Centaur Holdings plc
Review 03/04

Contents

Highlights

Business performance	Pro forma Year ended 30 June 2004 £'000	Pro forma Year ended 30 June 2003 £'000
normalised*		
Turnover	67,637	61,995
EBITDA	9,556	6,655
EBITDA Margin	14%	11%
Statutory results		
Turnover	68,254	62,645
EBITDA	8,823	6,655
Profit before tax	3,397	16,177
Earnings per share (Pence)	3.12p	10.50p
Adjusted earnings per share (Pence)	3.04p	1.47p

* Centaur's key measure of profit is earnings before interest, tax, depreciation, amortisation and exceptional administrative costs. Normalised results of continuing operations are presented to provide a better indication of overall financial performance. The normalised results, which are shown in note 3 to the financial statements, exclude the impact of acquisitions and disposals as well as that of amortisation of intangibles and exceptional administrative costs.

Recruitment advertising turnover up 11%

Events revenues up 20%

Electronic subscriptions up 31%

Turnover from new products launched in the last three years at 18% of total turnover

24 magazines, 2 newsletters, 20 exhibitions, 100 conferences, 25 awards & events, 14 books, 15 online services, 1 company

Centaur is one of the leading business magazine publishers in the UK with one of the best portfolio of magazines in the industry.
Its business has been built around communities each with a market leading title and further strengthened by a range of brand extensions.

Today, Centaur's principal brands are Marketing Week, Money Marketing, Mortgage Strategy, Precision Marketing, Creative Review, Design Week, The Lawyer, New Media Age, and Homebuilding & Renovating

Weeklies
Marketing Week
Money Marketing
The Lawyer
Design Week
Precision Marketing
New Media Age
Fund Strategy
Mortgage Strategy

Fortnightlies
The Engineer
(incorporating Design Engineering)

Monthlies
Creative Review
Televisual
In-Store
International Money Marketing
Employee Benefits
Architect, Builder, Contractor and Developer
Homebuilding and Renovating
Metalworking Production
Process Engineering
What's New in Industry

Annuals
Market Research Showcase
Hospitality and Party Showcase
Design Week Packaging Book
Corporate Design Book
Retail Design Book
Multimedia and Web Design Book
Precision Marketing Agency Showcase
Precision Marketing Supplier Showcase
Special Schools in Britain
Conference and Exhibition Showcase
Modern Carpet Focus
IS Brand Buyers Guide
Employee Benefits Book
How to Renovate a House in France

Other frequency
Hali Magazine (6 issues p.a.)
Lawyer 2B (5 issues p.a.)
Public Sector Building (6 issues p.a.)
Televisual Handbook (4 issues p.a.)
Pay and Reward (4 issues p.a.)

Newsletters
Brand Strategy
Public Private Finance

Direct response
Centaur Direct Marketing
Action Packs

Electronic
Information Services
Perfect Information
Lawyer.com
MAD
Headline Money
Money Marketing On-line
The Engineer online
NMA on line
www.Plotfinder.net
Hali.com
PFI On-Line
Homebuilding and Renovating Web
Architect, Builder, Contractor and Developer Web
Plot Finder France
Employee Benefits Interactive
What's New in Industry Web

Conferences, events and exhibitions
Centaur Conferences
Centaur Exhibitions
Centaur Events

Board of Directors

Executive Directors

Graham Sherren
Executive Chairman and Chief Executive (aged 66)
Graham has spent most of his career running business-to-business publishing companies starting in 1964 with Product Journal Limited. In 1968, Product Journal Limited was acquired by Morgan Grampian plc. He ran Morgan Grampian (including subsequent to its takeover by Trafalgar House Investments plc) until 1981 when he established Centaur Communications.

Geoffrey Wilmot
Chief Financial Officer (aged 51)
Geoff joined Centaur Communications in September 1998 as Group Finance Director. He qualified as a chartered accountant with Binder Hamlyn in 1979. Immediately prior to joining Centaur Communications, he was Chief Financial Officer of the legal and professional division within Thomson Corporation. He has also previously worked for Morgan Crucible plc in a variety of roles and as Finance Director of Dexion Group plc and Scruttons plc.

Non-Executive Directors

Thomas Scruby
Non-Executive Director (aged 69)
Tom was appointed a Director of Centaur Communications in 1989. Since qualifying as a chartered accountant in 1957, he has held senior executive and non-executive positions in a range of public and private commercial businesses and corporate finance advisory organisations. He is a Non-Executive Chairman of Linguaphone Group plc and Questor VCT plc, and Non-Executive Director of Questor VCT 2 plc.

Colin Morrison
Non-Executive Director (aged 52)
Colin is Chief Executive Officer of the UK division of Australian Consolidated Press. During 2001-03, he was Chief Operating Officer of The Future Network plc, seeing the company through a period of successful reorganisation. He has managed B-to-B publishing operations in the UK for Reed and Emap, and consumer magazines in the Asia Pacific region and across Europe for Australian Consolidated Press and Axel Springer.

Patrick Taylor
Non-Executive Director (aged 56)
Patrick was formerly Chief Executive Officer of GWR Group plc, the UK's largest commercial radio group ranked by licences and audiences. Before joining GWR, Patrick was a Group Finance Director of Capital Radio plc. A qualified chartered accountant, Patrick began his career at Coopers & Lybrand and became a partner with the practice in 1980, specialising in corporate finance. He is a Non-Executive Director of The Future Network plc.

Senior Management Team

Annie Swift
Publishing Director
Marketing Division (aged 44)
Annie joined Centaur in 1988 as the Publisher of Creative Review. She is now Publishing Director responsible for all Marketing community activities including Marketing Week, Precision Marketing and In-Store Magazine. Prior to joining Centaur, she worked at Haymarket Publishing in a range of management positions across marketing, advertising and design titles. Her last position at Haymarket was Publishing Manager of a group of medical magazines.

Nigel Roby
Publishing Director, New Media and Engineering Divisions (aged 45)
Nigel joined Centaur in 1995 and is Publishing Director responsible for New Media Age and associated activities, for The Engineer and Process Engineering and for Public Private Finance. Prior to joining Centaur, Nigel worked at Haymarket Publishing for twelve years in new product development and as a publisher of both business and specialist consumer titles.

Robin Coates
Publishing Director
Construction Division (aged 48)
Robin joined Centaur in 1988 and is the Publishing Director responsible for the Construction division and Hali.
He also has responsibility for Group production matters, Events and research & development. Previous roles at Centaur included responsibility for the launch of Precision Marketing in 1988. Prior to joining Centaur, he worked at Haymarket Publishing for 10 years ultimately becoming one of its Group Publishing Managers having responsibility for the advertising titles Campaign, Design & Art Direction, The Directory and Portfolio.

Ian Roberts
Company Secretary (aged 53)
Ian joined Centaur in May 2000 becoming Company Secretary in October 2000. He qualified as a chartered accountant in 1974. Prior to joining Centaur he was Managing Director of CBS Private Capital Limited, a Lloyd's members' agent and a partner of Neville Russell now Mazars. He previously worked for financial advisory company, Partridge, Muir and Warren.

Tim Potter
Publishing Director, Legal and Financial Services Division (aged 44)
Tim joined Centaur in 1986 as a reporter. He was editor of Money Marketing and later publisher. He is now Publishing Director with responsibility for the Legal and Financial Services division. He was responsible for developing Mortgage Strategy and Fund Strategy and is now launching Finance Week. Prior to joining Centaur he was a local newspaper reporter.

Roger Beckett
Publishing Director
Creative Division (aged 44)
Roger joined Centaur in 1981 and is Publishing Director responsible for Design Week, Creative Review and Televisual magazines and their related activities. He has spent most of his career at Centaur and has worked on several other titles in the group including Marketing Week and Precision Marketing. Prior to joining Centaur, he worked at United Trade Press, a B-to-B publisher now known as Wilmington Group plc.

Calum Taylor
Director of Centaur Exhibitions and Conferences (aged 37)
Calum joined Centaur in 1990 and is Managing Director of Centaur Exhibitions. He started on the Sales Desk of Marketing Week, became Advertisement Director of Money Marketing and was launch publisher of Employee Benefits. After receiving an MBA from London Business School, he took over Centaur Exhibitions in 2001 and overall responsibility for Centaur Conferences in 2004.

Howard Sharman
Business Development Director (aged 51)
Howard joined Centaur in 1984 as editor of Marketing Week and is Business Development Director with particular responsibility for the development of the Group's internet business. Since joining Centaur, he has been publisher of Marketing Week and Publishing Director responsible for a range of businesses including Centaur Exhibitions, The Lawyer, Creative Review and Precision Marketing. He previously worked for Haymarket Publishing for five years and was a freelance journalist for three years.

Mike Lally
Finance Director (aged 46)
Mike joined Centaur in April 2001 having previously been Finance Director of the Informa Publishing Group. During his time at Informa he was involved in the management buy out of Lloyd's of London Press, the flotation of LLP plc and LLP's subsequent merger with IBC conferences to create the Informa Group. His previous roles include positions at the Financial Times, United News and Reuters.

Judith Mann Selley
Director of Circulation and Information Services (aged 42)
Judith joined Centaur in 1986. She started as a circulation assistant working on Marketing Week and the launch of Design Week. Judith has worked with the publishing team on all subsequent launches and has led the central circulation team since 1993. As the data expert within the business, she has also run the list-rental profit centre, Centaur Direct Marketing, for the past four years.

Chairman's Statement

> "the outlook is at present encouraging and we remain on track to deliver our planned growth in EBITDA margins"

Introduction

I am pleased to announce that Centaur's first reported results as a listed company demonstrate strong growth in both turnover and profits in the 12 months to 30 June 2004. Our key profit measure of EBITDA (earnings before interest, tax, depreciation, amortisation and exceptional items) increased by 33% to £8.8 million despite the impact of operating losses of £0.7 million related to new product development within the recently acquired Synergy Software Group. Turnover increased by 9% to £68.3 million, resulting in an EBITDA margin of 12.9% (10.6% prior year). This marks an important first stage in our plans to increase EBITDA margins to an average target level of 20% over the next two years.

Profit before tax (PBT) amounted to £3.4 million compared with £16.2 million in the year ended 30 June 2003. The 2003 result included an exceptional net gain of £13.6 million arising from the sale of a subsidiary business (the online legal service Lawtel) and related restructuring costs. The 2004 result is stated after charging, within administrative expenses, £2.4 million of goodwill amortisation (2003 £0.2 million), principally relating to the goodwill arising on the purchase of the Centaur Communications Group by Centaur Holdings plc ("the Company ") on 10 March 2004. PBT in the year to 30 June 2004 also included deductions of £0.2 million of exceptional administrative costs associated with the purchase of the Centaur Communications Group.

Finally, cash balances at 30 June 2004 net of loan note creditors stood at £5.7 million.

These results are based on the Pro forma results for the years ended 30 June 2004 and 30 June 2003, as described as the "Basis of preparation" note on page 31.

In light of this performance, the Board is recommending a dividend of 1p per share, which will be paid to shareholders on the register as at 5 November 2004.

The profits growth recorded in the full year results to 30 June 2004 occurred in the second half of the year. In advance of Centaur's flotation on the AIM in March we noted that there was evidence of the start of a recovery in the advertising cycle, which was expected to benefit Centaur. I am pleased to report that we have indeed seen an encouraging increase in demand for advertising in the six months to 30 June 2004. Total advertising turnover during this period increased by 13% over the equivalent prior year period. In line with past experience, this recovery has been led by growth in recruitment advertising, where turnover in the second half has risen by 23% on prior year. This turnover growth contributed significantly to Centaur's overall profits growth.

I am also pleased to report that we continue to see promising growth in other areas of the business, most notably our exhibitions and our online businesses.

