, to ensure that Ordinary Shares to be issued on exercise of an option are not issued at a discount to their nominal value unless the Board is authorised to capitalise from the Company's reserves an amount equal to the difference between the nominal value and the aggregate exercise price and does so capitalise such sum when an option is exercised. Where shares are to be transferred on the exercise of an option, no adjustment shall be made without the prior approval of the person holding the shares to which the option relates.

(h) Admission and rights attaching to shares

If Ordinary Shares are to be allotted and issued to a Participant on the exercise of an option, the Company shall apply to the London Stock Exchange or such other public securities market for such Ordinary Shares to be admitted for listing by the UK Listing Authority. Such Ordinary Shares shall rank from the date of allotment *pari passu* with the other shares then in issue except for any dividend or other rights attaching to shares by reference to a record date prior to the date of issue. Ordinary Shares to be transferred on the exercise of an option will be transferred without the benefit of any rights attaching thereto by reference to a record date prior to the date of exercise.

(i) Alterations

The Plan may be altered in any respect by the Board, provided that, no alteration to the advantage of Participants or future Participants shall be made to the provisions relating to: the persons to whom options may be granted; the limits on numbers of Shares over which the options may be granted; the adjustments to be made in the event of a variation in the share capital of the Company; the periods during or circumstances in which options may be exercised, without the prior sanction of an ordinary resolution of the Company (except for minor alterations to benefit the administration of this Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants and future Participants). No alteration will operate to vary adversely the terms of options granted prior to the alteration.

(j) Administration and general

The Company, by ordinary resolution, or the Board may terminate the operation of the Plan. In that event, no further options will be offered but in all other respects the provisions of the Plan shall remain in force in relation to options then subsisting.

The Plan shall not form part of the contract of employment between a Participant and any company within the TMN Group. No rights granted under the Plan to a Participant shall be taken into account in determining a Participant's entitlement, if any, under any retirement benefit or pension plan operated by or on behalf of any member of the Group.

The costs of introducing and administering the Plan are borne by the Company.

The Plan and all options granted under it are governed by and construed in accordance with English law.

11.2 Provisions applicable to EMI Options

Unless otherwise stated below, the provisions of the Plan apply to EMI Options.

- (a) Structure
EMI Options are granted under and subject to the rules of the Plan, but they are also subject to special rules described below governing eligibility and their tax treatment set out in Schedule 5 ITEPA.
- (b) Eligibility
Participants to whom EMI Options are granted must comply with the requirement that they work either 25 hours or more in the business (if they are full-time) or, if they are part-time, that they spend at least 75 per cent. of their total working time working for the group.
- (c) Limits on grants
The Company may not grant EMI Options over shares worth more than £3m in total (calculated at the relevant date of grant). Individuals are permitted to hold EMI Options with a maximum aggregate exercise price of £120,000 (calculated at the relevant date of grant) (£100,000 prior to 6 April 2008).
- (d) Exercise and lapse of EMI Options
EMI Options may be exercised in accordance with the Plan rules, save that following the death of an EMI Option holder, the Option holder's personal representatives may exercise the option within 12 months of the date of death, after which period the EMI Option will lapse. EMI Options lapse three months after the Option holder ceases to be employed within the TMN Group (unless the employment ceases for gross misconduct, fraud or dishonesty).
- (e) Vesting of EMI Options
EMI Options are subject to vesting over three years in equal six-monthly tranches.
- (f) Tax elections
If shares acquired on the exercise of EMI Options are restricted securities (as defined in Chapter 2 Part 7 ITEPA), the Option holder is required to make a joint tax election in accordance with those statutory provisions.
- (g) Notification of option grants
The grant of EMI Options must be notified to HMRC using Form EMI1 within 92 days of the date of grant. Failure to notify the grant of options within the specified time limit will cause the options to be unapproved, rather than EMI Options.

12. Market quotations

The following table shows the closing middle market quotations of TMN Group Shares, as derived from the AIM Appendix of the Daily Official List, for the first business day in each of the six months immediately prior to the date of this document, for 17 February 2009 (the last business day prior to the announcement that TMN Group was in discussions which might or might not lead to a reverse takeover for TMN Group) and, for 4 June 2009 (being the latest practicable business day prior to the publication of this document):

<i>Date</i>	<i>Price per Existing Ordinary Share (p)</i>
01 December 2008	12.7500
02 January 2009	6.7545
02 February 2009	4.0000
17 February 2009	3.6300
02 March 2009	4.8750
01 April 2009	4.8750
01 May 2009	4.8750
01 June 2009	4.8750
04 June 2009	4.8750

13. Taxation

The following statements are intended only as a general guide current as at 1 June 2009 (being the latest practicable date prior to publication of this document) to United Kingdom tax legislation and to the current practice of the HMRC and do not constitute tax advice.

