



centaur media plc.

25

years



Annual Report 2007

# Contents

<b>3</b>	Highlights
<b>5</b>	Trends
<b>7</b>	Centaur's Vision
<b>8</b>	Centaur's Strategy
<b>9</b>	Centaur's Key Media Models
<b>11</b>	Chairman's Statement
<b>13-27</b>	Business Review
<b>28-29</b>	Corporate Social Responsibility
<b>30-33</b>	Financial Review
<b>34-35</b>	Board of Directors
<b>36-37</b>	Senior Management
<b>38-39</b>	Report of the Directors
<b>40-43</b>	Corporate Governance Statement
<b>44-48</b>	Directors' Report on Remuneration
<b>49</b>	Independent Auditors' Report
<b>50</b>	Consolidated Income Statement
<b>51</b>	Statement of Recognised Income and Expense
<b>52</b>	Consolidated Balance Sheet
<b>53</b>	Company Balance Sheet
<b>54</b>	Consolidated Cash Flow Statement
<b>55</b>	Company Cash Flow Statement
<b>56-58</b>	Statement of Accounting Policies
<b>59-88</b>	Notes to the Financial Statements
<b>89</b>	Centaur's Vision and Values
<b>90</b>	Directors, Advisers and Other Corporate Information

**Revenue up 12% to £90.3m  
(4 year CAGR 11%)**

**Adjusted EBITDA<sup>1</sup> margin up  
2 percentage points to 22%**

**Adjusted PBT<sup>2</sup> up 28% to £16.9m  
(unadjusted PBT £16.9m)**

**Adjusted EPS<sup>3</sup> up 32% to 8.2p  
(unadjusted basic EPS 8.2p)**

**Cash conversion of 94%<sup>4</sup>**

**Net cash of £9m (FY2006: £6.2m)**

#### Notes

(1) One of Centaur's key measures of profit, which is used to measure the relative performance of divisional units of the Group, is earnings before interest, tax, depreciation and amortisation, excluding exceptional items and other significant non-cash items including share based payments (adjusted EBITDA). Refer to page 30.

(2) Adjusted PBT (PBTA) is profit before tax, excluding the impact of amortisation of acquired intangibles and of exceptional items and excluding the profit on disposal of associated undertakings. Refer to page 30.

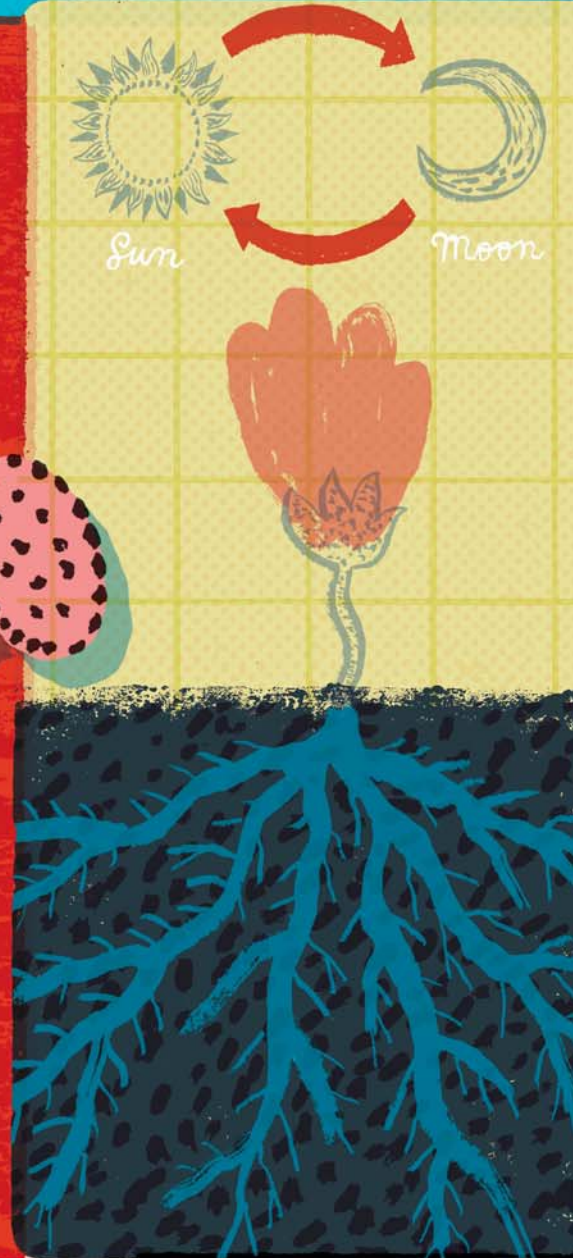
(3) Adjusted EPS is based on the basic EPS but after making adjustments for amortisation on acquired intangibles and exceptional items and excluding the profit on disposal of associated undertakings, as detailed in note 7 to the financial statements.

(4) Cash conversion rate is free cash flow expressed as a percentage of adjusted operating profit. Free cash flow is defined as cash generated from operations (note 26 to the financial statements), less capital expenditure on property, plant and equipment and software. Adjusted operating profit is operating profit after making adjustments for amortisation on acquired intangibles and exceptional items. Refer to page 31.

(5) All comparatives have been restated to exclude discontinued operations.