Centaur has developed most of its business organically. Where it has made acquisitions, they have tended to be early stage acquisitions, rather than the purchase of established businesses or products. This strategy continued in the year to 30 June 2004. The most significant new business developments of the past year were as follows:

The London Homebuilding & Renovating Show was launched in September 2003 and was a great success, attracting nearly 15,000 visitors. The continued success of this brand, both of the magazine and its 6 related shows, reflects the significant importance of self-build in the residential homes market in the UK, not least due to ongoing concerns of affordability.

In October 2003 we acquired the Synergy Software Group, through our subsidiary Perfect Information Ltd. The essence of this transaction was the acquisition of Synergy's recently developed charting and analysis tool, Hydra, which fits well with Perfect Information's core service of providing a searchable electronic library of corporate filings. Since October 2003 we have continued the development of Hydra and have added further content. We have now re-launched the service as Perfect Analysis, a highly flexible, easy to use and cost-effective equity research tool.

In February 2004 we launched the Travel Technology Show, which was co-located with our national Business Travel Show in London. This was also a success, contributing additional exhibition stand sales of about 15% to the Business Travel Show.As part of our ongoing portfolio review, we decided not to continue with two products that had been loss-making in the last year. Firstly, we will not repeat the Period Living Show, which we ran in May 2004 under contract with its related magazine, published by EMAP. Secondly, we decided to sell the monthly magazine, European Fund Strategy, to IPE International Publishers Ltd (IPE), in which we own 34% of the equity. IPE is a successful publisher of international pension and related titles and we believe that European Fund Strategy will be a useful addition to their portfolio.

The key to Centaur's success in the past year and our greatest strength today is our people. Centaur's culture has been built on the key qualities of integrity, energy and entrepreneurship. I believe that our staff are the best in the business and demonstrate these qualities to an exceptional degree. I would like to take this opportunity to thank them all for their hard work and creativity this year and to say that, because of them, I have great confidence in Centaur's future. I would also like to welcome Patrick Taylor and Colin Morrison, our two independent Non-Executive Directors. They both come to Centaur with a wealth of experience and have already made an important contribution.

Finally, I am pleased to be able to report that the recovery in the advertising cycle that started towards the end of 2003 is continuing. Trading in the first quarter is comfortably ahead of the same period last year. Centaur only makes a small proportion of its profits in the first half, because July, August and December are traditionally quiet months for both magazines and events. Nevertheless, the outlook is at present encouraging and we remain on track to deliver our planned growth in EBITDA margins.

"Our culture is entreprenurial, innovative and highly customer-focused. We strongly encourage innovation in pursuit of customer satisfaction"

Centaur's Strategy

We believe that our success in the past year and our expectations for growth in the future reflect the value of the strategy which Centaur has pursued since the formation of Centaur Communications Ltd in 1981. This strategy has been based principally on establishing market-leading weekly magazines to serve distinct business communities and then extending our service to those communities through other media, most notably exhibitions, conferences and internet services.

Centaur's vision is to be the UK's leading specialist provider of news, information and related services to its chosen business communities. Its organisation reflects this community focus, operating as it does as a federation of small businesses, supported by a strong central infrastructure of common services such as Finance, Circulation, IT Operations and HR.

Centaur reports its results within five distinct business community segments, namely Marketing and Creative, Legal and Financial, Engineering and Construction, Perfect Information and Other. The first three segments comprise principally the following vertical business communities in which Centaur publishes market-leading magazine titles: Marketing Services, Creative Services, New Media, Retail Financial Products, Legal Services, Engineering, Private Homebuilding. Centaur also enjoys first or second position in a number of other specialist communities, namely HR, Visual Arts Production, Construction, Antique Rugs and Textiles and Public/Private Finance. In addition, it serves the Business Travel community with four leading trade shows in the UK and overseas. Centaur's product portfolio currently comprises 8 weekly magazines, 1 fortnightly magazine, 10 monthly magazines, 5 magazines of a quarterly or bi-monthly frequency, 2 monthly newsletters, 14 books, 11 internet portals, 4 online information services, 25 awards or other sponsored events, 20 exhibitions and 100 conferences.

Our culture is entrepreneurial, innovative and highly customer-focussed, with each community served by discrete profit centres. We strongly encourage innovation in pursuit of customer satisfaction. As a result, virtually all of our portfolio was created and launched within the business as opposed to being acquired. 18% of Centaur's revenues in the past year derived from products created within the last three years.

In pursuit of market leadership, Centaur's strategy has generally been initially to establish a weekly periodical that becomes a trusted brand, whose identity becomes inextricably linked with that of the community it serves. Typically we have launched new products within markets that are undergoing change (which is invariably the catalyst which permits market entry) and where we perceive high value, long-term growth potential. In creating products that meet the needs of our markets, we seek first to define the audience that advertisers wish to reach. Next we identify the essential information needs of that audience. Finally we ensure the maintenance of the highest possible standards of editorial integrity. This strategy reflects the fact that, whilst Centaur only creates products that advertisers want, having done so, it positions itself primarily as being in the relevant readership business and thereby is successful in establishing and maintaining market-leading brands.

As the information needs of these communities drive the content development of the weeklies, they also reveal further opportunities to supply information and/or services in other ways. The second element of Centaur's strategy is therefore to extend its trusted community brands into other complementary product offerings, as reflected in the description of the portfolio listed above. The most significant of these extensions are exhibitions, conferences and internet services.

Magazines

Weekly magazines have always been at the core of Centaur's strategy. Their frequency ensures that they are normally the hub in serving any market. Their key editorial functions are as follows:

a. They provide a forum for news about the market, where topicality is essential.
b. They serve to diminish the sense of isolation experienced by people working within one area by informing them of events affecting their contemporaries working in a parallel area.
c. They monitor the pulse of the sector and provide hard data on a regular basis.

In summary, weeklies actually become an integral part of the community they serve, as its members increasingly rely on them. In some markets, there is insufficient justification for a weekly frequency. Monthly and less frequent titles are however normally only published where opportunities are identified for other profitable products and services linked to the magazine.

Events

As a natural extension of our core mission to create a market identity for a community and diminish the sense of isolation between its members, the development of meetings based events is a core part of Centaur's strategy.

These take a number of forms, the most important of which are Exhibitions, Conferences and Awards.

The strategy for exhibitions is to build small to medium-sized shows that seek to serve very clearly defined vertical markets. These vertical markets may be subsets of a broader market served by the relevant weekly. Revenues are derived principally from stand sales.

Centaur's conferences model is essentially based on 2 day programmes addressing topics of high current interest. Revenues are principally from delegates, so great emphasis is placed on the quality of programme research and choice of speakers. Centaur also stages the leading annual awards ceremony in each of its major communities.

These events reinforce the strength of the related magazine brands and provide invaluable opportunities to communicate with the market.

Electronic Products

We believe that the emergence of internet technologies introduces the greatest challenge to business information providers for many years, but also the most exciting opportunities. The medium of the internet is highly complementary to the role of the business magazine.

Editorially, the weekly magazine provides an ideal medium for news analysis and special emphasis features, whilst the internet is better suited to breaking news highlights and database searching. From an advertiser's perspective, the magazine is an ideal medium for brand building, whilst the internet is more suited to advertising designed for lead-generation. In terms of circulation, the magazine addresses the top end of a community, whilst the internet, with its very low marginal cost of distribution, permits a much broader reach.

Centaur has successfully launched internet services to support each of its main brands. Revenues and profits from these services have grown rapidly in the last few years and they have become an integral part of the service we provide to our communities.

Current development activity

In the new financial year, we are continuing to develop new products at a steady pace. In mid-September 2004 we ran the Business Travel Show in Düsseldorf for the first time. Building on the success of the UK shows, this show is the only one of its kind serving the largest business travel market in Europe. Also in September 2004, we ran the Total Motivation Show at Olympia, a show designed for all those involved in the incentivisation of customers and staff. In April 2005, we will be running the Smart Homes Show alongside our National Homebuilding Show in the NEC, Birmingham, which attracted over 45,000 visitors at the 2004 show.

We recently announced the launch of Data Strategy, a specialist monthly publication for data professionals, borne out of our weekly magazine Precision Marketing. The first issue will be published in October 2004.

In November 2004, we will also be publishing the first issue of Finance Week, the weekly magazine for the corporate accountant. We believe that we have identified an important gap in this market. There is currently no weekly periodical that is published specifically for senior accountants working in the corporate sector and this is a time of unprecedented change and challenge for these professionals, particularly from a regulatory perspective. Finance Week will be circulated free of charge to the top 15,000 corporate accountants in the UK, working at Financial Controller level and above. Copies will be sold on subscription to all those working in accountancy, audit and tax practices and to more junior corporate accounting staff. We expect Finance Week to become the market leader in recruitment and display advertising in this important sector.

Overall Trading Review

A total of 18% of revenues generated in the last financial year were from products or events launched within the past 3 years and 1% of revenues were from businesses acquired within the same period. The new products generated an EBITDA margin of 13.3%, reflecting the success of our strategy of concentrating most of our recent development effort within currently served communities. Losses from acquisitions were generated by the new product development costs in Perfect Information following the acquisition of Synergy. Overall established products achieved an EBITDA margin of 14.3%, registering strong growth over the 10.6% recorded in the previous year.

Most of the profits growth in the year was generated by our portfolio of magazines, largely reflecting the recovery in the advertising cycle which started during the year combined with the effects of cost reductions, particularly within the engineering portfolio.

"I am also pleased to report that we continue to see promising growth in other areas of the business, most notably our exhibitions and our online businesses"

Marketing, Creative & New Media

Our leading magazines in this sector, Marketing Week, Design Week, Creative Review and New Media Age all achieved modest revenue growth in the year as a whole, virtually all of which was converted to profit. The steep advertising downturn, which commenced in 2001, started to recover towards the end of 2003 and a strong second half recruitment advertising performance offset the declines experienced in the first half.

Our three exhibitions in this sector – the DM Show, Insight and InStore shows – all consolidated their positions and we increased the number of marketing conferences to 68 (from 55 in the previous year), including the launch of two conferences in the USA – Brands and NPD Food and Drink, building on the success of existing branded events in the UK.

Our internet portal, mad.co.uk, which serves the marketing, advertising and design communities, continued to deliver strong revenue growth, a high proportion of which was converted to profit.

Legal and Financial

This division's three leading titles, Money Marketing, Mortgage Strategy and The Lawyer, each ended the year strongly. Mortgage Strategy, which was launched in autumn 2001, continued the rapid pace of growth that it has achieved since launch. Money Marketing, principally reliant on display advertising of retail financial products to Independent Financial Advisers, saw the start of an advertising recovery in the third quarter and achieved strong growth in the final quarter. The Lawyer, which draws most of its revenues from recruitment advertising, achieved modest growth in the year as a whole, benefiting from a very strong second half.

Most of the events revenues in this sector derive from exhibitions in the financial community. The decline in these revenues in the year reflected a reduction in the number of small roadshow-style events that have been partially replaced by larger regional events, leading to improved profitability. We also achieved growth in revenues and profit contribution from our two newer award events – Headline Money Awards and Mortgage Strategy Awards as well as from the new European Legal Summit held for the first time in Barcelona in October 2003.

Revenues and profits from our 3 major internet businesses in this division (Money Marketing Online, Headline Money and TheLawyer.com) grew strongly and each of these business units is now making a positive contribution, with significant potential for further growth.

Construction & Engineering

The major title in the Construction sector, the monthly publication Homebuilding & Renovating, continued to deliver strong growth in both advertising volumes and circulation (both on subscription and through bookstalls). The continuing buoyancy in this market was also reflected by the growth in exhibition revenues, which were boosted by the successful launch of the sixth show in this sector, held in London in September 2003.