They may not apply to certain categories of shareholder, such as dealers in securities. The comments assume that Ordinary Shares are held as an investment and not as an asset of a financial trade and that any dividends paid are not foreign income dividends. Additional taxation considerations may exist for any individual who acquires their shares by reason of their own, or anybody else's, employment with any company within the Enlarged Group. Levels and bases of taxation are subject to change. Any person who is in any doubt as to his tax position or who is resident for tax purposes outside the United Kingdom is strongly recommended to consult his professional advisers immediately.

13.1 *Stamp Duty and Stamp Duty Reserve Tax*

Save in relation to depository receipt arrangements or clearance services, where special rules apply, no charge to stamp duty or stamp duty reserve tax ("SDRT") should arise on the issue of new Ordinary Shares pursuant to the Placing or on their registration in the names of applicants.

A subsequent transfer on sale of Ordinary Shares held in certificated form will ordinarily be subject to stamp duty on the instrument of transfer, generally at the rate of 0.5 per cent. of the amount or value of the consideration.

Paperless transfers of shares within CREST will be liable to SDRT rather than stamp duty (generally at a rate of 0.5 per cent.) and SDRT on the relevant transactions settled in CREST or reported through CREST for regulatory purposes will generally be settled by CREST.

Special rules apply to market intermediaries, dealers and certain other persons and professional advice should be sought if these rules apply.

13.2 *Dividends*

The United Kingdom taxation implications relevant to the receipt of dividends on the new Ordinary Shares are as follows:

UK Individuals

There is no United Kingdom withholding tax on dividends. UK resident individual holders of new Ordinary Shares will be taxable on the total of the dividend and the related notional tax credit ("gross dividend"), which will be regarded as the top slice of the individual's income subject to tax at the individual's highest marginal rate.

The notional tax credit on dividends is one ninth of the dividend paid (or 10 per cent. of the aggregate of the dividend and the tax credit). For individuals, the income tax rates on dividend income are such that basic rate taxpayers will have no further tax liability on a dividend receipt. Higher rate taxpayers pay tax on dividends at 32.5 per cent. so that a higher rate taxpayer receiving a dividend of £90 will be treated as having gross income of £100 (the net dividend of £90 plus a tax credit of £10) and after allowing for the tax credit of £10 will have a further £22.50 liability on the gross amount.

The 2009 Finance Bill has introduced proposals for a new higher rate of 42.5 per cent. tax from 6 April 2010 on dividends for UK trusts and for individuals with income in excess of £150,000. Where a taxpayer whose income is above £150,000 receives a dividend of £90, they would have a further £32.50 liability. It should be noted that pending Royal Assent of the 2009 Finance Bill and/or any subsequent legislative changes before its enactment in April 2010, this new rate of taxation is not yet enshrined in UK tax law, and is subject to alteration or rescission.

Generally, holders of new Ordinary Shares will not be entitled to reclaim the tax credit attaching to any dividends paid.

UK Companies

Subject to certain exceptions for traders in securities, a holder of new Ordinary Shares which is a company resident for tax purposes in the United Kingdom has not historically been required to pay corporation tax in respect of any dividends it receives from another company resident for tax purposes in the United Kingdom. However, dividends received by a UK company can affect the rate at which the company pays corporation tax on its profits.

The 2009 Finance Bill has introduced proposals to remove the primary exemption of dividends from tax for UK resident companies for dividends paid on or after 1 July 2009. Whilst most dividends are still likely to be exempt from taxation, there are detailed conditions to be met depending upon various factors including (but not limited to) the size of the recipient company, the nature and size of their

shareholding, and the profits out of which the dividends are paid. UK companies should seek separate advice on this point from their professional advisors.

It should be noted that pending Royal Assent of the 2009 Finance Bill and/or any subsequent legislative changes before its enactment in April 2010, this new rate of taxation is not yet enshrined in UK tax law, and is subject to alteration or rescission.

Non-Resident Shareholders

Shareholders resident for tax purposes outside the UK should not be subject to any further UK tax on their dividends but may also be subject to foreign taxation on dividends received on their new Ordinary Shares or in respect of other transactions relating to the shares under the tax law of their country of residence. However the 2009 Finance Bill has again introduced proposed additional conditions which must be met in order for dividends paid after 1 July 2009 to be exempt from UK taxation. Non-resident shareholders should consult their own tax advisor as to the tax implications of their specific circumstances. Any entitlement to claim relief for any part of a tax credit will depend, in general, on the existence and terms of any double tax convention between the United Kingdom and the country in which the holder is resident. Non UK resident shareholders should consult their own tax advisers as soon as possible concerning their tax liability on dividends received and what relief or credit they may be entitled to in the jurisdiction in which they are resident for tax purposes, or other taxation consequences arising from their ownership of the new Ordinary Shares.

13.3 *Disposal of shares acquired under the Acquisition*

UK Individuals

A shareholder who is an individual resident or ordinarily resident for tax purposes in the UK who sells or otherwise disposes of his Ordinary Shares may, depending on the circumstances, incur a liability to UK tax on any capital gain realised at a rate of 18 per cent., subject to the availability of any losses, relief or annual exemption.