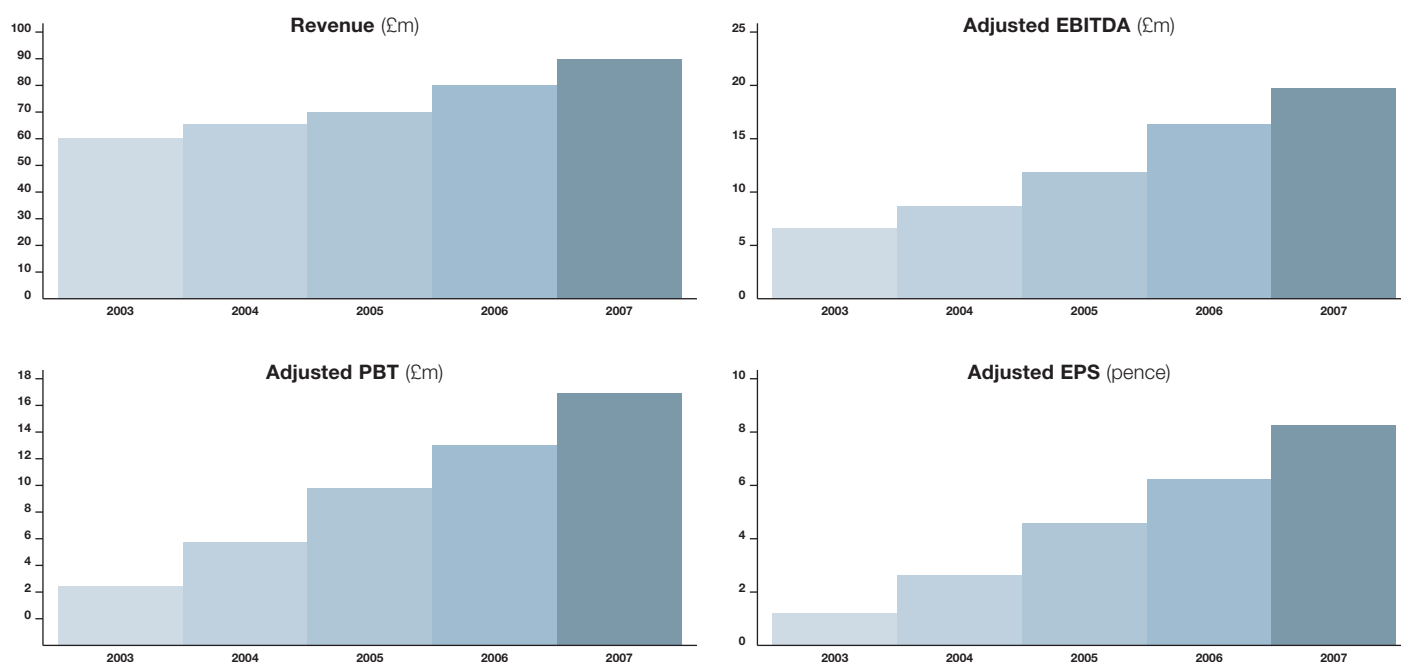
S is for seeds



B IS FOR  
BLOOM



**Throughout the past four years, Centaur has consistently delivered significant growth in revenues, profits, margins and cash flows.**



	4 year compound annual growth	Year ended 30 June 2007 Actual IFRS	Year ended 30 June 2006 Actual (5) IFRS	Year ended 30 June 2005 Actual (5) IFRS	Year ended 30 June 2004 Proforma (5) UK GAAP	Year ended 30 June 2003 Proforma (5) UK GAAP
	%	£m	£m	£m	£m	£m
Revenue	11%	<b>90.3</b>	80.5	70.4	66.3	60.5
Adjusted EBITDA (1)	24%	<b>19.7</b>	15.7	12.1	8.4	6.3
Adjusted EBITDA (1) margin		<b>22%</b>	20%	17%	13%	10%
Adjusted profit before tax (2)	60%	<b>16.9</b>	13.2	9.6	5.9	2.6
Profit before tax		<b>16.9</b>	15.1	9.1	3.0	15.8
Adjusted basic EPS (pence) (3)	62%	<b>8.2</b>	6.2	4.6	2.8	1.2
Basic EPS		<b>8.2</b>	7.6	4.3	2.9	10.3
Average staffing – (number of heads) continuing operations		<b>748</b>	710	695	724	710
Revenue per head (£000)		<b>121</b>	113	101	92	85
Cash conversion rate % (4)		<b>94%</b>	89%	81%	91%	133%
Net cash		<b>9.0</b>	6.2	10.0	5.7	4.1
Full year dividend per share (pence)		<b>3.5</b>	3.0	1.7	1.0	-

# ORGANIC



*ya dig?*



**Centaur serves the information and marketing needs of a number of high value markets and professional communities.**

**Centaur's vision is to be the leading provider of information, marketing and lead generation media solutions to our chosen business and special interest communities. We seek to offer the best integrated product and service portfolio in each of the vertical markets we serve. We aim to achieve and maintain market leadership through continuous customer-responsive innovation and a consistently high level of content quality and integrity.**

**Our understanding of the changing needs of our customers has enabled us to develop many market-leading brands. These brands are increasingly deployed over a broad range of media, and our brand strength and closeness to our markets provides a rich source of organic growth opportunities.**

**We operate as a federation of small businesses, with a culture that is highly entrepreneurial and innovative with a strong sense of local ownership.**

# **Centaur's Strategy**

**Centaur's strategy, since the formation of the group in 1982, has been based firstly on identifying and serving the information needs of distinct business communities and secondly on facilitating contact between buyers and sellers in those communities.**

**We do not seek to enter a new market unless we believe that it offers substantial value and that we can achieve market leadership within an acceptable timescale.**

Centaur's organisation reflects our community focus, operating as it does as a federation of small businesses serving individual vertical communities, supported by a strong central infrastructure of common services such as Finance, Circulation, Web and IT Operations and HR.

Our culture is entrepreneurial, innovative and highly customer-focused, with each community served by discrete profit centres. We strongly encourage innovation in pursuit of customer satisfaction. As a result, most of our portfolio has been created and launched within the business, as opposed to being acquired, and we seek to sustain market leadership by continually refreshing and expanding that portfolio. Around 12% 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 is generally first to establish a high frequency publication (in print or online) that becomes a trusted source of information, whose identity becomes closely 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 both to define and analyse the buyer audience that suppliers wish to reach and to identify the essential information needs of that audience. In doing so, we also seek to maintain the highest standards of content quality and editorial integrity. This strategy reflects the fact that, whilst Centaur generates significant revenues from advertising, exhibitions and sponsored events, we are positioned primarily as being in the relevant readership business and our primary goal is to establish and maintain market-leading information brands. This permits us to build a database of loyal communities of readers with significant purchasing power, which we can use to provide effective marketing and lead generation solutions to our advertising clients.

The second element of Centaur's strategy is therefore to extend its core publication brands into complementary product offerings.



# Centaur's Key Media Models

## Magazines

Magazines have traditionally been at the core of Centaur's strategy. Their ability to engage with their readers can allow them to become an integral part of the community they serve. This is particularly true of weekly magazines, whose frequency reinforces their importance to their market. **The key editorial functions of magazines are as follows:**

- (a) They provide a forum for news and analysis about the market, where topicality and depth of understanding are essential;
- (b) They serve to diminish the sense of isolation experienced by people working within one part of a community by informing them of the experiences and achievements of contemporaries working in a parallel area;
- (c) They monitor the pulse of the sector and provide key data and analysis on a regular basis;
- (d) They provide guidance to readers to assist them in improving their performance in their area of special interest.

The emergence of the internet as an effective information and marketing medium is highly complementary to the way that readers use magazines. We believe that magazines remain a uniquely effective medium with which to develop an in-depth relationship with their readers and to establish effective and valuable information brands, which can be exploited through multiple channels.



## Online products

The internet offers many new ways to serve our core markets and also dramatically extends our reach and therefore the size and potential of our markets. We expect online products to become an increasingly important medium over the next few years.

Editorially, the magazine provides an ideal medium for news analysis and special emphasis features, whilst the internet is better suited to breaking news highlights, multimedia content, user-generated content, data analysis and database searching. From an advertiser's perspective, the business magazine is an ideal medium for brand building and achieving in-depth engagement with "information consumers", whilst the internet is more suited to advertising designed for lead-generation and providing access to "information searchers".