The engineering magazines continued to reflect the difficulties of the market they serve. We secured further cost reductions in these products during the year and with some recovery in sales in the second half, they traded close to break-even in the last six months to 30 June 2004.

The leading title in this portfolio is The Engineer, one of the longest established and most respected business magazines in publication in the UK.

Since its launch in 1856, The Engineer has undergone a number of metamorphoses, reflecting the significant structural changes in its served community. We are currently in the process of re-positioning The Engineer to be the news magazine for technology and innovation. Much of the UK's manufacturing base has moved offshore in the past two decades, but we believe that this country will remain a centre of excellence for original engineering design, assembly and project management. The Engineer is now published principally for those involved in the development of new applications and transferable technology. We believe that this re-positioning will generate a marked recovery in its financial performance.

Perfect Information

Perfect Information's (PI) principal focus this year has been to continue the integration of the Synergy acquisition.

PI's core corporate filings business continued to grow in the year, despite relatively tight market conditions in its key investment banking client base. The first stage of redevelopment and marketing of its newly acquired equity research tool, Perfect Analysis, has been completed successfully. A number of clients have taken a subscription to the service and several important trials are now underway with other current and prospective clients. As previously announced, Perfect Analysis is expected to achieve profitability during the year to June 2005, although not for the year as a whole. We expect it to deliver significant returns thereafter.

Other

Other Communities comprise Business Travel, for which Centaur delivered 3 exhibitions during the year, Antique Rugs and Textiles (magazine, website and exhibition) and Public Private Finance (newsletter, online service, conferences and an awards event). Overall, these products experienced a small decline in revenues and profits for the year to June 2004. This was due primarily to the effect of global security concerns on the business travel community and reflected difficulties experienced during the year within the Islamic antique rugs market.

Financial Review

As reported in the Report of the Directors on page 20, the Company was incorporated on 30 October 2003 and was admitted to AIM on 10 March 2004 via a placing to fund the contemporaneous acquisition of the Centaur Communications Group.

The Company did not trade during the period prior to flotation. As a consequence the actual results for the period from 10 March 2004 to 30 June 2004 provides only a partial picture of the financial performance for the year.

Pro forma financial statements for both 2003 and 2004 have therefore been provided and form the basis of the commentary in this section and in the Chairman's Statement and Operating Review unless otherwise stated. The 2004 Pro forma results are based on the actual trading from 10 March 2004 to 30 June 2004 for the Group, and for Centaur Communications Ltd and its subsidiaries from 1 July 2003 to 9 March 2004. Pro forma comparative results for 2003 are based on the audited results for Centaur Communications Ltd and its subsidiaries for the 12 months ended 30 June 2003.

Actual results before tax

The profit on ordinary activities before taxation for the period 30 October 2003 to 30 June 2004 was £1.7million which included a charge of £2.2 million in respect of goodwill amortisation relating principally to the acquisition of the Centaur Communications Group and exceptional administrative costs of £0.1 million.

Pro forma results before tax

The profit on ordinary activities before taxation for the year ended 30 June 2004 was £3.4 million and this included a charge of £2.4 million for goodwill amortisation relating to acquisitions during the year, £0.2 million exceptional costs relating to the sale of the Centaur Communications Group and £0.3 million arising from the write down of an investment in Linguaphone Ltd held by Centaur Communications Ltd, which was recorded as an exceptional charge in the Centaur Communications Group's interim statements for the six month period to 31 December 2003 .

These three items accounted for the abnormal rise in Pro forma administrative expenses reported for the year ended 30 June 2004, from £19.2 million in 2003 to £22.5 million in 2004. With these items excluded, administrative expenses in 2004 increased by 3% over 2003 and the Pro forma pre tax profit increased by £3.5 million (225%) to £6.3 million.

The recovery in the majority of our served markets and growth in exhibitions revenue in the last six months is reflected in the Pro forma Group turnover for the year ended 30 June 2004 of £68.3 million. This represents an increase of £5.7 million (9.0%) on last year (2003: £62.6 million) and the analysis of revenue shows growth over prior year in the key revenue streams of recruitment advertising (11.4%), electronic subscriptions (30.7%), and events (19.7%).

EBITDA before exceptional costs

The Board considers the most important and consistent measure of profit for the Group to be earnings before interest, tax, depreciation, amortisation and exceptional costs ("EBITDA"). EBITDA for the Pro forma year ended 30 June 2004 was £8.8 million compared to £6.7 million in 2003, an improvement of 32.6% year on year. This resulted in an increase in the EBITDA margin to 12.9% and the Board is planning a further increase, to an average level of 20%, over the next two years.

The £8.8 million EBITDA for the Pro forma year ended 30 June 2004 comprises "normalised" £9.5 million relating to continuing activities and a loss of £0.7 million from acquisitions (see "Operating profit" note to the financial statements (note 3).

Taxation

The actual tax charge incurred by the Group amounted to £1.2million, which represents an effective tax rate of 30% of recorded profits before tax and goodwill amortisation.

The Pro forma profit and loss account for the year ended 30 June 2004 includes a tax credit of £1.2million (2003: tax charge of £0.7million). This arises principally as a result of the impact of a deferred tax credit of £3.1million in respect of share options in Centaur Communications Ltd that were exercised prior to acquisition by Centaur Holdings plc on 10 March 2004.

After utilisation in the current year, the deferred tax position at 30 June 2004 is an asset of £995,000. It is expected that this asset will be fully utilised in the foreseeable future against profits arising within the Group.

Earnings per share

The actual basic earnings per share ("EPS"), based on the weighted average number of shares in existence during the period 30 October 2003 to 30 June 2004, was 0.79 pence (0.73 pence fully diluted). Actual earnings per share for the period 10 March 2004 to 30 June 2004, calculated on a fully diluted basis was 0.35 pence.

To assist the understanding of the Group's performance an adjusted earnings per share has been included. This adjusted EPS for 2004 is based on profit for the financial year before amortisation of goodwill, amounts written off investments and the effect of the exceptional tax credit relating to share options described in the note above and for 2003 also excludes the effect of profit on the disposal of subsidiary undertakings and costs arising from reorganisation.

Using this adjusted measure, on a fully diluted basis, EPS rose from 1.41 pence in 2003 to 2.93 pence in 2004.

Details of this and other EPS calculations are presented in note 12 to the financial statements.

Dividends

Given the strong financial performance in the period, the Board is proposing a dividend of 1 pence per ordinary share to be paid to all shareholders on the register at 5 November 2004. The Group has sufficient reserves to cover the recommended dividend.

Cash flow

At 30 June 2004 the Group had cash and deposits of £9.1 million, an increase of £5.1 million on Pro forma cash at 30 June 2003 of £4.0 million. The cash balances at 30 June 2004 included £3.4 million held on behalf of the holders of loan notes in Centaur Holdings plc.

Acquisitions

On 10 March 2004 the Group acquired 100% of the share capital of Centaur Communications Ltd and its subsidiaries. The details of this acquisition and the acquired net assets are contained in note 32 to the financial statements. On 23 October 2003 the Centaur Communications Group acquired the Synergy Software Group. In the Pro forma turnover for the year ended 30 June 2004, the acquired revenue accounted for £0.6 million (0.9%).

Treasury policy

Treasury is managed centrally and is principally concerned with managing working capital and seeking to maximise returns on available short-term cash deposits. Further details of the operation of the Group's treasury functions and a description of the role that financial instruments have had during the period 30 October 2003 to 30 June 2004 in the management of the Group's funding and liquidity risks and interest and foreign exchange rate risks are contained in the "Financial instruments" note to the financial statements (note 30).

International financial reporting standards

The Company intends to follow the European Union requirement for all listed companies to adopt international financial reporting standards (IFRS) for their financial statements for accounting periods starting from 1 January 2005, which will include comparative information for prior years. The Group is currently undertaking a review of the impact of IFRS on its published financial statements and the first full year's accounts prepared under IFRS will be those for the year ending 30 June 2006.

The Directors of Centaur Holdings plc (the "Company") present their Report on the affairs of the Group together with audited Financial Statements for the period since incorporation on 30 October 2003 to 30 June 2004.

The Company was incorporated in England and Wales on 30 October 2003 under the Companies Act 1985, as a private limited company with the name of De Facto 1093 Limited. On the 29 January 2004 the name of the Company was changed to Centaur Holdings Limited, and on 23 February 2004, the Company was re-registered as a public listed company with the name of Centaur Holdings plc.

Admission to Alternative Investment Market ("AIM")

On 27 February 2004 the Company issued a prospectus, which contained details of offers of shares in the Company. On 10 March 2004 acquired the Centaur Communications Group in exchange for cash and shares in the Company. On the same day 147,794,118 new shares were allotted and fully paid and the shares were unconditionally admitted to the Alternative Investment Market of the London Stock Exchange.

Principal activities

The principal activities of the Group are the creation and dissemination of business and professional information through publications, exhibitions, conferences, the Internet and online. Centaur Holdings plc is a holding company, which also provides management services to the Group.

Business review

The business and future developments of the Group are outlined in the Chairman's Statement and Operating and Financial review on pages 11 to 19.

Results and dividends

The actual results for the period ended 30 June 2004 and the Pro forma 2004 results for the full year are shown in the consolidated profit and loss account on page 27.

A dividend of 1p per share is proposed by the Directors and, subject to shareholder approval at the Annual General Meeting, will be paid on 3 December 2004 to ordinary shareholders on the register at the close of business on 5 November 2004.

Share capital and substantial shareholding

Details of the share capital are set out in note 22 to the financial statements.

As at 31 August 2004 notifications of interests at or above 3% in the issued share capital of the Company had been received from the following:

AXA S.A.	8.33%
Jupiter Asset Management Limited	8.12%
UBS Global Asset Management Life Limited	4.14%
Artemis Fund Managers Limited	4.05%
Parsimony Limited	3.90%
Fidelity International Limited	3.38%

Directors' interests

The following Directors had beneficial interests in the ordinary share capital of the Company:

The Directors' interests in share options are disclosed in the Directors' report on remuneration.

	Number of ordinary shares held at date of appointment	Shares sold during the period	Shares acquired during the period	Number of ordinary shares held at 30 June 2004
GV Sherren	6,477,150	-	-	6,477,150
(In wife's ownership)	428,270	-	-	428,270
JPE Taylor	100,000	-	-	100,000
C Morrison	100,000	-	-	100,000
BTR Scruby	232,313	-	-	232,313

Payment of creditors

It is the Group's policy to agree credit arrangements with suppliers as part of the general terms of supply. Payment is then made in accordance with these terms provided the goods and services have been delivered in accordance with the agreed terms and conditions.

The number and diversity of supply relationships means the Group pursues no formal code or policy beyond this. The Company had no trade creditors at 30 June 2004.

Employment policy

The Group is an equal opportunities employer and appoints employees without reference to sex, ethnic group or religious beliefs.

It is the Group's policy to give full consideration to suitable applications for employment by disabled persons. Opportunities also exist for employees of the Group who become disabled to continue in their employment or to be trained for other positions in the Group.

All companies within the Group actively encourage employee involvement at all levels, both through regular employee briefings and by direct access to managers and the Directors.

Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that period. The Directors are required to prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently. The Directors also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 June 2004 and that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They also are responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors
A resolution is to be proposed at the Annual General Meeting for the re-appointment of PricewaterhouseCoopers LLP.

By order of the Board

IPH Roberts
Secretary
28 September 2004

Corporate Governance Statement

Centaur Holdings plc was incorporated on 30 October 2003 and the Company did not trade until it acquired the Centaur Communications Group and was contemporaneously admitted to the Alternative Investment Market ("AIM") of the London Stock Exchange on 10 March 2004.