Following the Finance Act 2008, capital gains tax business asset taper relief has been abolished. Entrepreneurs' Relief may be available to reduce the rate of capital gains tax on some or all of the capital gain realised on a disposal of Ordinary Shares (subject to a lifetime limit) to 10 per cent. This reduced rate may apply to a shareholder who is an officer or employee of the Company and who meets certain other conditions, including holding at least 5 per cent. of the ordinary share capital and voting power of the Company for a period of at least 12 months up to the date of disposal. Corporate shareholders should seek specific advice from their tax advisor.

UK Companies

Corporate shareholders within the charge to UK corporation tax may be liable to corporation tax on any chargeable gains realised on the disposal of Ordinary Shares, at their marginal rate of corporation tax, but will generally be entitled to indexation allowance in respect of these Ordinary Shares up until the date of disposal. Substantial Shareholding Exemption may be available to exempt the chargeable gain from corporation tax, where the corporate shareholder has a holding of at least 10 per cent. of the Ordinary Shares, together with an entitlement to at least 10 per cent. of the profits available for distribution and at least 10 per cent. of the assets on a winding up and meets certain other conditions. Corporate shareholders should seek specific advice from their tax advisor.

Non-Resident Shareholders

A shareholder who is not resident or ordinarily resident for tax purposes in the UK will not normally be liable for UK tax on capital gains realised on the disposal of his Ordinary Shares, unless at the time of the disposal such shareholder carries on a trade (which for this purpose includes a profession or vocation) in the UK through a permanent establishment and such Ordinary Shares are to have been used, held or acquired for the purposes of such UK permanent establishment. However, they should consult their own tax advisor as to the tax implications of their specific circumstances.

A shareholder who is an individual and who has, on or after 17 March 1998, ceased to be resident and ordinarily resident for tax purposes in the UK for a period of less than five years of assessment and who disposes of Ordinary Shares during that period may be or become liable to UK taxation of chargeable gains (subject to any available exemption or relief) upon return to the UK. Non UK resident shareholders should consult their own tax advisers concerning their tax liability on disposal proceeds and what relief or credit they may be entitled to in the jurisdiction in which they

are resident for tax purposes, or other taxation consequences arising from their ownership of the new Ordinary Shares.

13.4 Tax reliefs

A holding in the shares of the Company may qualify for other tax reliefs such as capital gains tax gift relief and inheritance tax business property relief. However, individuals should seek confirmation from their professional advisors as to whether any relief is available in their own particular circumstances at the relevant time.

14. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Enlarged Group (i) within the period of two years immediately preceding the date of this document and which are, or may be, material or (ii) which contain any provision under which any member of the Enlarged Group has an obligation or entitlement to the Enlarged Group as at the date of this document:

- (a) A share sale and purchase agreement dated 5 June 2009 and made between (1) the Company and (2) Michael Danson pursuant to which the Company has conditionally agreed to acquire from Michael Danson the entire issued share capital of Progressive for an aggregate consideration to be satisfied by the allotment of the Consideration Shares at Completion. The Acquisition Agreement is conditional upon, *inter alia*, the Resolutions being duly passed at the Extraordinary General Meeting.

The Acquisition Agreement contains certain warranties from Michael Danson to the Company which are in a customary form for such a transaction. The aggregate liability of Michael Danson under the warranties shall not exceed the value of the Consideration Shares he receives by reference to the closing price of an Ordinary Share on 18 February 2009 (being the business day on which trading in Ordinary Shares was suspended following the announcement that the TMN Group is in discussions which might or might not lead to a reverse takeover for TMN Group).

The Acquisition Agreement contains lock in provisions pursuant to which has undertaken to the Company (subject to certain limited exceptions including transfers to family members or to trustees for their benefit and disposals by way of acceptance of a recommended takeover offer for the entire issued share capital of the Company), not to dispose of the Ordinary Shares held by him following Re-Admission or any other securities in exchange for or convertible into, or substantially similar to, Ordinary Shares (or any interest in them or in respect of them) at any time prior to the second anniversary of Re-Admission.

The Acquisition Agreement also contains a provision pursuant to which Michael Danson will transfer outstanding debts of £9 million owed to him by certain Progressive Group companies in consideration for the issue of the loan notes summarised in paragraph 14(j) below.

- (b) A nominated adviser and broker agreement dated 4 June 2009 and made between (1) the Company (2) the Directors and (3) Investec pursuant to which the Company has appointed Investec to act as nominated adviser and broker to the Company for the purposes of the AIM Rules. The Company has agreed to pay Investec a fee of £50,000 plus VAT per annum for its services as nominated adviser and broker under this agreement. The agreement contains certain undertakings, warranties and indemnities given by the Company and the Directors to Investec. The agreement is for a fixed term of 36 months and thereafter is terminable upon not less than 30 days' prior written notice by either the Company or Investec.
- (c) A services agreement dated 4 June 2009 and made between (1) Progressive Digital Media Group Limited (2) Progressive Media Ventures Limited and (3) Michael Danson pursuant to which Progressive Digital Media Group Limited agrees to provide accounting, email, website hosting, human resources, financial reporting and other general support services to Progressive Media Ventures Limited and other companies held privately by Michael Danson for a management charge of £200,000 per annum excluding VAT. The agreement is for an initial 36 month period commencing on 4 June 2009 and is terminable by mutual consent. The services may be changed upon the request of Progressive Media Ventures Limited or Michael Danson. Progressive Digital Media Group Limited is also obliged to provide management and circulation, production and support to the Indian operations of Progressive Media Ventures