In terms of circulation, the magazine typically 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 magazine 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.



## 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, Summits and Awards.

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

Centaur's conferences model is essentially based on one or two 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.

Summits typically comprise workshop and meetings-based events, bringing together relatively small numbers of senior members of particular vertical markets. They have a strong information base, but revenues are normally derived from sponsorship.

Centaur also stages the leading annual awards ceremony in each of its major communities. These events reinforce the strength of the related information brands and provide invaluable opportunities to communicate with the market.



**Revenues, which grew 12% in the year, benefited from strong growth in advertising in most of our markets, particularly in online media, continued growth in our events business and from the results of new and recently launched products.**

**The new financial year has started well and our growth prospects continue to be supported by our pipeline of new and recently launched or acquired products.**

# Chairman's Statement



I am pleased to announce that Centaur is again reporting record profits in the 12 months to 30 June 2007, with adjusted PBT ahead of consensus market expectations, up 28% to £16.9million (FY2006: £13.2million), and adjusted basic earnings per share 32% up at 8.2p (FY2006: 6.2p). Revenues, which grew 12% in the year, benefited from strong growth in advertising in most of our markets, particularly in online media, continued growth in our events business and from the results of new and recently launched products. Revenue growth was supplemented by the bolt-on acquisitions in FY2007 and the previous year with underlying revenues excluding acquisitions growing 8% in the year.

Adjusted EBITDA increased by 25% to £19.7million (FY2006: £15.7million), delivering a further strong improvement in margin to 22% from 20% in the previous year presenting further good progress towards our target margin of 25%.

In light of this performance, the Board is recommending a final dividend of 2.5p per share, giving a full year dividend of 3.5p, representing an increase of 17% over prior year. The final dividend will be paid to shareholders on the register as at 9 November 2007. It is proposed that the dividend will be paid on 7 December 2007.

These excellent results reflect the success of our strategy of building market-leading positions across a number of vertical markets through a blend of complementary media – print, online and events. The recovery in the advertising cycle that started towards the end of 2003 has continued through the year to June 2007 in most of our served markets. The marketing and creative sectors have continued to experience well-publicised difficulties, reflecting challenges in the media, retail and consumer goods sectors in particular, although we saw evidence of some improvement in this sector in the second half of the year.

Against a backdrop of generally favourable market conditions, total advertising turnover during the year increased by 16% over the prior year.

Acquisitions made during the year contributed to this growth, but underlying advertising revenues also grew strongly, thanks in particular to buoyant trading conditions in the legal and financial markets.

The fastest pace of revenue growth was derived from online products, which grew by 23% over the prior year. This reflects the success of our principal strategy in the past few years, which has been to extend our major print publishing brands across multiple media, but with a particular focus on online opportunities. Online now accounts for 17% of total revenues against 16% in FY2006.

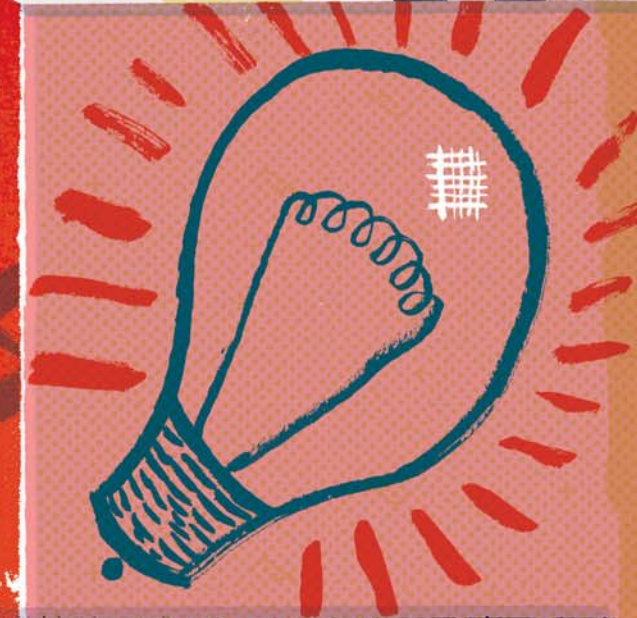
Centaur has developed most of its business organically and in FY2007, 12% of revenues were generated by products launched within the previous three years (FY2006: 12%). We continued to maintain a steady pace of new product development during the year, with the launch of two new magazines, five new websites and eleven new events.

In the past year we have also completed two small bolt-on acquisitions and two joint initiatives. These were in line with our established acquisition strategy, which is to make selective investments in businesses that enable Centaur to expand existing market positions and to establish market-leading positions in new markets. The key developments and initiatives in the year are outlined in the Business Review.

The new financial year has started well. Our growth prospects continue to be supported by our pipeline of new and recently launched or acquired products. Revenues in our Legal and Financial segment are trading ahead of last year despite the impact of recent market volatility. Total group revenues in the first quarter are anticipated to be ahead of the same period last year. The outlook is positive and we expect FY2008 results to demonstrate further good progress. Given this, we are now proposing to implement an on-market share buy-back programme within our existing authority of up to 10% of the Company's share capital.

Centaur is above all an entrepreneurial Company. It depends for its success on the talent, commitment, energy and creativity of its staff, who have performed magnificently once again. My thanks and appreciation goes to all of them.

**Graham Sherren**  
Chairman



## Analysis of results

	2007	2007	Restated 2006 (1)	Restated 2006 (1)
	£m Revenue	£m Adjusted EBITDA	£m Revenue	£m Adjusted EBITDA
<b>By Segment</b>				
Legal and Financial	30.3	9.0	24.5	7.1
Marketing and Creative	23.6	3.6	23.5	3.3
Construction and Engineering	19.4	4.1	16.5	3.4
Perfect Information	6.0	1.5	6.4	1.4
General Business Services	11.0	1.5	9.6	0.5
<b>Total</b>	<b>90.3</b>	<b>19.7</b>	80.5	15.7
<b>By Source</b>				
Recruitment advertising	15.0	-	12.8	-
Other advertising	34.3	-	29.8	-
Circulation revenue	6.3	-	5.4	-
Online subscriptions	7.3	-	7.6	-
Events	25.9	-	23.8	-
Other	1.5	-	1.1	-
<b>Total</b>	<b>90.3</b>	<b>-</b>	80.5	-
<b>By Client Type</b>				
Audiences	20.5	-	18.8	-
Marketers	69.8	-	61.7	-
<b>Total</b>	<b>90.3</b>	<b>-</b>	80.5	-
<b>By Product type</b>				
Magazines	47.7	10.9	42.1	7.6
Events	25.9	5.9	23.8	5.1
Online products	15.8	2.9	12.8	2.1
Other	0.9	-	1.8	0.9
<b>Total</b>	<b>90.3</b>	<b>19.7</b>	80.5	15.7
<b>Underlying</b>				
Underlying	82.5	18.1	76.6	15.3
Acquisitions (2)	7.8	1.6	3.9	0.4
<b>Total</b>	<b>90.3</b>	<b>19.7</b>	80.5	15.7
<b>By Maturity</b>				
New (3)	10.9	(0.3)	9.4	(0.3)
Existing and acquired	79.4	20.0	71.1	16.0
<b>Total</b>	<b>90.3</b>	<b>19.7</b>	80.5	15.7

### Notes

(1) 2006 comparatives have been restated to reflect activities discontinued during 2007.