The Group is therefore substantially comprised of Centaur Communications Ltd and its subsidiary companies which until its acquisition by Centaur Holdings plc was a privately owned group of companies.

The Board of Centaur Holdings plc is accountable to the Company's shareholders for good corporate governance and is pleased to report that much of the criteria of best practice established by the 1998 Combined Code was already in existence in its main trading subsidiary when it was acquired. The Board has been building on this foundation throughout the period.

The statement below describes how the principles of corporate governance are now applied to the Company and the extent of the Company's compliance, during the period since flotation, with the provisions set out in Section 1 of the 1998 Combined Code.

The Board of Directors

The Board is responsible for the Group's systems of corporate governance and is ultimately accountable for the Group's activities, strategy and financial performance.

The Board is comprised of two Executive Directors. The same Director Graham Sherren holds the posts of Executive Chairman and Chief Executive, although the Board is balanced by three Non-Executive Directors. Of the Non-Executive Directors, Patrick Taylor and Colin Morrison are considered by the Board to be 'independent' of management and have no relationships which may interfere with their independent judgement. Tom Scruby does not satisfy the 'independence' criteria. However the Directors believe that Tom Scruby's knowledge of Centaur will be of benefit to the Board and its committees. The Board has not, at present, appointed a senior Non-Executive Director. All Directors are subject to re-election at least every three years.

The Board met on 6 May 2004 and all Executive and Non-Executive Directors attended. The Board has met since the period end on 8 July 2004 and 21 September 2004 and again, all Executive and Non-Executive Directors attended.

Board process

The Board has the authority, and is accountable to shareholders, for ensuring that the Group is appropriately managed and achieves the strategic objectives agreed by the Board. In accordance with the Combined Code, the Board has established guidelines requiring specific matters for discussion by the full Board of Directors, material acquisitions, disposals, investments and capital projects. The Board reviews the Group's internal controls and risk management policies and to enable the Board to discharge its duties it supervises overall budgetary planning, treasury planning and business strategy.

The Board has a procedure through which the Directors are able to take independent advice in the furtherance of their responsibilities. The Directors have access to the advice and services of the Company Secretary.

The Company Secretary is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is Ian Roberts who was appointed on 19 February 2004. He is secretary to all the Board Committees.

In addition, the Board has established an Audit Committee, a Remuneration Committee and a Nominations Committee with formally delegated duties and responsibilities within written terms of reference.

The Audit Committee

Patrick Taylor chairs the Audit Committee and its other members are Colin Morrison and Tom Scruby. All members of this committee are Non-Executive Directors. The Audit Committee meets at least twice each year. Geoffrey Wilmot, the Chief Financial Officer, and external auditors attend for part or all of each meeting. The external auditors have unrestricted access to the Audit Committee and its chairman. The Audit Committee considers all matters relating to financial policies, internal control and reporting, external audits, the scope and results of the audits, the independence and objectivity of the auditors and establishes that an effective system of internal financial control is maintained.

The Audit Committee met on 27 May 2004 and two members, Patrick Taylor and Colin Morrison, attended. The Audit Committee has met since the period end, on 12 August 2004 and 21 September 2004, during which meetings all members attended.

The Remuneration Committee

Patrick Taylor chairs the Remuneration Committee and its other members are Colin Morrison and Tom Scruby. All members of this committee are Non-Executive Directors.

The Remuneration Committee meets at least twice each year. The Executive Chairman and the Chief Financial Officer may be invited to attend meetings, as the Remuneration Committee considers appropriate. The Remuneration Committee will consider all material elements of remuneration policy, remuneration and incentives of Executive Directors. The Executive Directors determine the remuneration of the Non-Executive Directors.

The Company Secretary with reference to independent remuneration research and professional advice, in accordance with the Combined Code, will make recommendations to the Board on the framework for executive remuneration and its cost. The Board is then responsible for implementing the recommendations and agreeing the remuneration packages of individual Directors and the Company Secretary. The Directors are not permitted under the Articles, to vote on their own terms and conditions of remuneration.

During the period the Remuneration Committee did not meet. However, it has met since the period end on the 8 July 2004 and 21 September 2004 and all members of the Committee attended.

The Nominations Committee

Graham Sherren chairs the Nominations Committee and its other members are Colin Morrison and Patrick Taylor. The Nominations Committee will meet at least annually and as required will make recommendations to the Board on new appointments to the Board.

The Nominations Committee has not met to date.

Internal Control

The Board recognises its responsibility to present a true and balanced assessment of the Group's position and prospects. Centaur Holdings plc's structure of accountability and audit operates as follows:

The Board has accountability for reviewing the effectiveness of the Group's system of internal controls. This relates to all controls, covering financial, operational, compliance and risk management matters. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and has been reviewed regularly by the Board throughout the period.

The Board has delegated responsibility for such reviews to the Audit Committee, which receives the relevant reports from the various committees and individuals to assist it in its assessment of these controls. It is the responsibility of management to implement Board policies on risk control.

The Board through its committees is responsible for identifying, approving and enforcing policies on risk and control. The Group has a structure to monitor its key activities. As part of its structure, there is a comprehensive planning system with an annual budget approved by the Board. The results of operating communities are reported monthly and compared to the budget. Forecasts are prepared during the year.

An ongoing process, in accordance with the guidance of the Turnbull Committee on internal control, has been established for identifying, evaluating and managing risks faced by the Group. This process has been in place on an ongoing basis but has become more formalised since flotation. The Directors recognise that they are responsible for systems of internal control and for reviewing its effectiveness and this they have done during the year. The risk management process and systems of internal control are designed to only provide reasonable and not absolute assurance against material misstatement or loss.

The key procedures, which the Directors have established with a view to providing effective internal controls, are as follows:

Regular Board meetings to consider a schedule of matters reserved for the Boards consideration.

An annual review of corporate strategy, which includes a review of risks facing the business and how these risks are monitored and managed on an ongoing basis within the organisation.

An established organisational structure with clearly defined lines of responsibility and delegation of authority.

Documented and enforced policies and procedures.

Appointment of staff of the necessary calibre to fulfil their allocated responsibilities.

Comprehensive budgets and forecasts, approved by the Board, reviewed and revised on a regular basis, with performance monitored against them and explanations obtained for material variances.

A detailed investment approval process, requiring Board approval for major projects. Post-investment appraisals will be conducted and be reviewed by the Board.

An Audit Committee of the Board, comprising Non-Executive Directors, which considers significant financial control matters as appropriate.

Relations with shareholders

Communications with shareholders will be given a high priority. The Operating and Financial reviews on pages 13 to 19 include a detailed review of the business and future developments. There will be regular dialogue with institutional shareholders as well as presentations after the Company's preliminary announcement of the year-end results and at the half year. In addition financial and other information about the Company is available on the Company's website (www.centaur.co.uk).

The Board's aim is to use the Annual General Meeting to communicate with private and institutional investors and welcomes their participation. The Executive Chairman will aim to ensure that the Chairman of the Audit and Remuneration Committees is available at the Annual General Meeting on 25 November 2004, details of which can be found in the Notice of the Meeting.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for this reason, they continue to adopt the going concern basis in preparing the accounts.

Directors' report on remuneration Information not subject to audit

The Remuneration Committee
The Remuneration Committee consisted of Patrick Taylor (Chairman), Tom Scruby and Colin Morrison (all Non-Executive Directors) and together they considered all matters for the period on matters reported below. No other party materially assisted the Committee during the period.

Directors' remuneration policy
The policy of the Group for the remuneration of Executive Directors is that it should be sufficient to attract and retain the Directors needed to run the Company successfully.

The remuneration package consists of basic salary, benefits, bonuses, pension and share options. It is the intention of the Committee to review at least annually the remuneration packages (including, but not limited to, pension arrangements, the determination of any targets for any performance-related pay schemes operated by the Company (asking the Board, when appropriate, to seek shareholder approval for any long-term incentive arrangements), bonuses, incentive payments and any compensation payments and share option entitlements) for each of the Executive Directors and Company Secretary. The objective of such policy being to ensure that such are provided with appropriate remuneration and incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company.

The policy with regard to bonus schemes for the Executive Directors and Company Secretary is to set demanding performance targets that are normally based on the Company's key profit measure of EBITDA. The EBITDA target levels may be set with regard to a number of factors, including year on year growth.

Share Options
The Committee intend to grant share options to members of the senior management. Options granted require that future corporate performances targets be achieved before they can be exercised. The same performance targets, which are based on Earnings before taxation and amortisation (EBTA), are common to all Executive Directors and senior management. The Board's objective in granting options is to increase shareholders' value in growth in earnings.

In determining the EBTA, the base year's profitability of Centaur Holdings plc and its subsidiaries will be the financial year ending 30 June 2004. In respect of the year of exercise, for the purposes of settling the adjusted EBTA the principal criteria to be applied is: -

(a) To exclude exceptional gains, losses or other exceptional items;

(b) To exclude profits or losses arising from the disposal of assets;

(c) To apply an appropriate and equitable treatment to the recognition of profits or losses arising from acquisitions within a maximum period of two years from their purchase;

(d) That the EBTA will be expressed as an amount per ordinary share for the time being in issue in Centaur Holdings plc and where the number of shares will be the weighted average in issue throughout the relevant year upon which the performance is based, and

(e) That the starting point for the number of shares in issue is 147,994,118 (being the total number of ordinary shares of 10 pence each in issue), fully paid, as at 10 March 2004 (being the date of admission to the AIM).

The option plan is made up of two parts. Part I is approved by the Inland Revenue and takes advantage of the legislation to encourage employees to own shares in the Company in a tax efficient manner. Part II of the plan has not been approved by the Inland Revenue.

The Rollover Plan
Centaur Holdings plc Executive Directors and certain senior employees elected to rollover existing ("old") Centaur Communications Ltd share options into new "rollover" share options in Centaur Holdings plc. The options were exchanged for options each at various exercise prices in Centaur Holdings plc. In addition, for each share option, held in Centaur Communications Ltd, the employee (other than Graham Sherren) received matching options in Centaur Holdings plc. The exercise price for the matching options is set equal to the market value at date of listing, 10 March 2004.

Rollover option holders are entitled to exercise the former Centaur Communications Ltd options which were rolled over commencing on the 9 March 2005 and are excluded from any performance conditions applying to the exercise of the rollover options.

The Directors' service agreements
The contract date for Executive Directors' existing service agreements is 27 February 2004 and provides for notice periods of 12 months; they do not have a fixed term of office.

Patrick Taylor and Colin Morrison were appointed to the Board as Non-Executive Directors on 19 February 2004 and Tom Scruby on the Company's admission to AIM. The Non-Executive Directors do not have service contracts; they have a letters of appointment with the Company. Their appointments are for an initial three year period and provide for notice period of one month. All retiring Directors are eligible for re-election. Any Non-Executive Director who has held office for a nine year period or more shall be subject to re-election at each AGM.

Pension arrangements
There is no Group executive pension scheme. The Company makes contributions to Directors' individual pension schemes.

Directors' report on remuneration
Information subject to audit

Directors' Interests
The Directors holding office during the year to 30 June 2004 and other beneficial interests in the Company's share capital are shown on page 20. None of the Directors had any beneficial interest in the shares of other Group companies.

The following Directors have been granted rollover and/or matching options to subscribe for ordinary shares in the Company under rollover, approved and unapproved, share option schemes:

	Date of grant	Number at Date of appointment	Earliest exercise date	Expiry date	Exercise price (pence)	Number at 30 June 2004
GV Sherren	9.3.04	336,224	9.3.05	09.3.14	11.58	336,224
	9.3.04	886,665	9.3.05	09.3.14	41.67	886,665
GTD Wilmot	9.3.04	30,000	9.3.07	09.3.14	100.0	30,000
	9.3.04	557,333	9.3.07	09.3.14	100.0	557,333
	9.3.04	172,777	9.3.05	09.3.14	41.67	172,777

No options have been exercised during the period and no options have lapsed.