- Limited and other companies held privately by Michael Danson at cost plus tax and any applicable transfer pricing margin.
- (d) A services agreement dated 4 June 2009 and made between (1) Globaldata Limited and (2) Progressive Digital Media Group Limited pursuant to which Globaldata Limited agrees to provide support services to the Business Review and NRI division of Progressive Digital Media Group Limited including providing newsfeeds and integrated report store hosted by Globaldata, report marketing services, data centre management services, audience development, webinar and conference support, surveys and editorial articles to Progressive Digital Media Group Limited and its subsidiaries at cost plus 15 per cent. margin. The agreement is for an initial 36 month period commencing on 4 June 2009 and is terminable by mutual consent. The services may be changed upon the request of Progressive Digital Media Group Limited.
 - (e) A facilities management services agreement dated 3 June 2009 and made between (1) Progressive Digital Media Group Limited and (2) Estel Property Investments Limited (a Company wholly owned by Michael Danson) pursuant to which Estel Property Investments Limited agrees to provide certain facilities management services for the premises at 7 Carmelite Street and John Carpenter House, John Carpenter Street, London for a management charge of £185,000 per annum excluding VAT. The agreement is for an initial five year period commencing on 3 June 2009 and is terminable by mutual consent. The services may be changed upon the request of Progressive Digital Media Group Limited.
 - (f) A facilities management services agreement dated 3 June 2009 and made between (1) Progressive Digital Media Group Limited and (2) Estel Property Investments Limited (a Company wholly owned by Michael Danson) pursuant to which Estel Property Investments Limited agrees to provide certain facilities management services for the premises at Progressive House, Maidstone Road, Sidcup for a management charge of £95,000 per annum excluding VAT. The agreement is for an initial five year period commencing on 3 June 2009 and is terminable on 12 months' notice. The services may be changed upon the request of Progressive Digital Media Group Limited.
 - (g) The offer document dated 6 October 2008 containing the recommended offer dated 6 October 2008 made by Progressive Capital Limited for the entire issued and to be issued share capital of SPG Media Group plc (the "SPG Shares") pursuant to which Progressive Capital Limited conditional offered to acquire the SPG Shares for a consideration comprising the payment of approximately £11.85million in cash. The offer was subject to the customary terms and conditions and was declared unconditional in all respects on 5 November 2008.
 - (h) A business purchase agreement dated 21 May 2008 pursuant to which Progressive Media Markets Limited purchased the 'Computer Business Review' and 'Business Review' publications and business and associated assets from Datamonitor Limited as a going concern for consideration of £900,000 in cash.
 - (i) A sale and purchase agreement dated 14 August 2007 pursuant to which Progressive Media Publications Limited acquired the entire issued share capital of Wilmington Media Limited (now Progressive Media Markets Limited) and Dewberry Redpoint Limited for initial consideration of £12 million in cash subject to a minimum net asset figure of £3,437,000 or pound for pound downwards adjustment and less £5,427,000 in respect of a discharge of intra-group indebtedness on completion.
 - (j) Incorporated in the Acquisition Agreement set out in paragraph 14(a) above, immediately prior to Re-Admission Michael Danson will agree to transfer the benefit of an interest-free £9,000,000 unsecured loan to the Company to be used for the Company's working capital requirements; such loan is to be repaid on 5 June 2019 or at an earlier date at the option of the Company. Immediately prior to Re-Admission Michael Danson will also make an interest-free £2,000,000 unsecured loan to the Company to be used for the Company's working capital requirements; such loan is to be repaid on 5 June 2011 in the absence of default or at an earlier date at the option of the Company.