(2) Acquisitions are defined as those made within the current or preceding financial year.

(3) New products are defined as any product launched in the current or two preceding financial years.

# Business Review

## Strategic Overview

**During the year we undertook a strategic review of the business, and as a result we have identified the following key strategic objectives:**

### **To achieve critical mass in high value growth markets**

Our primary focus is on expanding our presence in existing high value markets in which we can see opportunities for significant growth. We do not wish to enter markets unless we can realistically expect to achieve market leadership and a minimum profit contribution of £1 million within three years. During the past year, we have sold or discontinued three publications serving discrete specialist communities, which did not match these criteria.

### **To deliver double digit growth in revenues across the cycle**

12% growth in revenues in the year to June 2007 equates to an 11% compound annual growth in revenues since 2003.

### **To balance portfolio revenues across print, online and events**

Print remains the dominant medium in Centaur's portfolio, representing 53% of revenues in FY2007, but online revenues grew by 23% in the past year and represent 17% of group revenues in FY2007 (FY2006: 16%).

### **To expand audience share of revenues**

Advertising revenues grew strongly in the year, up 16%. Nevertheless, revenues from audiences retained their 23% share of total revenues. Initiatives such as the recent joint venture with YouGov are expected to help increase the proportion of revenues derived from our audiences in the future.

### **To increase adjusted EBITDA margins to 25%**

Adjusted EBITDA margins increased to 22% in the year (FY2006: 20%), representing good progress towards our target.

**Geoff Wilmot**  
Chief Executive Officer



## Trading Review

**Revenues grew 12% in the year to 30 June 2007, led by 16% growth in revenues from advertising. Advertising growth was particularly strong in our online media, which grew total revenues by 23%. Overall productivity also improved, with total revenues per employee increasing 7% to £121k. This revenue and productivity growth, combined with other initiatives, resulted in adjusted EBITDA margins improving to 22% (FY2006: 20%) and in adjusted basic earnings per share rising by 32% to 8.2p (FY2006: 6.2p).**

**Centaur's rapid growth in the year continued to be supported by its pipeline of new and recently launched products and record results were achieved despite continuing investment in future growth. Overall, approximately 12% of revenues generated in the last financial year were from products or events launched within the past three years. The bulk of the new product launches have been in existing communities, enhancing and extending established leading brands.**

**We also completed two small bolt-on acquisitions during the past year and two joint initiatives. In total, the acquisitions made during the year and during the course of FY2006 contributed 9% of revenues in FY2007 and an adjusted EBITDA margin of 21%.**

## Legal and Financial

### Legal

The Legal community products are primarily published for in-house counsel in major UK companies and the private practice law firms and barristers that serve their legal needs. There are also products produced for law students.

This was our most successful market segment in the year, reflecting the strength of the underlying communities served. Revenue grew 24% year on year, driven in large part by investment in new products, in particular Summits. Adjusted EBITDA margins improved slightly to 30% (FY2006: 29%).

### The key products in the Legal community are:

The Lawyer (weekly) and Lawyer2B; thelawyer.com; the Lawyer Legal Summit and the Lawyer Awards.

### Financial Services

The primary focus of the Financial Services community products is on retail financial services and the information interface between IFAs (independent financial advisers) and the providers of financial products and services.

The community also includes Centaur's Public Private Finance-related publishing activities.

### The key products in the Financial Services community are:

Money Marketing, Mortgage Strategy and Fund Strategy (all weeklies); moneymarketing.co.uk and headlinemoney.co.uk; plus a number of Summit and Awards events including the Mortgage Summit and the Money Marketing Awards.

The three leading titles, Money Marketing, Mortgage Strategy and The Lawyer, each ended the year well. Money Marketing and its sister title, Fund Strategy, both benefited from strong demand for retail investment products in the second half, whilst Mortgage Strategy's consistent growth throughout the year reflected the high levels of activity in that sector. In addition, two new monthly magazines were launched during the year, Mortgage Distributor in January 2007 and Loan Distributor in June 2007. Both publications made a small profit contribution in their first year. The Lawyer, meanwhile, delivered further growth in revenues and profits, despite stronger comparatives, continuing to benefit in particular from the impact of the record levels of underlying M&A activity on the legal profession.

The fastest pace of growth was derived from events, led by the launch of four new Summit events during the year. These included the Mortgage Packager Summit (launched alongside the new monthly Mortgage Distributor) and Secured Lending Summit (launched alongside Loan Distributor).

**City Tall buildings are high-profile, but will they last? 15**  
**Profile Baker & McKenzie's Gary Senior 21**  
**The in-house interview King's Cross developer Argent 22**

# THE LAWYER

Volume 4 Issue 11

## RWJ goes all out for post-Clementi campaign

Hammonds in bid to shore up regions

**Clifford Chance eyes £40m windfall with Canary Wharf rental scheme**

**Who is top of the PEPs?**

**Dechert hikes LPC grants by 43 per cent**

**Watchdog to slash LPC and training contract by a year**

**Lawyer 2B/ BPP essay winners**

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**Lawyer 2B/ BPP essay winners**