The market price at 30 June 2004 was 83.5p and the range during the period was 79.0p to 102.5p. The average market price during the year was 88.9p.

Directors' Emoluments
The table below provides details of Directors' remuneration from Centaur Holdings plc for the period 30 October 2003 to 30 June 2004. Other benefits for Executive Directors during this period include the provision of car allowance, life assurance permanent health insurance and medical insurance.

	Salaries and Fees £	Bonus £	Pension £	Other Benefits £	Total £
Executive					
GV Sherren	95,046	61,972	-	8,656	165,674
GTD Wilmot	48,421	17,418	8,474	5,874	80,187
Non-Executive					
BTR Scruby	10,000	-	-	-	10,000
C Morrison	12,366	40,000	-	-	52,366
JPE Taylor	12,366	40,000	-	-	52,366
	178,199	**159,390**	**8,474**	**14,530**	**360,593**

Independent auditors' report to the members of Centaur Holdings plc

Financial Statements
We have audited the financial statements, which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. We have also audited the disclosures required by Part 3 of Schedule 7A to the Companies Act 1985 contained in the Directors' remuneration report ("the auditable part").

Respective responsibilities of directors and auditors
The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities. The Directors are also responsible for preparing the Directors' remuneration report.

Our responsibility is to audit the financial statements and the auditable part of the Directors' remuneration report in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 whether the financial statements and the auditable part of the Directors' remuneration report have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report, the unaudited part of the Directors' remuneration report, the Chairman's Statement, the Operating and Financial review and the Corporate Governance Statement.

We review whether the Corporate Governance Statement reflects the Company's compliance with the seven provisions of the Combined Code issued in June 1998 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 to 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 auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the auditable part of the Directors' remuneration report. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 and the auditable part of the Directors' remuneration report 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 of the state of affairs of the Company and the Group at 30 June 2004 and of the profit and cash flows of the Group for the period then ended; the financial statements have been properly prepared in accordance with the Companies Act 1985; and those parts of the Directors' remuneration report required by Part 3 of Schedule 7A to the Companies Act 1985 have been properly prepared in accordance with the Companies Act 1985.

Pro Forma Financial Information
We have reviewed, without performing an audit, the calculations and the basis of preparation of Pro forma financial information on pages 27 to 49 for the two years ended 30 June 2004. The Pro forma financial information is the responsibility of, and has been approved, by the Directors. The Pro forma financial information has been prepared for illustrative purposes only and is based on the following source documents:

The audited financial statements of Centaur Communications Limited and subsidiaries for the year ended 30 June 2004 and the audited financial statements of the Company for the period ended 30 June 2004;

The audited financial statements of Centaur Communications Limited and its subsidiaries for the year ended 30 June 2003.

Basis of Opinion
Our review of the Pro forma financial information consisted primarily of comparing Pro forma financial information with the audited source documents, of considering the evidence supporting the adjustments and discussing the Pro forma financial information with management.

Opinion
In our opinion the Pro forma financial information has been properly compiled on the basis stated on page 31.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

28 September 2004

Consolidated profit and loss account for the year ended 30 June 2004

	Note		Pro forma Year ended 30 June 2004 £'000	Pro forma Year ended 30 June 2003 £'000	Actual 30 Oct 2003 to 30 June 2004 £'000
Turnover					
- continuing activities	2		**67,637**	61,995	**-**
- acquisitions	2		**617**	-	**25,493**
- discontinued activities			**-**	650	**-**
	2		**68,254**	62,645	**25,493**
Cost of sales			**(38,017)**	(35,743)	**(13,609)**
Gross profit			**30,237**	26,902	**11,884**
Distribution costs			**(4,287)**	(4,254)	**(1,259)**
Administrative expenses			**(22,468)**	(19,201)	**(8,983)**
EBITDA before exceptional costs	**2,3**		**8,823**	6,655	**4,905**
Depreciation of tangible fixed assets			**(2,676)**	(2,835)	**(987)**
Amortisation of goodwill			**(2,437)**	(245)	**(2,186)**
Exceptional administrative costs	**5**		**(228)**		**(90)**
Operating profit/(loss)					
- continuing activities	**3**	**4,226**		3,575	**-**
- acquisitions	**3**	**(744)**		-	**1,642**
Operating profit on continuing activities			**3,482**	3,575	**1,642**
- discontinued activities			**-**	(128)	**-**
Total operating profit	**3**		**3,482**	3,447	**1,642**
Profit on disposal of subsidiary undertakings			**-**	15,385	**-**
Costs arising from reorganisation			**-**	(1,777)	**-**
Profit on ordinary activities before interest			**3,482**	17,055	**1,642**
Interest receivable and similar income	**7**		**196**	57	**71**
Amounts written off investments	**8**		**(274)**	-	**-**
Interest payable and similar charges	**9**		**(7)**	(935)	**(4)**
Profit on ordinary activities before taxation	**4**		**3,397**	16,177	**1,709**
Tax on profit on ordinary activities	**10**		**1,222**	(671)	**(1,169)**
Profit on ordinary activities after taxation			**4,619**	15,506	**540**
Equity minority interests			**-**	32	**-**
Profit for the Financial year			**4,619**	15,538	**540**
Dividends	**11**		**(1,480)**	-	**(1,480)**
Retained profit//(loss) for the period			**3,139**	15,538	**(940)**
Earnings per share	**12**				
Basic earnings per share (pence)			**3.12**	10.50	**0.79**
Fully diluted earnings per share (pence)			**3.00**	10.10	**0.73**
Adjusted earnings per share (pence)			**3.04**	1.47	**4.13**
Fully diluted adjusted earnings per share (pence)			**2.93**	1.41	**3.80**

The Group has no recognised gaims or lossed for the year other than the profits stated above.

Consolidated Balance Sheet at 30 June 2004

	Note	Group Actual 30 June 2004 £'000	Group Pro forma 30 June 2003 £'000	Company Actual 30 June 2004 £'000
Fixed assets				
Intangible fixed assets	13	**138,701**	2,595	**-**
Tangible fixed assets	14	**5,311**	5,921	**-**
Investments	15	**185**	459	**147,798**
		144,197	8,975	**147,798**
Current assets				
Stocks	16	**1,185**	1,260	**-**
Debtors	17	**14,771**	13,758	**221**
Cash at bank and in hand	18	**9,132**	4,085	**5,554**
		25,088	19,103	**5,775**
Creditors: amounts falling due within one year	19	**(23,426)**	(18,564)	**(6,746)**
Net current assets		**1,662**	539	**(971)**
Total assets less current liabilities		**145,859**	9,514	**146,827**
Provisions for liabilities and charges	20	**(3,387)**	(1,997)	**-**
Total net assets		**142,472**	7,517	**146,827**
Capital and reserves				
Called up share capital	22	**14,879**	1,549	**14,879**
Share premium account	23	**127,047**	13,531	**127,047**
Non-distributable reserve	24	**-**	-	**1,486**
Other reserves	24	**1,486**	483	**-**
Profit and loss account	25	**(940)**	(7,998)	**3,415**
Equity shareholder's funds		**142,472**	7,565	**146,827**
Equity minority interests		-	(48)	**-**
		142,472	7,517	**146,827**

The accounting policies on pages 29 and the notes on pages 31 to 49 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 28 September 2004 and were signed on its behalf by:

GTD Wilmot
Director

Group cash flow statement for the year ended 30 June 2004

	Note	Pro forma Year ended 30 June 2004 £'000	Pro forma Year ended 30 June 2003 £'000	Actual 30 Oct 2003 to 30 June 2004 £'000
Net cash inflow from operating activities	29	7,770	6,936	4,937
Returns on investments and servicing of finance				
Interest received		196	57	71
Interest paid		(174)	(362)	(61)
Dividends paid to minority interests		-	(54)	-
Net cash inflow/ (outflow) from returns on investments and servicing of finance		22	(359)	10
Taxation		(671)	(287)	(356)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(2,166)	(1,651)	(667)
Sale of tangible fixed assets		24	44	11
Purchase of intangible fixed assets		(195)	(55)	(120)
Net cash outflow for capital expenditure and financial investment		(2,337)	(1,662)	(776)
Acquisitions and disposals				
Proceeds from the disposal of subsidiary undertakings		-	20,020	-
Acquisition / disposal expenses paid	32	(2,921)	(796)	(2,780)
Cash at bank and in hand acquired with subsidiary undertakings		9	-	6,274
Cash at bank and in hand disposed with subsidiary undertakings		49	(6,662)	-
Purchase of subsidiary undertakings	32	(128,736)	(515)	(127,634)
Net cash (outflow)/ inflow from acquisitions and disposal of subsidiary undertakings		(131,599)	12,047	(124,140)
Net cash (outflow)/ inflow before financing		(126,815)	16,675	(120,325)
Financing				
Issue of ordinary share capital		134,445	105	131,994
Cash received in respect of loan notes	19	3,429	-	3,429
Issue costs	23	(5,968)	-	(5,968)
Repayment of bank and other borrowings		-	(16,000)	-
Net cash inflow / (outflow) from financing		131,906	(15,895)	129,455
Increase in cash	31	5,091	780	9,130

The accounting policies on pages 34 to 36 and the notes on pages 31 to 49 form an integral part of these financial statements.

Other Primary Statements
for the year ended 30 June 2004

Reconciliation of movements in equity shareholders' funds

	Group Actual 2004 £'000	Group Pro forma 2004 £'000	Group Pro forma 2003 £'000
Opening shareholders' funds/ (deficit)	**-**	**7,565**	(8,078)
Profit for the period to 9 March 2004		**4,079**	
New share capital issued		**2,449**	
Disposal to Centaur Holdings plc		**(14,093)**	
Shareholders' funds at 10 March 2004		**-**	
New share capital issued	**147,894**	**147,894**	105
Issue costs	**(5,968)**	**(5,968)**	-
Fair value of "rolled over" share options	**1,486**	**1,486**	-
Profit for the Financial year	**540**	**540**	15,538
Dividends	**(1,480)**	**(1,480)**	-
Closing shareholders' funds	**142,472**	**142,472**	7,565

Statement of accounting policies

1

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards in the United Kingdom. The principal accounting policies of the Group, which have been applied consistently throughout the period are:

Basis of preparation

Actual

The Company was incorporated on 30 October 2003 as a private limited company. Between 30 October 2003 and 10 March 2004 the Company did not trade.

On 10 March 2004, the Company acquired Centaur Communications Ltd and its subsidiaries.

The consolidated financial statements therefore include all the Groups' activities, applying acquisition accounting principles, from 10 March 2004, being the date of their acquisition by the Company. Profits or losses on intra-Group transactions are eliminated in full.

Within these financial statements references to "2004 Actual" refers to the period 30 October 2003 to 30 June 2004.

Pro forma

The Pro forma results for 2004 are based on a full 12 months trading for the Centaur Communications Group that became part of Centaur Holdings plc on 10 March 2004.

Within these financial statements references to "Pro forma 2004" refers to the period 1 July 2003 to 30 June 2004.

The Pro forma comparative results for 2003 are based on the audited results for the twelve months to 30 June 2003 for the Centaur Communications Group.

Within these financial statements references to "Pro forma 2003" refers to the period 1 July 2002 to 30 June 2003.

Turnover

Turnover represents sales of advertising space, subscriptions and individual publications and revenue from exhibitions and conferences, exclusive of value added tax.

Sales of advertising space are recognised in the period in which publication occurs. Sales of publications are recognised in the period in which the sale is made. Revenue received in advance for exhibitions and conferences is deferred and recognised in the period in which the event takes place.