- (k) Michael Danson has entered into a guarantee dated 5 June 2009 and made between (1) Michael Danson and (2) the Company pursuant to which Michael Danson agrees to make available and provide up to £2 million of additional funds to the Company for the purposes of working capital in the event that the loan agreement with Barclays Bank plc summarised at paragraph 14(l) is withdrawn before being replaced with alternative Group facilities or repaid in full.
- (l) A loan agreement dated 8 December 2008 between (1) the Company and (2) Barclays Bank plc. The maximum amount which may be borrowed under the loan agreement is £5,000,000 subject to a carve-out for a £1,500,000 overdraft. The maximum amount which may be borrowed under the loan is gradually reduced over time. The final repayment date of the loan is due 31 December 2011. The interest charged on the loan is at a rate of 2.25 per cent. per annum plus LIBOR. There is security and guarantees under the loan agreement. There is an arrangement fee of £65,000 and a non utilisation fee charged at 50 per cent. of the drawn margin on the undrawn portion of the loan calculated on a daily basis. The loan agreement contains certain covenants and has a change of control clause, which Barclays Bank plc has waived in respect of the transaction.
- (m) A sale and purchase agreement dated 4 January 2008 pursuant to which the Company acquired the entire issued share capital of TAPPS B.V. for initial consideration of €5.25 million cash and 3,788,326 consideration shares with a value of €2.5 million, plus additional deferred consideration, contingent on performance, for a maximum earn-out amount for the years ending 30 April 2009 and 30 April 2010, of €3 million payable in cash and shares. TAPPS B.V. is a provider of direct email marketing services in the field of online business and consumer information.
- (n) A scheme of arrangement between the Internet Business Group Plc (“IBG”) and its members, in respect of the proposed acquisition of the entire issued and to be issued share capital by the Company of IBG, approved by the members at a Court meeting and by special resolution during general meeting on 23 January 2008, to effect a share-for-share exchange, including a reduction in capital, whereby the Company would issue 1 new Ordinary Share for every 3.765 IBG shares, equating to 20,502,082 new Ordinary Shares being issued pursuant to the acquisition.
- (o) Each of the Directors who holds Existing Ordinary Shares, have entered into irrevocable undertakings with the Company dated 5 June 2009 (a) to vote in favour of the Resolutions at the Extraordinary General Meeting, (b) and to the extent that any Ordinary Shares held by such persons are not registered in that person’s name, to procure that the registered holders of the ordinary shares take all such action necessary to comply with the undertaking in (a), and (c) not to transfer or enter into any agreement for the transfer of any of their Ordinary Shares or any interest in their Ordinary Shares prior to and until such time as the vote upon each of the Resolutions at the Extraordinary General Meeting has been taken.
- (p) Irrevocable undertakings pursuant to which Shareholders listed below have undertaken to vote in favour of the Resolutions to be proposed at the General Meeting. Those Shareholders (including the number of Existing Ordinary Shares in respect of which they have given the undertakings) are as follows: James Morris (3,393,727), Maziar Darvish (3,090,809 Existing Ordinary Shares), Govert van Eerde (1,894,163), Osborne Inc (955,000), Warren Taylor (892,500 Existing Ordinary Shares), Daniel Chick (400,000 Existing Ordinary Shares), Nicola Costa (445,821 Existing Ordinary Shares), Kamal Darvish (350,000 Existing Ordinary Shares), Mehdi Shalfrooshan (333,432 Existing Ordinary Shares) and Roelof Quintus (137,024 Existing Ordinary Shares).
- (q) Letter of intent from Cazenove Capital Management pursuant to which it has expressed its intention in writing that it will vote in favour of the Resolution to be proposed at the General Meeting in respect of its holding of 2,360,500 Existing Ordinary Shares.

15. Working capital

In the opinion of the Directors and Proposed Directors having made due and careful enquiry, taking into account the bank and other facilities available to the Enlarged Group the working capital

available to the Enlarged Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of Re-Admission.

16. Litigation

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings which may have or have had during the last 12 months preceding the date of this document, a significant effect on the financial position or profitability of the Company and/or the Group nor, so far as the Company is aware, are any such proceedings pending or threatened.

A petition to wind up TMN Group was presented by or on behalf of Redleaf Communications Limited, in relation to a debt claimed due in a sum under £12,000. TMN Group had in fact made a payment of £11,280 to discharge such debt and believed that the petition had been withdrawn. The petition was dismissed by the Companies Court on 3 June 2009.

17. Consents

17.1 Investec Investment Bank (UK) Limited of 2 Gresham Street, London EC2V 7QP is authorised and regulated in the United Kingdom by the Financial Services Authority. Investec has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which it appears.

17.2 Grant Thornton UK LLP, Chartered Accountants and registered auditors, of TMN Group, have given and have not withdrawn their written consent to the issue of this document with the inclusion of their reports in Section A, Section B and Section C of Part III of this document and the references to such reports, in the form and context in which they appear.

18. General

18.1 Save as described in the paragraph headed "Current trading and prospects" in Part I of this document and in note 26 of the historical combined financial information in Section A of Part III of this document and note 11 of the historical financial information in Section C of Part III of this document, there has been no material change in the financial or trading position of the Company or its Group since 31 October 2008, being the end of the period to which the latest published interim financial information of the Group relates, or of the Progressive Group since 31 December 2008, being the end of the period to which the latest historical financial information set out in Part III of this document relates.

18.2 The total costs and expenses payable by the Company in connection with Re-Admission (including professional fees, the costs of printing and the fees payable to the Registrars and Investec) are estimated at £0.4 million, excluding VAT, and are payable by the Company.

18.3 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, within the 12 months preceding the date of this document or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Re-Admission:

- (a) fees totalling £10,000 or more;
- (b) securities where these have a value of £10,000 or more calculated by reference to the expected opening price of a Share on Re-Admission; or
- (c) any other benefit with a value of £10,000 or more at the date of Re-Admission.

18.4 Information in this document which has been sourced from third parties has been accurately reproduced and so far as the Company is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

18.5 Save as disclosed in this document, the Directors are unaware of any exceptional factors which have influenced the Company's activities.