# LAWYER 2B

Volume 4 Issue 11

## Watchdog to slash LPC and training contract by a year

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The Lawyer.com

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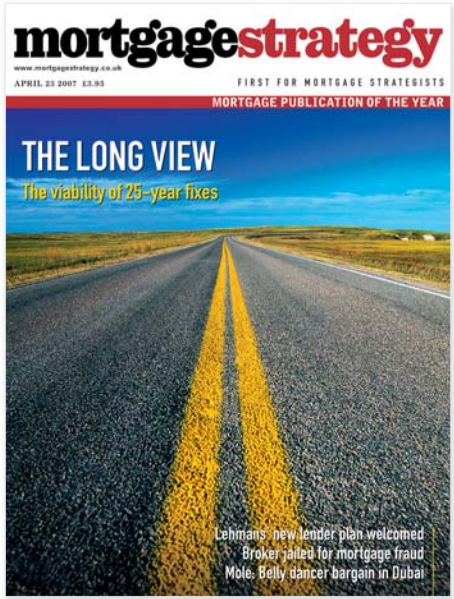
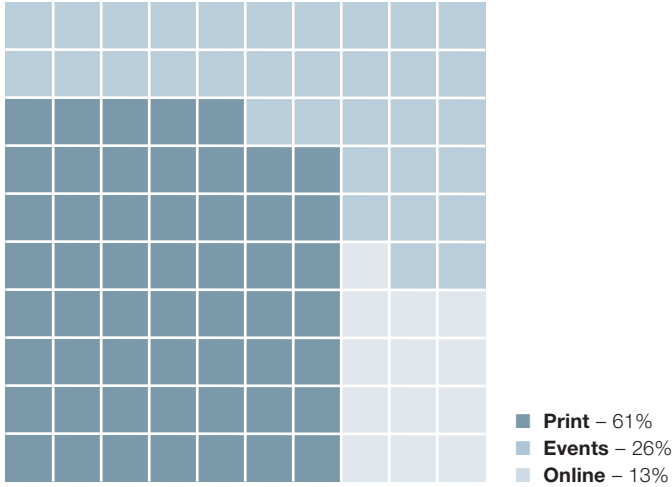
**Lawyer 2B/ BPP essay winners**



Margins on financial events were restrained by the costs of establishing a new infrastructure for financial Summits, but are expected to improve in the coming year. The Lawyer launched a new awards event in January 2007, The Lawyer HR Awards, which was well received and made a positive contribution.

Online revenues in this segment also recorded strong growth in revenues and profits from the three major internet businesses, Money Marketing Online (principally banner advertising), thelawyer.com (recruitment and directory advertising) and Headlinemoney (subscriptions income) each of which grew strongly and these business units are now delivering attractive profit margins.

Revenue by Product Type %



## Marketing and Creative

### Marketing

The Marketing community products focus on addressing the information requirements of senior UK marketers with significant marketing and advertising budgets and the marketing services companies that provide services to them.

#### The key products in the Marketing community are:

Marketing Week and New Media Age (weekly), Precision Marketing (fortnightly); mad.co.uk, marketingweek.co.uk and nma.co.uk; the In-Store Show, the Insight Show and the Online Marketing Show (exhibitions); over 60 conferences a year, plus a number of Awards events including the Marketing Week Awards and New Media Age Awards.

### Creative

The Creative community serves the information needs of the creative specialists in advertising, design, marketing services and digital agencies and the managers in client companies who buy their services.

#### The key products in the Creative community are:

Design Week (weekly), Creative Review (monthly); designweek.co.uk,

creativereview.co.uk; the Creative Handbook and the Design Week Awards.

Overall revenues in this market segment returned to growth in the year as a whole, after a 4% decline in the first half year, reflecting improved conditions in the underlying advertising market from early 2007. The overall results have been held back by ongoing weakness in traditional marketing activities, such as above the line media and direct marketing, offset by strong growth in other areas, notably online marketing. The weakest sector was the direct marketing portfolio (Precision Marketing and the DM Show) where revenues fell 15% or £0.3 million in the year. This was offset by growth in online marketing activity, represented principally by New Media Age, the Online Marketing Show and the Interactive Marketing Summit, where revenues grew by more than 20%.

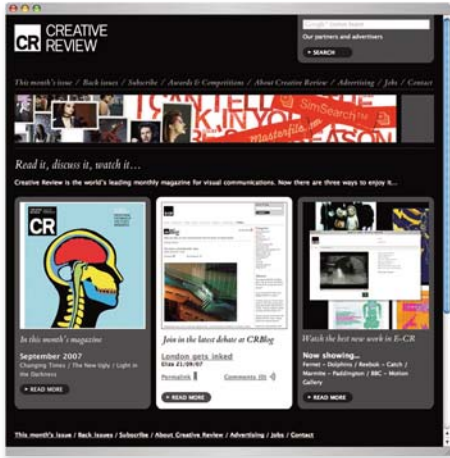
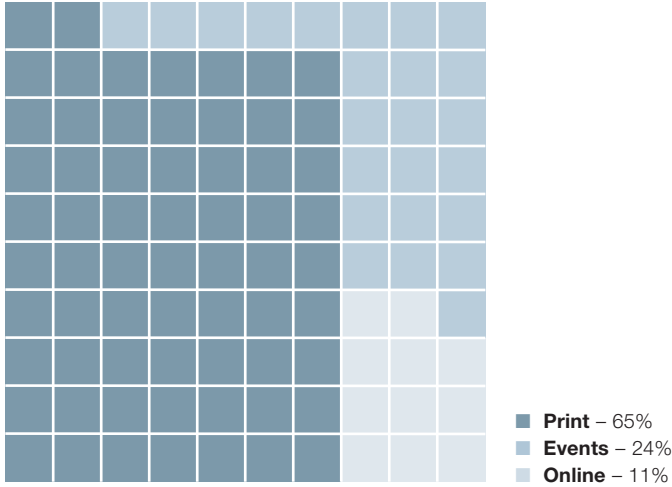
Overall growth in this segment was led by online recruitment revenues in our newly launched magazine websites, marketingweek.co.uk and designweek.co.uk, which made a small positive profit contribution before central overheads in their first year of operation. With revenue growth for the year as a whole at 0.4%, adjusted EBITDA recorded only a modest increase with margins improving slightly to 15% (FY2006: 14%).



Since launch less than 12 months ago, marketingweek.co.uk and designweek.co.uk have established themselves rapidly as sources of news and jobs in their respective markets and each is already independently generating traffic levels similar to those achieved by mad.co.uk. Both sites are making a positive profit contribution and are expected to generate strong growth in revenues in the future.

Events in this segment experienced a decline in revenues. The DM Show (direct marketing) and the Total Motivation Show (incentives) which ran in the first half of the financial year, both underperformed significantly in weak market conditions and have been discontinued. However this was partly offset by good results from the Insight Show (market research), the Online Marketing Show and the newly launched Interactive Marketing Summit, each occupying strong positions in growing sectors of the market.

Revenue by Product Type %



# Business Review

## Construction and Engineering

### Construction

The Construction community has two distinct segments – business magazines and websites that serve the “new product” market niche and specialist consumer titles focusing on the self-build and renovation sectors of the construction market.

#### The key products in the Construction community are:

Homebuilding & Renovating, Move or Improve?, Period Living, ABC&D (all monthly); homebuilding.co.uk, plotfinder.net and seven Homebuilding & Renovating exhibitions.

### Engineering

The Engineering community products are aimed at engineers working in the UK's engineering technology community and senior executives in the companies that supply them, with a particular emphasis on innovation.