Revenue from subscriptions to publications and online services is deferred and recognised in the profit and loss account on a straight-line basis over the subscription period.

Investments

Investments are recorded at cost less provision for impairment in value.

Goodwill

Goodwill purchased or arising on consolidation has been capitalised and is amortised over its estimated useful economic life of 20 years, which is the period over which the Directors estimate that the values of the underlying businesses acquired are expected to exceed the value of the underlying assets.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation of tangible assets is provided on a straight-line basis over the following estimated useful lives of the assets.

A review of the estimated useful life of each asset is carried out annually to ensure depreciation rates are adequate.

Leasehold property	20 years or the length of the lease if shorter
Fixtures and fittings	10 years
Computer equipment	3 - 5 years
Motor Vehicles	4 years

Impairment of fixed assets and goodwill

The need for any fixed asset or goodwill impairment write down is assessed by comparison of the carrying value of the asset against the higher of net realisable value or value in use. The value in use is determined from estimated discounted future cash flows. Discount rates used are based on the circumstances of the individual businesses.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing difference can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing difference are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Stocks

Stocks are stated at the lower of cost and net realisable value. For raw materials cost is the purchase price. Work in progress comprises costs incurred relating to publications, exhibitions and conferences prior to the publication date or the date of the event. For goods for resale, cost is the purchase price, or, in the case of publications, the direct cost of production.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pensions

Pension costs charged to the profit and loss account represent the amount of contributions payable to the Group's defined contribution scheme in respect of the accounting period.

Foreign currencies

Transactions denominated in foreign currency are translated at exchange rates prevailing at the transaction date. Assets and liabilities are translated at exchange rates prevailing at the year end date. Any gains or losses arising on exchange are reflected in the profit and loss account.

Financial instruments

Financial instruments are marked to market each month and any gain or loss is recognised in the profit and loss account. Amounts payable or receivable in respect of interest rate swap agreements are recognised as adjustments to interest over the period of the contract.

2
Segmental analysis

The Group is involved in the single activity of the creation and dissemination of business and professional information in the UK. There is therefore no segmental reporting required. However, set out below are business analyses of Group turnover and EBITDA before exceptional costs ("EBITDA") from continuing activities. In addition for comparability, prior year's discontinued operations turnover and EBITDA amounts have been eliminated.

Analysis by community

	Pro forma Year ended 30 June 2004		Pro forma Year ended 30 June 2003	
	Turnover from continuing activities £'000	**EBITDA** £'000	**Turnover from continuing activities** £'000	**EBITDA** £'000
Marketing, Creative and New Media	**23,911**	**3,624**	23,278	3,734
Legal and Financial	**19,677**	**3,385**	18,127	2,322
Construction and Engineering	**12,530**	**967**	9,993	(723)
Perfect Information	**6,099**	**749**	4,455	1,018
Other	**6,037**	**98**	6,142	304
	68,254	**8,823**	61,995	6,655

Analysis by source

	Pro forma Year ended 30 June 2004	Pro forma Year ended 30 June 2003
	Turnover from continuing activities £'000	**Turnover from continuing activities** £'000
Recruitment advertising	**9,989**	8,963
Other advertising	**25,359**	24,797
Circulation revenue	**5,108**	5,334
Electronic subscriptions	**6,303**	4,823
Events	**19,722**	16,475
Other	**1,773**	1,603
	68,254	61,995

Analysis by product Type

	Pro forma Year ended 30 June 2004		Pro forma Year ended 30 June 2003	
	Turnover from continuing activities £'000	**EBITDA** £'000	**Turnover from continuing activities** £'000	**EBITDA** £'000
Magazines	**37,224**	**6,432**	36,361	4,504
Events	**19,722**	**1,338**	16,475	1,049
Electronic Products	**9,981**	**894**	7,811	975
Other	**1,327**	**159**	1,348	127
	68,254	**8,823**	61,995	6,655

Analysis by Maturity

	Pro forma Year ended 30 June 2004		Pro forma Year ended 30 June 2003	
	Turnover from continuing activities £'000	**EBITDA** £'000	**Turnover from continuing activities** £'000	**EBITDA** £'000
Existing	**55,560**	**7,948**	52,203	5,544
New product development	**12,077**	**1,608**	9,792	1,111
Acquisitions	**617**	**(733)**	-	-
	68,254	**8,823**	61,995	6,655

New product development is defined as any product launched in the last three years and is reported by reference to the three years preceding each reporting date. Acquisitions are also reported by reference to the three years preceding each reporting date.

Substantially all net assets are located and all turnover and EBITDA are generated in the United Kingdom.

3
Operating profit/(loss)

The table below provides an analysis of operating profit/(loss) by continuing activities and acquisitions for the Pro forma year ended 30 June 2004:

	Continuing Activities £'000	Acquisitions £'000	Pro forma Year ended 30 June 2004 £'000
Turnover	67,637	617	**68,254**
Cost of sales	(37,142)	(875)	**(38,017)**
Gross profit	30,495	(258)	**30,237**
Distribution costs	(4,287)	-	**(4,287)**
Administrative expenses	(21,982)	(486)	**(22,468)**
EBITDA before exceptional costs	9,556	(733)	**8,823**
Depreciation of tangible fixed assets	(2,665)	(11)	**(2,676)**
Amortisation of goodwill	(2,437)	-	**(2,437)**
Exceptional administrative costs	(228)	-	**(228)**
Operating profit/(loss)	4,226	(744)	**3,482**

EBITDA before exceptional costs on continuing activities (excluding acquisitions) is described elsewhere in this document as "normalised" EBITDA of £9,556,000 for the Pro forma year ended 30 June 2004 (2003: £ 6,655,000)

4
Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	Pro forma Year ended 30 June 2004 £'000	Pro forma Year ended 30 June 2003 £'000	Actual 30 Oct 2003 to 30 June 2004 £'000
Staff costs (note 6)	**26,042**	26,820	**8,310**
Profit on disposal of subsidiary undertakings (note 20)	**-**	(15,385)	**-**
Costs arising from reorganisation (note 20)	**-**	1,777	**-**
Exceptional administrative costs (note 5)	**228**	-	**90**
Operating leases – plant and machinery	**244**	198	**70**
Other operating leases	**2094**	2,767	**612**
Amortisation of goodwill (note 13)	**2,437**	245	**2,186**
Depreciation of tangible fixed assets (note 14)	**2,676**	2,835	**987**
(Profit) / loss on disposal of fixed assets	**(4)**	11	**5**
Auditors remuneration:			
- audit services	**128**	76	**128**
- non-audit services	**55**	-	**25**

5

Exceptional administrative costs

Exceptional administrative costs relate to continuing operations and comprise:

	Pro forma Year ended 30 June 2004 £'000	Pro forma Year ended 30 June 2003 £'000	Actual 30 Oct 2003 to 30 June 2004 £'000
Costs in respect of the sale of the Centaur Communications Group to Centaur Holdings plc	**228**	-	**90**
	228	-	**90**

6

Employees and Directors

Staff costs

	Pro forma Year ended 30 June 2004 £'000	Pro forma Year ended 30 June 2003 £'000	Actual 30 Oct 2003 to 30 June 2004 £'000
Wages and salaries	**23,163**	23,893	**7,387**
Social security costs	**2,412**	2,460	**773**
Other pension costs	**467**	467	**150**
	26,042	26,820	**8,310**

The average monthly number of persons employed during the period, including Executive Directors, was:

	Number	Number	Number
Editorial	**163**	175	**163**
Production	**71**	59	**75**
Sales	**200**	203	**190**
Product management and support	**151**	134	**156**
Central Services	**165**	164	**168**
	750	735	**752**

6
Employees and Directors (continued)
Share Option Scheme

At the 30 June 2004, the following options over the ordinary shares of 10p each were outstanding:

	Date of grant	Earliest exercise date	Expiry date	Exercise price (pence)	Number at 30 June 2004
Rolled Over	9.3.04	9.3.05	09.3.14	11.58	855,096
Rolled Over	9.3.04	9.3.05	09.3.14	41.67	1,059,442
Rolled Over	9.3.04	9.3.05	09.3.14	57.87	194,349
Approved (Part I)	9.3.04	9.3.07	09.3.14	100.0	330,000
Unapproved (Part II)	9.3.04	9.3.07	09.3.14	100.0	3,368,379
					5,807,266

7
Interest receivable and similar income

	Pro forma Year ended 30 June 2004 £'000	Pro forma Year ended 30 June 2003 £'000	Actual 30 Oct 2003 to 30 June 2004 £'000
Interest on bank deposits	**196**	52	**71**
Interest on taxation	**-**	5	**-**
	196	57	**71**

8
Amounts written off investments

A review of the carrying value of unlisted trade investments in the Centaur Communications Group prior to the acquisition by Centaur Holdings plc, resulted in an impairment provision of £274,000 in respect of a trade investment in Linguaphone Ltd (see note 15).

9
Interest payable and similar charges

	Pro forma Year ended 30 June 2004 £'000	Pro forma Year ended 30 June 2003 £'000	Actual 30 Oct 2003 to 30 June 2004 £'000
Amounts payable in respect of interest rate swap	167	-	57
Utilisation of provision in respect of interest rate swap	(167)	-	(57)
Interest on bank loans and overdrafts	7	722	4
Amortisation of borrowings issue costs	-	213	-
	7	935	4

10

Tax on profit on ordinary activities

	Pro forma Year ended 30 June 2004 £'000	Pro forma Year ended 30 June 2003 £'000	Actual 30 Oct 2003 to 30 June 2004 £'000
Analysis of charge in period			
UK corporation tax at 30% (2003: 30%):			
- current year	-	543	-
- over provision in previous periods	(156)	(416)	-
Total current tax	(156)	127	-
Deferred taxation			
Current year (origination and reversal of timing differences)	(287)	(311)	(96)
Deferred tax credit in respect of the exercise of share options in Centaur Communications Ltd	(3,057)	-	-
Deferred tax credit in respect of the exercise of share options in Centaur Communications Ltd utilised during the year	2,278	-	1,265
Adjustment in respect of prior years	-	855	-
Total deferred tax	(1,066)	544	1,169
Tax on profit/(loss) on ordinary activities	(1,222)	671	1,169
The factors affecting the tax charge for the period were:			
Profit on ordinary activities before tax	3,397	16,177	1,709
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 2004: 30% (2003: 30%)	1,019	4,854	513
Effects of:			
Expenses not deductible for tax purposes	972	164	656
Deferred tax credit in respect of the exercise of share options in Centaur Communications Ltd utilised during the year	(2,278)	-	(1,265)
Capital allowances for the period less than / (in excess of) depreciation	722	127	219
Utilisation of tax losses	(435)	(145)	(123)
Difference between accounting profit and capital gain on disposal of subsidiaries	-	(4,615)	-
Pre-disposal results of subsidiaries	-	50	-
Other timing differences	-	96	-
Difference in rate of tax on overseas earnings	-	(7)	-
Adjustment in respect of provisions	-	19	-
Adjustments to tax charge in respect of previous periods	(156)	(416)	-
Total current tax	(156)	127	-

Tax on profit on ordinary activities for the period 30 October 2003 to 30 June 2004 is £1,169,000. This includes the partial utilisation of a deferred tax asset acquired as part of the net assets of the Centaur Communications Group on 10 March 2004.The deferred tax asset arises primarily from the exercise of share options in Centaur Communications Ltd.

11
Dividends
A dividend of 1p per 10p ordinary share is proposed. This amounts to £1,480,000 and will be paid to all shareholders on the register as at 5 November 2004.