- 18.6 Save as disclosed in this document, the Directors are unaware of any environmental issues that may affect the Group's utilisation of its tangible fixed assets.
- 18.7 Save as disclosed in this document, the Directors are unaware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.
- 18.8 Save as disclosed in this document, there are no investments in progress and there are no future investments on which the Directors have already made firm commitments which are significant to the Group.
- 18.9 Save as disclosed in this document, the Directors believe that the Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.
- 18.10 The Company will be subject to the provisions of the City Code, including the rules regarding mandatory takeover offers set out in the City Code. Under Rule 9 of the City Code, when (i) a person acquires shares which, when taken together with shares already held by him or persons acting in concert with him (as defined in the City Code), carry 30 per cent. or more of the voting rights of a company subject to the City Code or (ii) any person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the City Code, and such person, or any person acting in concert with him, acquires additional shares which increases his percentage of the voting rights in the company, then, in either case, that person, together with the persons acting in concert with him, is normally required to make a general offer in cash, at the highest price paid by him or any person acting in concert with him for shares in the company within the preceding 12 months, for all of the remaining equity share capital of the company.
- 18.11 The Ordinary Shares will also be subject to the compulsory acquisition procedures set out in sections 979 to 991 of the 2006 Act. Under section 979 of the 2006 Act, where an offeror makes a takeover offer and has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90 per cent. of the shares to which the offer relates and, in a case where the shares to which the offer relates are voting shares, not less than 90 per cent. of the voting rights carried by those shares, that offeror is entitled to compulsorily acquire the shares of any holder who has not acquired the offer on the terms of the offer.
- 18.12 On 14 March 2008, the Company noted an announcement by Tangent Communications plc in relation to a potential offer being made for the Company which at a price of 50 pence for each ordinary share, 61.7 per cent. of the consideration for which would be funded in shares, with the remainder in cash. However, no offer was eventually made. On 19 May 2008 the Company announced that it had received an indicative approach to acquire the entire issued share capital of the Company at a price of 70 pence per share by funds advised by August Equity LLP, although it was noted that there was no certainty that a formal offer for the Company would be made. On 17 July 2008, it was announced that discussions with funds advised by August Equity LLP had ended. Other than as disclosed in this paragraph, since 5 June 2008, there has been no takeover offer (within the meaning of Part 28 of the 2006 Act) for any Ordinary Shares.
- 18.13 The most recent accounting reference period of the Company for which audited financial statements are available ended on 30 April 2008 and audited accounts are currently being prepared for the period ended 30 April 2009. It is intended that, following Re-Admission, the accounting reference date will be changed to 31 December.
- 18.14 The auditor of the Company for each of the periods ended 30 April 2006 and 30 April 2007 was Menzies Chartered Accountants and Registered Auditors, of Neville House 55 Eden Street, Kingston upon Thames, Surrey KT1 1BW and the auditor for the period ended 30 April 2008 was Grant Thornton UK LLP, Chartered Accountants and Registered Auditors, of Enterprise House, 115 Edmund Street, Birmingham B3 2HJ. A copy of the audited statutory accounts of the Company for each of the periods ended 30 April 2006, 30 April 2007 and 30 April 2008 has been delivered to the Registrar of Companies in England and Wales. The auditors' reports under section 235 of the

1985 Act on those accounts were unqualified and did not contain any statement under section 237 of the 1985 Act.

18.15 The auditor of SPG Media Group Limited (formerly SPG Media Group plc) for each of the periods ended 31 March 2006, 31 March 2007 and 31 March 2008 was PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors, of 31 Great George Street, Bristol BS1 5QD and the auditor for the period ended 31 December 2008 was Grant Thornton UK LLP, Chartered Accountants and Registered Auditors, of Grant Thornton House, Melton Street, London NW1 2EP. A copy of the audited statutory accounts of SPG Media Group Limited for each of the years ended 31 March 2006, 31 March 2007 and 31 March 2008 has been delivered to the Registrar of Companies in England and Wales. The auditor's reports under section 235 of the 1985 Act on those accounts were unqualified and did not contain any statement under section 237 of the 1985 Act.

18.16 The auditor of Progressive Media Markets Limited and Dewberry Redpoint Limited for the periods ended 30 June 2006 and 30 June 2007 was PKF (UK) LLP, Chartered Accountants and Registered Auditors, of Farringdon Place, 20 Farringdon Road, London EC1M 3AP. A copy of the audited statutory accounts of Progressive Media Markets Limited and the audited statutory accounts of Dewberry Redpoint Limited for each of the periods ended 30 June 2006 and 30 June 2007 has been delivered to the Registrar of Companies in England and Wales. The auditor's reports under section 235 of the 1985 Act on those accounts were unqualified and did not contain any statement under section 237 of the 1985 Act. The auditor for the period ended 31 December 2008 is Grant Thornton UK LLP, Chartered Accountants and Registered Auditors, of Grant Thornton House, Melton Street, London NW1 2EP. The statutory audits of Progressive Media Markets Limited and Dewberry Redpoint Limited for the period ended 31 December 2008 have not been completed as at the date of this document. The financial information contained in Section A of Part III of this document does not constitute statutory accounts within the meaning of section 240 of the 1985 Act.