#### The key products in the Engineering community are:

The Engineer (fortnightly), Process Engineering (monthly); theengineer.co.uk and pro-talk.com.

Led by the full year impact of prior year acquisitions of Period Living and Pro-Talk and of the recently launched magazine Move or Improve, revenues in this division grew 18% in the year. Margins for these new, maturing products, which represent a significant portion of total division revenues, are still below average and as a result EBITDA margins remained essentially level at 21% overall.

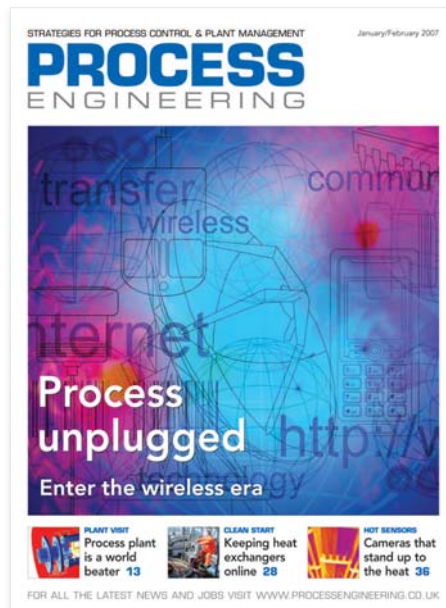
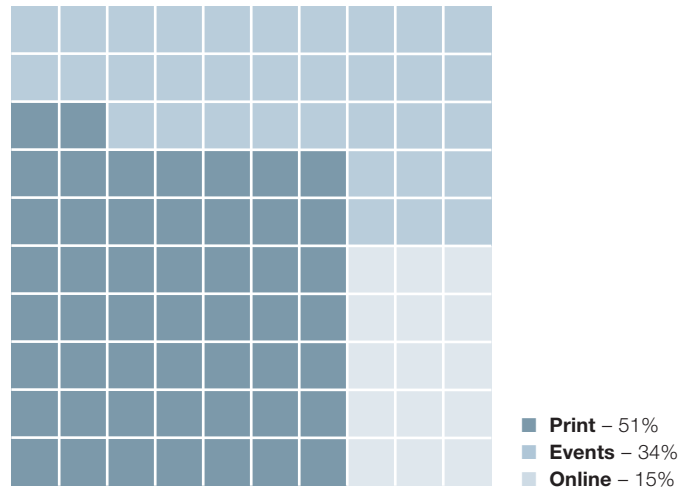
Following two years of double digit revenue growth, The Engineer magazine delivered further modest revenue growth, complementing more dramatic increases online, with revenues of theengineer.co.uk rising by over 60% on prior year. This was offset by a decline in revenues from the monthly magazine, Metalworking Production, due largely to the non-occurrence of a biennial trade exhibition which ran in the previous financial year. Our largest magazine in the construction portfolio is the leading monthly self-build publication Homebuilding & Renovating, which experienced a return to modest growth, after flat revenues in the previous year, reflecting renewed buoyancy in the housing market during the period.

The strength of the self-build market was also reflected in double digit growth in revenues from the associated Homebuilding exhibitions, which benefited from a successful launch of a new regional show in Newbury in June 2007.



Online revenues in this division are driven principally by The Engineer Online (mainly recruitment advertising), homebuilding.co.uk (mainly banner advertising), plotfinder.co.uk (revenues from subscriptions) and the recently acquired Pro-Talk (online response driven search-advertising model). In aggregate, online products delivered strong revenue growth and satisfactory improvement in profits.

Revenue by Product Type %



# Business Review

## General Business Services

This segment comprises products serving a number of distinct business communities. These include human resources (HR), the recruitment sector, supply chain and logistics, and business travel.

### HR

The HR community focuses on employee benefits and the information needs of the benefits and compensation professionals in major UK companies, plus the senior managers in the companies that supply them with products and services.

#### The key products in the HR community are:

Employee Benefits (monthly); [employeebenefits.co.uk](http://employeebenefits.co.uk); the Employee Benefits Exhibition and Conference (London and Manchester) and the Employee Benefits Awards.

### Recruitment

Recruitment community products serve the recruitment specialists in the UK – senior professionals working in recruitment agencies, search and selection companies, recruitment consultancies and advertising agencies and the companies that supply services to them.

#### The key products in the Recruitment community are:

Recruiter (fortnightly); [RecruiterMagazine.co.uk](http://RecruiterMagazine.co.uk) and the Recruiter Awards.

### Supply Chain and Logistics

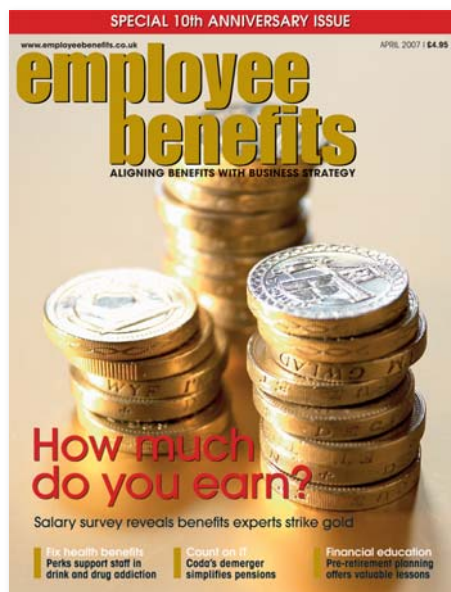
The Supply Chain and Logistics community provides information products for managers in charge of the supply chain of the largest industrial, retail and commercial organisations in the UK and Europe, together with the senior managers in the transport, materials handling and property companies that supply products and services to them.

#### The key products in the Supply Chain and Logistics community are:

Logistics Manager (monthly); [logisticsmanager.com](http://logisticsmanager.com); the Logistics Link exhibitions (three regional events); the Supply Chain Excellence Awards and the Extended Supply Chain conference.

### Business Travel

Centaur's Business Travel products are aimed at satisfying the information needs of the corporate buyers of business travel and senior managers amongst their suppliers – airlines, train companies, hotels, car hire companies etc.



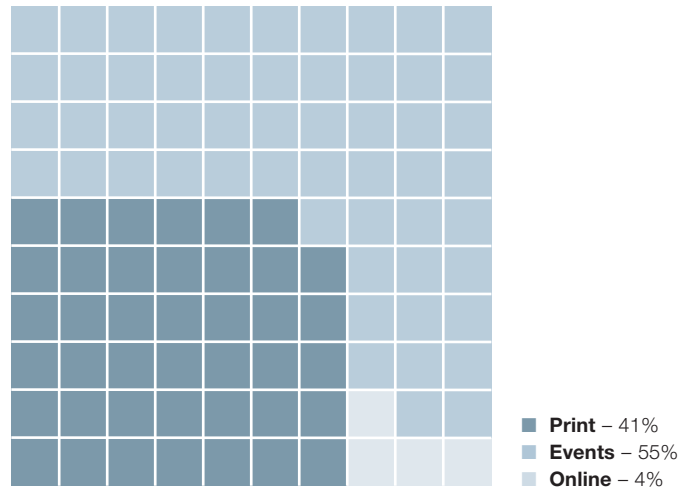
**The key products in the Business Travel community are:**  
Business Travel exhibitions in London, Dusseldorf and Dubai (joint initiative) and abtn.co.uk.