12
Earnings per share
The calculations of earnings per share are based on the following profits and numbers of shares:

	Pro forma Year ended 30 June 2004 £'000	**Pro forma Year ended 30 June 2003** £'000	**Actual 30 Oct 2003 to 30 June 2004** £'000
Profit for the financial year	**4,619**	15,538	**540**
Amortisation of goodwill	**2,437**	245	**2,186**
Profit on disposal of subsidiary undertaking	**-**	(15,385)	**-**
Costs arising from restructuring	**-**	1,777	**-**
Amount written off investment	**274**	-	**-**
Exceptional deferred tax credit (see note 10)	**(3,057)**	-	**-**
Exceptional administrative costs	**228**	-	**90**
Adjusted profit for the financial year	**4,501**	2,175	**2,816**
Weighted average number of ordinary shares	**147,994,118**	147,994,118	**68,223,627**
Dilutive effect of share options	**5,807,266**	5,807,266	**5,807,226**
Weighted average number of shares in issue taking account of applicable outstanding share options	**153,801,384**	153,801,384	**74,030,853**
Basic earnings per share (pence)	**3.12**	10.50	**0.79**
Diluted earnings per share (pence)	**3.00**	10.10	**0.73**
Earnings per share (pence) using adjusted profit for the financial year	**3.04**	1.47	**4.13**
Diluted earnings per share (pence) using adjusted profit for the financial year	**2.93**	1.41	**3.80**

During the same period, on a fully diluted basis, the actual earnings per share were 0.35 pence (being profit for the financial year of £540,000 divided by 153,801,384 shares).

The adjusted earnings per share has been provided on a basic and fully diluted basis in order that the effect of goodwill amortisation, the exceptional deferred tax credit together with the other items listed above can be fully appreciated.

The Earnings per share for the Pro forma Year ended 30 June 2003 has been calculated on the basis of the actual number of shares in issue during the year ended 30 June 2004 to provide a more meaningful comparative following the flotation of the Company on 10 March 2004.

13
Intangible fixed assets – goodwill

	Group Actual June 2004 £'000
Cost	
At 30 October 2003	**-**
Additions from acquisition of the Centaur Communications Group (see note 32)	**140,698**
Other additions	**189**
At 30 June 2004	**140,887**
Amortisation	
Charge for the period	**2,186**
At 30 June 2004	**2,186**
Net book amount	
At 30 June 2004	**138,701**
At 30 October 2003	**-**

Goodwill arising on acquisitions has been capitalised as an intangible asset in accordance with FRS10 and will be amortised over 20 years.

14
Tangible fixed assets

	Leasehold Improvements £'000	Fixtures and Fittings £'000	Computer Equipment £'000	Motor Vehicles £'000	Group Actual 2004 £'000
Cost					
At 30 October 2003	-	-	-	-	-
Additions	6	4	657	-	667
Acquired with subsidiary undertakings	960	1,768	9,131	246	12,105
Disposals	-	-	(228)	(30)	(258)
At 30 June 2004	966	1,772	9,560	216	12,514
Depreciation					
At 30 October 2003	-	-	-	-	-
Provided during the period	68	10	890	19	987
Accumulated depreciation on assets acquired with subsidiary undertakings	387	872	5,044	155	6,458
Disposals	-	-	(225)	(17)	(242)
At 30 June 2004	455	882	5,709	157	7,203
Net book amount					
At 30 June 2004	**511**	**890**	**3,851**	**59**	**5,311**
At 30 October 2003	-	-	-	-	-

15
Investments

	Group Actual 2004 £'000	Group Pro forma 2003 £'000	Company Actual 2004 £'000
Cost			
At the beginning of the period	-	459	-
Acquisition of Centaur Communications Group	-	-	147,798
Trade investment acquired with the Centaur Communications Group	185	-	-
At 30 June 2004	185	459	147,798
Provisions			
At the beginning of the period	-	-	-
Impairment of trade investment (note 8)	-	(274)	-
At 30 June 2004	-	(274)	-
Net book amount			
At 30 June 2004	185	185	147,798
At the beginning of the period	-	459	-

The trade investment acquired with the Centaur Communications Group relates to IPE International Publishers Limited, a company incorporated in England and Wales (company registration number 03233596).

The investment is 34% of the ordinary share capital of IPE International Publishers Limited. For the year ended 30 June 2003, IPE International Publishers Limited filed accounts at Companies House showing a profit on ordinary activities for the year of £31,031 and an aggregate amount of capital and reserves of £309,000.

In the opinion of the Directors of Centaur Holdings plc, the investing company (Centaur Communications Ltd) does not exert a significant influence on the operations or decisions of IPE International Publishers Limited.

In the opinion of the Directors, the value of the Group's investments is not less than their carrying amount.

No Group undertakings are excluded from the consolidated Group results.

The Company investment of £147,798,000 represents the cost of acquiring the Centaur Communications Group on 10 March 2004 and the details of this acquisition are reported in note 32.

16
Stocks

	Group Actual 30 June 2004 £'000	Group Pro forma 30 June 2003 £'000
Raw materials	19	39
Work in progress	1,128	1,217
Goods for resale	38	4
	1,185	1,260

In the Directors' view there is no difference between the book value and the replacement cost of stocks.

17
Debtors

	Group Actual 30 June 2004 £'000	Group Pro forma 30 June 2003 £'000	Company Actual 30 June 2004 £'000
Trade debtors	10,333	10,129	-
Other debtors	1,243	2,024	221
Deferred tax asset (note 21)	995	-	-
Corporation tax	262	-	-
Prepayments and accrued income	1,938	1,605	-
	14,771	13,758	221

18
Cash at bank and in hand

Total cash at bank and in hand at 30 June 2004 was £9,132,000. This includes an amount of £3,429,000 held on behalf of the holders of loan notes in Centaur Holdings plc (see note 19). This amount is therefore a restricted balance and is not available for use by the Group in its day to day operations. The unrestricted cash available for use in the day to day operations of the Group at 30 June 2004 was £5,703,000.

19
Creditors: amounts falling due within one year

	Group Actual 30 June 2004 £'000	**Group Pro forma 30 June 2003** £'000	**Company Actual 30 June 2004** £'000
Bank and other borrowings	**-**	44	**-**
Amounts owed to Group undertakings	**-**	-	**1,706**
Trade creditors	**3,536**	3,593	**-**
Corporation tax	**-**	538	**-**
Social security and other taxes	**1,788**	1,769	**35**
Other creditors	**370**	173	**96**
Accruals and deferred income	**12,823**	12,447	**-**
Loan notes	**3,429**	-	**3,429**
Proposed dividend	**1,480**	-	**1,480**
	23,426	18,564	**6,746**

The loan notes in the Company have been issued in amounts and multiples of £1 with a variable rate of interest of 0.75% below LIBOR for each relevant interest period.

Unless previously redeemed or purchased, the loan notes will be redeemed in full at par on 31 March 2011.

The loan notes will be redeemable at the option of each note holder on 31 December 2004 and thereafter on 30 June and 31 December in each year up to 31 March 2011 by giving not less than 30 days notice

20
Provisions for liabilities and charges

Group Actual 2004	Deferred tax £'000	Onerous Interest Rate swap £'000	Deferred consideration £'000	Restructuring provisions £'000	Group Actual 2004 £'000
At 30 October 2003	-	-	-	-	-
Acquired with subsidiary undertaking	-	103	2,500	1,024	3,627
Utilised in the period	-	(57)	-	(183)	(240)
At 30 June 2004	**-**	**46**	**2,500**	**841**	**3,387**

Group Pro forma 2004	Deferred tax (see deferred tax note 21) £'000	Onerous Interest Rate swap £'000	Deferred consideration £'000	Restructuring provisions £'000	Group Pro forma 2004 £'000
At 1 July 2003	247	360	-	1,390	1,997
Arising in the year	-	-	2,500	-	2,500
Utilised in the period	(247)	(314)	-	(549)	(1,110)
At 30 June 2004	**-**	**46**	**2,500**	**841**	**3,387**

(a) Onerous interest rate swap contract
In 2001 Centaur Communications Ltd entered into an interest rate swap arrangement, under which the variable rate applying to a principal amount of £10,000,000 of a term loan is swapped to a fixed rate of 5.88% until 1 November 2004. Following the repayment of the term loan the company fully provided for this onerous interest rate agreement and the provision is adjusted to market value at each period end. On 10 March 2004, the date of acquisition of the Centaur Communications Group, the market value of the provision was £103,000 and at 30 June 2004 the market value of the provision was £46,000.

(b) Deferred Consideration
Prior to its acquisition by Centaur Holdings plc, the Centaur Communications Group acquired 100% of the share capital of the Synergy Software Group ("Synergy") for a total consideration of £3,742,000. The total consideration includes a deferred element that is payable based on the operating profits of Synergy up to 30 June 2007. At 30 June 2004 a provision of £2,500,000 is held as the Directors' best estimate of this deferred payment.

(c) Restructuring provisions
In August 2002, the Centaur Communications Group disposed of its subsidiary companies Lawtel Limited and Consultancy Europe Associates Limited, the online legal reporting business, to Thomson Legal and Regulatory Europe Limited. The resulting profit on disposal was £15,385,000.

As a result of the above disposals, the Centaur Communications Group was left with a substantial amount of idle property. This resulted in an exceptional charge to the Group of £1,777,000 in the year ended 30 June 2003.

On 10 March 2004, the date of acquisition of the Centaur Communications Group, an amount of £1,024,000 remained provided and at 30 June 2004 an amount of £841,000 remained provided.

(d) Deferred tax
At 30 June 2003 the Centaur Communications Group held a provision in respect of a net deferred tax liability of £247,000.

At 9 March 2004 the Centaur Communications Group held a net deferred tax asset of £2,164,000 and at 30 June 2004 the Group held a net deferred tax asset of £995,000. The details of these deferred tax positions are fully reflected in the "Deferred tax" note below (note 21).

21
Deferred Tax

Deferred tax asset:

The deferred tax asset in the Group comprises the following amounts:

Group Actual 2004	**Accelerated capital allowances** £'000	**Tax losses carried forward** £'000	**Share Options** £'000	**Other timing differences** £'000	**Group Actual 2004** £'000
At October 30 2003	-	-	-	-	-
Amount acquired with subsidiary undertaking	787	445	2,044	(1,112)	2,164
Reversal and origination of timing differences in the period	219	(123)	(1,265)	-	(1,169)
At 30 June 2004	**1,006**	**322**	**779**	**(1,112)**	**995**

Group Pro forma 2004	**Accelerated capital allowances** £'000	**Tax losses carried forward** £'000	**Share Options** £'000	**Other timing differences** £'000	**Group Pro forma 2004** £'000
At July 1 2003	298	567	-	(1,112)	(247)
Amount acquired with subsidiary undertaking	(14)	190	-	-	176
Reversal and origination of timing differences in the period	722	(435)	779	-	1,066
At 30 June 2004	**1,006**	**322**	**779**	**(1,112)**	**995**

22
Called up share capital

	Company actual 30 June 2004 £'000
Authorised :	
200,000,000 ordinary shares of 10p each	20,000
800,000 deferred shares of 10p each	80
Total authorised share capital	20,080
Issued share capital	
147,994,118 ordinary shares of 10p each	14,799
800,000 deferred shares of 10p each	80
As at 30 June 2004	14,879

22
Called up share capital (continued)

The following changes have taken place in the share capital of the Company since incorporation:

On 30 October 2003, 2 subscriber shares of £1 each were issued, credited as fully paid.

By a written resolution passed on 23 February 2004, each of the issued and unissued ordinary shares of £1.00 each were sub-divided into 2 ordinary shares of £0.50 each and the authorised share capital of the Company was increased to £20,080,000 by the creation of 198,000 ordinary shares of £0.50 each and 199,800,000 ordinary shares of £0.10 each.

On 23 February 2004, 99,998 ordinary shares of £0.50 each were allotted to each of Colin Morrison and Patrick Taylor at a subscription price of £0.50 per share.