18.17 The auditor of Progressive Capital Limited and Progressive Media Group Limited for their respective periods ended 31 December 2008 is Grant Thornton UK LLP, Chartered Accountants and Registered Auditors, of Grant Thornton House, Melton Street, London, NW1 2EP. The statutory audits of these companies for the periods ended 31 December 2008 have not been completed as at the date of this document. The statutory accounts of Progressive Capital Limited and Progressive Media Group Limited for prior periods were not subject to audit. The financial information contained in Section B and Section C of Part III of this document does not constitute statutory accounts within the meaning of section 240 of the 1985 Act.

19. Documents available for inspection

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Osborne Clarke, One London Wall, London EC2Y 5EB before the Extraordinary General Meeting:

- 19.1 the memorandum and articles of association of TMN Group;
- 19.2 the memorandum and articles of association of Progressive;
- 19.3 the audited consolidated accounts of TMN Group for the two financial years ended 30 April 2007 and 2008 and the interim statement for the six month periods ending 31 October 2007 and 31 October 2008;
- 19.4 the audited consolidated accounts of SPG Media Group plc for the three financial years ended 31 March 2006, 31 March 2007 and 31 March 2008;
- 19.5 the audited consolidated financial statements of SPG Media Group Limited for the nine month period ended 31 December 2008;
- 19.6 the audited historical financial information for Progressive Media Group Limited for the period from incorporation to 31 July 2007 and the 17 month period ended 31 December 2008;
- 19.7 the historical financial information for Progressive Capital Limited from the date of incorporation to 30 April 2008 and the 8 month period to 31 December 2008;

- 19.8 the historical combined financial information for Dewberry Redpoint Limited and the business of Progressive Media Markets Limited for the two years ended 30 June 2007 and the 18 months ended 31 December 2008;
- 19.9 the service agreements of the TMN Group Directors referred to in paragraph 9 above;
- 19.10 the material contracts referred to in paragraph 14 above;
- 19.11 the consent letters referred to in paragraphs 17 above;
- 19.12 the irrevocable undertakings to vote in favour of the Resolutions referred to in paragraph 14(n) and 14(o) above;
- 19.13 the list of dealings in Ordinary Shares referred to in paragraph 10.3.2 above;
- 19.14 the loan between Michael Danson and TMN Group referred to in paragraph 14(j); and
- 19.15 this document.

20. Availability of this document

Copies of this document are available free of charge from the Company's registered office and at the offices of Osborne Clarke of One London Wall, London, EC2Y 5EB, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) and will remain available for at least one month after Re-Admission.

Dated 5 June 2009

PART VII

NOTICE OF EXTRAORDINARY GENERAL MEETING

TMN Group plc

*(Incorporated and registered in England and Wales under the Companies Act 1985
with registered number 03925319)*

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting of TMN Group plc (the “**Company**”) will be held at the offices of Investec Bank plc at 2 Gresham Street, London EC2V 7QP at 10 a.m. on 24 June 2009 to consider and, if thought fit, to pass the following resolutions of which resolutions 1 to 6 will be proposed as ordinary resolutions of the Company and resolution 7 will be proposed as a special resolution of the Company:

ORDINARY RESOLUTIONS

1. **THAT** the grant of the waiver by the Panel on Takeovers and Mergers described in the re-admission document sent to shareholders of the Company dated 5 June 2009 (the “**Re-Admission Document**”) of any obligation which would otherwise arise under Rule 9 of the City Code on Takeovers and Mergers for the Concert Party consisting of Michael Danson and Simon Pyper to make a general offer to shareholders of the Company as a result of the allotment and issue of the Consideration Shares (as defined in the Re-Admission Document) giving the Concert Party a maximum interest in the Company of 84.88 per cent. of the Enlarged Share Capital (as defined in the Re-Admission Document) be and is hereby approved.
2. **THAT**, conditional on the passing of Resolution 1 above, the acquisition by the Company of the entire issued share capital of Progressive Digital Media Group Limited on the terms and subject to the conditions set out in the Acquisition Agreement as summarised in paragraph 14(a) of Part VI of the Re-Admission Document (the “**Acquisition**”), be and is hereby approved for the purpose of Rule 14 of the AIM Rules for Companies and the Directors or any duly authorised committee of the Directors be and are hereby authorised to take all such steps that they consider to be necessary or desirable to carry the Acquisition Agreement into effect and to waive, amend, vary revise or extend (to such extent as shall not constitute a material amendment in the context of the Acquisition as a whole) any such terms and conditions as they may consider appropriate.
3. **THAT**, conditional on the passing of Resolutions 1 and 2 above, the acquisition by the Company of the entire issued share capital of Progressive Digital Media Group Limited from Michael Danson (a director of the Company), in accordance with the terms of the Acquisition Agreement is in the best interests of the Company and the entering into (and implementation) of the Acquisition Agreement by the Company be and is hereby approved for the purposes of section 190(1) of the Companies Act 2006 (substantial property transactions).
4. **THAT**, conditional on the passing of Resolutions 1 and 2 above, the name of the Company be and is changed to “Progressive Digital Media Group plc”.
5. **THAT**, the authorised share capital of the Company be increased from £110,000 to £200,000 by the creation of 900,000,000 ordinary shares of £0.0001 each ranking *pari passu* in all respects with the existing ordinary shares of £0.0001 each in the capital of the Company.
6. **THAT**, conditional upon the passing of Resolutions 1 and 5 and the Acquisition Agreement becoming unconditional in all respects (save only for the passing of the Resolutions and Re-Admission (as defined in the Re-Admission Document)) and it not being terminated in accordance with its terms and in substitution for any equivalent authority which may have been given to the directors prior to the date of the passing of this resolution, the directors be and they are hereby generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 (the “**Act**”) to exercise all powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) provided that this authority shall be limited to:

- (a) the allotment of up to 291,942,672 new ordinary shares of 0.01 pence each in the capital of the Company in connection with the Acquisition (as such term is defined in the Re-Admission Document); and
- (b) the allotment (otherwise pursuant to sub-paragraph (a) above) of relevant securities up to an aggregate nominal amount of £12,318,

and unless previously renewed, revoked, varied or extended, this authority shall expire at the earlier of the date which is 15 months from the date of the passing of this resolution and the conclusion of the next annual general meeting of the Company except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired.

SPECIAL RESOLUTION

7. **THAT**, conditional upon the passing of Resolutions 1 and 5 and the Acquisition Agreement becoming unconditional in all respects (save only for the passing of the Resolutions and Re-Admission) and it not being terminated in accordance with its terms and in substitution for any existing power given to the directors pursuant to section 95 of the Act, the directors be and they are empowered pursuant to section 95(1) of the Act to allot equity securities (as defined in section 94(2) of the Act) of the Company for cash pursuant to the authority of the directors under section 80 of the Act conferred by Resolution 1, and/or where such an allotment constitutes an allotment of equity securities by virtue of section 94(3A) of the Act, as if section 89(1) of the Act did not apply to such allotment provided that the power conferred by this resolution shall be limited to:

- (a) the allotment of equity securities in connection with an invitation or offer of equity securities to the holders of ordinary shares in the capital of the Company (excluding any shares held by the Company as treasury shares (as defined in section 162A(3) of the Act)) on a fixed record date in proportion (as nearly as practicable) to their respective holdings of such shares or in accordance with the rights attached to such shares (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or as a result of legal or practical problems under the laws of, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever); and
- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value equal to £1,847,

and unless previously renewed, revoked, varied or extended this power shall expire on the earlier of the conclusion of the next annual general meeting of the Company and the date falling 15 months after the date of the passing of this resolution except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

Registered Office:

2nd Floor
69-73 Theobalds Road
London WC1X 8TA

By order of the Board
Company Secretary

5 June 2009

Notes:

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box on your proxy form. If you sign and return your proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy form. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
5. To appoint a proxy using the accompanying form of proxy, your proxy form must be completed and signed in accordance with its instructions and received, together with any power of attorney or other authority under which it is signed (or a duly certified copy of such power or authority), by Capita Registrars Limited at Capita Registrars Limited, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 10 a.m. on 22 June 2009.
6. As an alternative to completing your hard-copy proxy form, you can appoint a proxy electronically at www.capitashareportal.com. For an electronic proxy appointment to be valid, your appointment must be received by no later than 10 a.m. on 22 June 2009.
7. If you submit more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Registrars Limited (CREST Participant ID: RA10), no later than 28 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) form which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
10. CREST members and, where applicable, their CREST sponsors or voting service provider should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. Relevant documents are available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday, Sunday and public holidays excluded) from the date of this notice until the Meeting and will be available for inspection at the place of the Meeting for at least 15 minutes prior to and during the meeting.
12. The Company pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company at 6 p.m. on 22 June (or, if the meeting is adjourned, two working days before the time fixed for the adjourned Meeting) shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at that time. In each case, changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
13. Please note that communications regarding the matters set out in this Notice of Extraordinary General Meeting will not be accepted in electronic form, other than as specified in this Notice of Extraordinary General Meeting and in the accompanying Form of Proxy, and you may not use any electronic addresses provided in your proxy form to communicate with the Company for any purposes other than those expressly stated.

14. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that:
 - (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (of withhold a vote) as corporate representative in accordance with those directions; and
 - (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not been appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representatives.
15. Resolution 1 set out in this notice will be subject to an independent vote, taken on a poll, in accordance with the requirements of The Panel on Takeovers and Mergers for dispensation from Rule 9 of The City Code on Takeovers and Mergers, and Michael Danson and persons connected with him will not vote on the resolution.

Corporate shareholders are referred to the guidelines issued by the Institute of Chartered Company Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details on this procedure. The guidance includes a sample form of appointment letter if the Chairman is being appointed as described in (i) above.