In aggregate, revenues grew 15%, with most of the growth arising in the recently acquired sectors, logistics and recruitment. Adjusted EBITDA grew £1.0 million to £1.5 million, resulting in margins of 14% (FY2006: 5%).

Revenue and profits growth in this segment were driven by the logistics and recruitment portfolios. In both cases, the underlying served markets are enjoying buoyant trading conditions and our investment in redeveloping these recently acquired products is delivering promising results. Recruiter also benefited from a full year's results.

Revenues in the Employee Benefits portfolio were adversely affected by loss of advertising resulting from the removal, in the 2006 Finance Act, of the tax benefit, the Home Computing Initiative, but growth was resumed in the final quarter of FY2007. The Business Travel shows portfolio (excluding the regional show discontinued in October 2005) also delivered growth in revenues and profit contribution.

Revenue by Product Type %



## Perfect Information

Perfect Information (PI) serves a global audience of investment banks, corporate stockbrokers, lawyers, accountants and other corporate advisory sector desktops.

The core products are Perfect Filings ("PF") which provides desktop access to an integrated electronic library of regulatory and corporate filings, and Perfect Analysis ("PA") which is a specialist equity research and charting tool. The documents within PF, which is the most comprehensive and searchable collection in the market, include quoted company reports and accounts and company circulars from the UK, US, Europe and Asia, and one of the largest electronic international bond prospectus libraries.

PI increased adjusted EBITDA to £1.5 million (FY2006: £1.4 million), despite a decline in revenues to £6.0 million (FY2006: £6.4 million) resulting in an improved adjusted EBITDA margin of 25% (FY2006: 22%).

During the year, PI completed the development of its analytical and charting tool, PA, with the release of the PA Excel add-in in February 2007. This has been well received by prospective clients, but aggressive pricing by established competitors has resulted in minimal levels of new business for PA in the past year. PI is now directing its development and sales focus to its core filings business, where growth opportunities are more attractive. In particular, we are looking to integrate the analytical functionality of PA with its extensive filings database to allow original source documents to be more easily and effectively incorporated into client workflow.

The decline in PI revenues during the year was due principally to a continuing loss of non-core revenues from clients acquired at the time of the acquisition of the Synergy Group, including revenues from products no longer supported by PI, notably a private investor analytical tool.

Underlying revenues from PF were approximately level with prior year, following a period of weaker than expected renewals in early 2007, but the refocused sales effort has led to an improved performance in the last quarter of the year and the annual value of filings subscriptions contracts at June 2007 was 2% higher than 12 months previously.

PI has more than offset the decline in PA revenues in the past year with cost reductions, leading to the significant improvement in margin.





## New Business Development Initiatives

During the year we continued to focus on new product development opportunities and to search for suitable acquisitions. **The key development initiatives in the period are outlined below.**

### New Magazines

In January we launched Mortgage Distributor, a monthly magazine covering the changing nature of how mortgages are sold, with a particular focus on mortgage packagers, the intermediary distributors serving this market. In June 2007, we launched the monthly magazine Loan Distributor, which caters for the providers of secured loans and the advisers who recommend them. These magazines were born out of the success of Mortgage Strategy and our strength in that market was confirmed by the fact that both titles generated a positive profit contribution from launch.

### New Online Products

The Internet is now firmly established as an essential advertising and information medium, which continues to offer significant business opportunities to Centaur. We have invested steadily in enhancing the performance, functionality and reach of our established internet operations and many of them are now delivering high rates of revenue growth and profitability. Total online revenues grew 23% on prior year (despite the decline in PI revenues) and adjusted EBITDA margins increased to 18% against 16% in FY2006.

Apart from the launch of vertical websites to complement Marketing Week and Design Week, as reported on page 18, our most significant new online

product activity during the year was linked to an extension of the successful news alerting service for personal finance journalists, Headline Money (HM). We acquired our joint venture partner's 50% share of HM in FY2006, with a view to launching the model into new verticals. In FY2007 we have launched Headline Property (a service for residential property journalists) and Headline Auto (for motoring correspondents). Both sites are becoming firmly established as authoritative and comprehensive sources of news stories for journalists in each sector and we expect revenues to build steadily in the coming year, with both sites expected to break even by the end of FY2008.

This year also saw two new online initiatives that we believe will deliver an important contribution in the future. Firstly, three Centaur websites have commenced web TV services, providing news analysis and the ability to showcase new products. Secondly, we have launched our first vertical search engine – madsearch – to service the marketing and creative sector. Revenues from these initiatives are still immaterial, but we believe they offer significant potential for future growth.

Perfect Information (PI) remains our largest single online business. As noted above, we are now directing the development focus of PI towards its core filings product suite. Our principal focus is on the following: to establish a new enterprise solution tailored to specific categories of end user needs; to expand our existing EDGAR search service to establish it as the leading US filings product to complement our market-leading non-US service; to provide workflow-related search products linking financial information directly with source documents. Each of these projects is underway and we expect them to be launched to market during the course of FY2008.



# Business Review

## New Business Development Initiatives

### New Events

We organised one new exhibition, two new awards events, seven new sponsored Summits and a number of training courses during the year. The new exhibition was a regional Homebuilding Show, which ran successfully in Newbury in June 2007 and generated a useful profit contribution. The Homebuilding & Renovating portfolio now comprises seven exhibitions attracting in excess of 100,000 visitors per annum.

Centaur launched its Summit business in FY2006, with the organisation of three new events in that year. Summits typically comprise meetings / workshop-based events, bringing together relatively small numbers of senior decision-makers within particular vertical markets. We give these events a strong independent "editorial" base, but revenues are normally derived from sponsorship.

In FY2007, we created a further seven Summit events, four of which were in the financial services sector, one in recruitment, one in HR and one in marketing. Each of these was profitable and well received by delegates and sponsors, providing a good base for future growth. Two of these events were launched in conjunction with new magazines – the Mortgage Packager Summit in January 2007 at the same time as the first issue of Mortgage Distributor and the Secured Lending Summit, alongside Loan Distributor in June 2007.