At an extraordinary general meeting of the Company held on 26 February 2004, each of the 200,000 issued shares of £0.50 each in the capital of the Company were sub-divided into 1 ordinary share of £0.10 each and 4 deferred shares of £0.10 each. The deferred shares carry restricted voting rights and carry no right to receive a dividend payments in respect of any financial year.

In addition an ordinary resolution was passed authorising the Directors to allot shares up to an aggregate nominal amount of £19,900,000, and a special resolution was passed disapplying statutory pre-emption rights thereby empowering the Directors to allot shares for cash up to a nominal value of £739,748, such authorities to expire on 26 February 2009.

On admission to AIM on 10 March 2004, a further 147,794,118 ordinary shares of £0.10 each were issued, credited as fully paid.

The Directors’ options are disclosed in the Directors’ report on remuneration.

23
Share premium account

	Group and Company Actual 2004 £’000
At the beginning of the period	-
Premium on shares issued during the year	133,015
Issue costs	(5,968)
As at 30 June 2004	127,047

24
Other reserves

The other reserves of £1,486,000 represent the fair value of 241,557 share options in Centaur Communications Ltd, that were "rolled over" into options in Centaur Holdings plc at the time the Centaur Communications Group was acquired.

Under the provisions of FRS 7 (fair value accounting), a fair value of these shares at 10 March 2004 has been calculated using the Black Scholes option pricing model.

This amount is recorded as a non-distributable reserve in the Company.

25
Profit and loss account

	Group Actual 2004 £'000	Company Actual 2004 £'000
At 30 October 2003	-	-
(Loss)/profit for the financial year	(940)	3,415
As at 30 June 2004	(940)	3,415

The Company has taken advantage of the exemption available under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. Of the Group profit for the financial year, a profit of £3,415,000 is dealt with in the financial statements of the Company.

26
Operating lease commitments

	Land and buildings		Equipment	
	Group Actual 30 June 2004 £'000	Group Pro forma 30 June 2003 £'000	Group Actual 30 June 2004 £'000	Group Pro forma 30 June 2003 £'000
On leases expiring:				
- within 1 year	5	-	-	-
- between 2 and 5 years	173	182	185	188
- after 5 years	2,497	2,497	48	48
	2,675	2,679	233	236

27
Pension schemes

The Group contributes to individual and collective money purchase pension schemes in respect of Directors and employees once they have completed the requisite period of service. The charge for the year in respect of these pension schemes is shown in note 6. Included within other creditors is an amount of £ 66,355 payable in respect of the money purchase pension schemes.

28
Capital commitments

The Group and Company had no capital commitments at 30 June 2004 .

29
Net cash inflow from operating activities
Reconciliation of operating profit to net cash inflow from operating activities:

	Pro forma Year ended 30 June 2004 £'000	Pro forma Year ended 30 June 2003 £'000	Actual 30 Oct 2003 to 30 June 2004 £'000
Operating profit	**3,482**	3,447	1,642
Depreciation of tangible fixed assets (note 14)	**2,676**	2,835	987
Amortisation of goodwill (note 13)	**2,437**	245	2,186
(Profit)/loss on disposal of fixed assets	**(4)**	11	5
Decrease / (increase) in stocks	**75**	(710)	462
Decrease / (increase) in debtors	**425**	1,333	(32)
(Decrease) / increase in creditors	**(626)**	607	(130)
Decrease in provisions	**(695)**	(832)	(183)
Net cash inflow from operating activities	**7,770**	6,936	4,937

30
Financial instruments

Treasury Policy
The following note describes the role that financial instruments have had, during the period 30 October 2003 to 30 June 2004 in the management of the Group's funding and liquidity risks and interest and foreign exchange rate risks.

The Company was incorporated on the 30 October 2003 and did not trade until 10 March 2004 when it acquired the Centaur Communications Group and on the same day was unconditionally admitted to the Alternative Investment Market of the London Stock Exchange.

The day to day operations of the Group since 10 March 2004 have been financed primarily by cash and at 30 June 2004 cash at bank and in hand amounted to £9,132,000. This includes an amount of £3,429,000 held on deposit on behalf of the holders of Centaur Holdings plc loan stock which represents a restricted balance and therefore cannot be used in the day to day operations of the business.

Unrestricted cash balances at 30 June 2004 were £5,703,000. (Pro forma 30 June 2003 : £4,041,000)

Surplus working capital funds are placed daily on the London money markets using variable maturity dates depending on future cash requirement. Cash pooling arrangements have been made in respect of all GB Sterling, Euro and US dollar bank accounts to maximise the interest receivable on these surplus funds.

Substantially all the Group's net assets are located and all turnover and EBITDA are generated in the United Kingdom and consequently foreign exchange risk is limited. However the Group does have Euro, Hong Kong $ and US $ denominated bank accounts to minimise any recognised losses arising from currency fluctuations.

At 30 June 2004 the Group has no overdrafts or short term or long term borrowings (other than cash held on behalf of the holders of Centaur Holdings plc loan stock) and therefore also has only limited exposure to interest rate risk.

As described in note 20 "Provisions for liabilities and charges" the Centaur Communications Group had, prior to acquisition by Centaur Holdings plc, entered into an interest rate swap arrangement under which the variable rate applying to a principal amount of £10,000,000 of a term loan is swapped to a fixed rate of 5.88% until 1 November 2004. This term loan had been fully repaid, also prior to acquisition, and as a result a full provision had been made in respect of this onerous interest rate agreement .

This provision is adjusted to market value at each period end with any gain or loss being credited or charged to interest in the period. On 10 March 2004, the date of acquisition of the Centaur Communications Group, the market value of the provision was £103,000 and at 30 June 2004 the market value of the provision was £46,000.

Short terms debtors and creditors that met the definition of a financial asset or liability under FRS 13 have been excluded from all numerical disclosures in this note.

Fair values of Financial instruments at 30 June 2004
The fair value is defined as the amount at which a financial instrument could be exchanged in an arms length transaction between informed and willing parties and is calculated by reference to market rates discounted to current value. Where market rates are not available fair values have been calculated by discounting cash flows at prevailing interest rates.

Financial instruments (continued)

The fair value of financial instruments at 30 June 2004 was:

Primary Financial instruments held or issued to finance the Group's operations

	Group Actual 30 June 2004		Group Pro Forma 30 June 2003	
	Book Value £'000	**Fair Value** £'000	**Book Value** £'000	**Fair Value** £'000
Overdraft	**-**	**-**	(44)	(44)
Cash balances	**9,132**	**9,132**	4,085	4,085
Fixed rate unsecured loan notes	**(3,429)**	**(3,429)**	-	-
Deferred consideration	**(2500)**	**(2,160)**	-	-
Investments	**185**	**185**	459	459
Other financial liabilities	**(841)**	**(782)**	(1,390)	(1,267)
Derivative financial instruments held to manage risk profile				
Interest rate swap	**(46)**	**(46)**	(360)	(360)

The book value of primary financial instruments approximates to fair value where the instruments are on a short maturity or where they bear interest at rates approximate to market. In respect of the loan notes this rate of interest is equal to a rate 0.75 per cent below LIBOR for the relevant interest period.

The book value of fixed asset investments approximates to the fair value, being the Directors' best estimate of the value of the unlisted investment.

The maturity of financial liabilities

The maturity profile of the Group's financial liabilities at 30 June 2004 was as follows:

	Group Actual 30 June 2004 £'000	**Group Pro forma 30 June 2003** £'000
In one year or less or on demand	**(3,993)**	(715)
In more than one year but not more than two years	**(258)**	(781)
In more than two years but not more than five years	**(2,565)**	(298)
In more than five years	**-**	-
	(6,816)	(1,794)

Borrowing facilities

The undrawn facilities available at 30 June 2004 were as follows:

	Group Actual 30 June 2004 £'000	**Group Pro forma 30 June 2003** £'000
Expiring in one year or less	**-**	-
Expiring in more than one year but not more than two years	**-**	-
Expiring in more than two years	**4,000**	16,000

31
Reconciliation of net cash flows to movements in net debt

	Group Actual 2004 £'000	Group Pro forma 2003 £'000
Increase in cash in the period	9,130	780
Cash outflow from changes in debt	-	16,000
Change in net debt resulting from cash flows	9,130	16,780
Net funds/(debt) at beginning of period	2	(12,739)
Net funds at end of period	9,132	4,041

32
Purchase of subsidiary undertakings

(i) Centaur Communications Group
On 10 March 2004 the Group acquired 100% of the share capital of Centaur Communications Ltd and its subsidiaries and this has been accounted for using acquisition accounting.

The following table sets out, at the date of acquisition, the book value and the provisional fair value of the assets and liabilities acquired:

	Book value at 9 March 2004 £'000	Provisional fair value adjustments £'000	Fair value to group £'000
Tangible fixed assets	5,848	(200)	**5,648**
Investments	185		**185**
Stocks	1,648		**1,648**
Trade debtors	8,949		**8,949**
Other debtors	4,615		**4,615**
Deferred tax asset	2,164		**2,164**
Cash at bank and in hand	6,274		**6,274**
Creditors – amounts falling due within one year	(18,756)		**(18,756)**
Provisions for liabilities and charges	(3,627)		**(3,627)**
Total net assets	7,300	(200)	**7,100**
Goodwill			**140,698**
Consideration			**147,798**
Consideration satisfied by:			
Cash			**127,634**
Shares			**15,898**
Expenses			**2,780**
Fair value of Centaur Communications Ltd "rolled over " share options			**1,486**
			147,798

A fair value adjustment of £200,000 has been made in respect of tangible assets considered to be obsolete at the date of acquisition.

The summary profit and loss account for the Centaur Communications Group for the period 1 July 2003 to 9 March 2004 is as follows:

	£'000
Turnover	42,761
Cost of Sales	(24,408)
Gross profit	18,353
Distribution costs	(3,028)
Administrative expenses	(13,485)
Operating profit	1,840
Interest receivable and similar income	125
Amounts written off investments	(274)
Interest payable and similar charges	(3)
Profit on ordinary activities before taxation	1,688
Tax on profit on ordinary activities	2,391
Profit for the financial year	**4,079**

The profit before taxation for the year to 30 June 2003 was £16,177,000 and this included a profit of £15,385,000 in respect of the disposals of Lawtel Ltd and Consultancy Europe Associates Ltd.

Profit for the financial year, for the year ended 30 June 2003, was £15,538,000.

(ii) Synergy Software Group

On 21 July 2003, the Centaur Communications Group acquired 10% of the share capital of Synergy Software Solutions Limited and its subsidiary companies ("Synergy") and on 23 October 2003 the Centaur Communications Group acquired the remaining 90% of the share capital for a total cash consideration of £1,242,000. In addition, deferred consideration is payable based on the operating profits of Synergy up to 30 June 2007. At 30 June 2004, a provision of £2,500,000 is held as the Directors' best estimate of the deferred consideration payable.

The net liabilities acquired with Synergy and all provisional fair value adjustments in respect of those net liabilities are fully reflected in the net assets acquired with the Centaur Communications Group on 10 March 2004.

Directors, Advisers and other corporate information

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4948078

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St Giles House
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Directors

GV Sherren		
(Chairman and Chief Executive)	Appointed: 10/03/2004	
GTD Wilmot	Appointed: 10/03/2004	
BTR Scruby	Appointed: 10/03/2004	
C Morrison	Appointed: 19/02/2004	
JPE Taylor	Appointed: 19/02/2004	
Travers Smith Secretaries Ltd	Appointed: 30/10/2003	Resigned: 19/02/2004
Travers Smith Ltd	Appointed: 30/10/2003	Resigned: 19/02/2004

Secretary
IPH Roberts Appointed: 19/02/2004

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