In January 2007, we launched The Lawyer HR Awards, the first event to recognise the key role of HR specialists in the recruitment and retention of staff in law firms. The event was a great success, helping to reinforce our

relationship with these key decision-makers and we expect it to deliver significant growth in FY2008. In June 2007, we launched the inaugural Shopfitting & Display Awards in association with Centaur's monthly magazine In-Store.

Training is a natural extension of the services we offer to our various market communities and in the past year we have commenced in a small way to develop a series of training programmes, initially covering interactive marketing skills, using the New Media Age brand. These have been well received and we aim to expand on this initiative in the financial year ahead.

Finally, we have continued to rebalance the focus of the Conferences division, reducing its traditional, relative exposure to the marketing sector, by launching more events in other Centaur verticals such as legal and engineering. In doing so, the division delivered 7% revenue growth and a dramatic improvement in adjusted EBITDA margins.

### Discontinued Operations

As previously reported, we sold Televisual in August 2006. In July 2007, we also sold the Hali portfolio to its publisher. Hali is a strong brand that enjoys an exceptional position in the market for antique carpets and textiles. However, the market it serves is small and we do not believe that it offers the potential to justify Centaur's continued investment. Neither of these portfolios made a positive contribution to Centaur profits in their last year of ownership.

## Current Development Activity

Innovation is central to Centaur's culture and is an almost constant activity across the whole portfolio. In the new financial year, we are continuing to develop new products at a steady pace. Our current development effort is focussed on extending our established brands into new media and enhancing our recent acquisitions.

In addition to the ongoing development and maturing of initiatives mentioned previously, we are currently in the process of developing a number of new projects across the business. These include several new events, further development of YGC research-based projects, expansion of our web TV and vertical search activities, expansion of established websites to provide improved functionality and productivity and the further development of training programmes for our core communities.

## Acquisitions and Joint Ventures

**Our acquisition strategy is typically to identify targets that meet the following criteria:**

**(a)** The business is operating in a market with high growth potential and high value;

**(b)** There is an identifiable high information need on which to base a range of products;

**(c)** The business is a market-leader in its respective sector or capable of achieving market leadership quickly;

**(d)** Its key people fit comfortably into Centaur's culture;

**Having identified suitable targets, we seek to apply the following financial criteria in assessing valuations:**

**(e)** It should be earnings enhancing and deliver a minimum 10% post-tax ROI in its first full year of Centaur ownership and

**(f)** It should deliver a minimum post-tax IRR of 5 percentage points above Centaur's weighted average cost of capital (currently 10%).

In the past year we have completed two bolt-on acquisitions which we believe meet these criteria. In March 2007 we strengthened our position in the logistics market with the acquisition of The Awareness Group (AG). AG's principal product is the Extended Supply Chain, a two day thought leadership event launched in 2003 for senior supply chain and logistics specialists from across Europe. The business is highly complementary with Centaur's market-leading publishing presence in this sector and we believe it will form a good platform for the launch of additional events.

In May 2007 we acquired from Reed Elsevier plc the Creative Handbook, a long-established and respected annual directory for the creative services community. The Handbook fits ideally with our Creative Review and Design Week titles and associated websites and its acquisition will serve to reinforce our position in this sector.

During the year, we also entered into two important joint arrangements. In February 2007, we launched a 50:50 joint venture with the leading online research business, YouGov plc. The joint venture company, YouGovCentaur Ltd (YGC), has been established in order to build specialist online

research panels within our major vertical markets and use them to create valuable and unique content for our publications and customised and syndicated research products for our markets. We have recruited two senior, experienced staff to work full-time on this initiative, coordinating and leveraging the extensive resources of YouGov and Centaur respectively to deliver new products. The first new products are expected to be launched in the autumn of 2007.

Also in February 2007, we announced a joint initiative with Dnata World of Events, a part of the Emirates Group and a leading event organiser based in Dubai, the fastest growing business hub in the Middle East. The first project is to organise the Business Travel Show Dubai, which is scheduled to take place in October 2007 and is expected to deliver a small profit contribution in its first year. Following that, it is planned to identify other event opportunities for this market.

Overall, our new and recently acquired businesses have contributed revenues in FY2007 of £7.8 million (FY2006: £3.9 million) on which they earned an adjusted EBITDA margin of 21% (FY2006: 10%).



### Notes

(1) One of Centaur's key measures of profit is earnings before interest, tax, depreciation and amortisation, excluding exceptional items and other significant non-cash items including share based payments (adjusted EBITDA). In addition, we report adjusted PBT (PBTA) which is profit before tax excluding the impact of amortisation of acquired intangibles and of exceptional items, and excluding of the profit on disposal of associated undertakings.

(2) Centaur's product portfolio currently comprises 7 weekly magazines, 3 fortnightly magazines, 14 monthly magazines, 7 magazines of a quarterly or bi-monthly frequency, 33 online products or services, 30 awards or other sponsored events, 26 exhibitions and approximately 90 conferences.

(3) Centaur reports its results within 5 distinct segments, namely Legal and Financial, Marketing and Creative, Engineering and Construction, Perfect Information and General Business Services. The first 3 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 and Special Interest Residential Property. Centaur also enjoys strong positions in a number of other specialist communities, namely HR, Recruitment, Logistics, Business travel, Construction and Public Private Finance.

# Corporate Social Responsibility

**The Board recognises the need for a clearly defined strategy and well defined policies in relation to the impact of the Group's activities on all its key stakeholders and the broader environment as a whole.**

**The Board has therefore formulated an approach to CSR which is both complementary to the stated strategic objectives of the Group but also practical in terms of implementation of policy and measurement of results.**

## People in Centaur

Centaur's success depends upon its ability to keep developing new products and refreshing existing ones and that in turn depends upon our ability to attract and retain a highly motivated, entrepreneurial team of people. In seeking to achieve this objective, we believe that the following are the most important factors for us to address:

### (a) Giving our people a sense of ownership

We describe Centaur as a federation of small businesses, with discrete profit centres serving individual vertical communities, supported by a strong central infrastructure of common services such as Finance, Circulation, Web and IT Operations and HR. We encourage our people where appropriate to have a strong sense of identity with their particular community, business unit or brand and to think like owners. Reorganisation carried out in the past year, in the marketing sector in particular, has served to underline the importance of our organisational focus on vertical market communities.

### (b) Maintaining unity around a common vision, strategy and culture

We seek to provide each of our businesses with a corporate context of a clearly communicated vision and strategy and a common culture. We aim to achieve this through good communication on a number of levels. In addition to a structure of formal and informal business community meetings across the Group, which are attended on a monthly basis by the CEO and Group FD, a number of other mechanisms are used to retain a corporate framework without diluting the strength derived from the devolved operating structure of

the Group as described above. These include:

- The Group intranet, which provides a daily update of news and corporate information.
- A monthly email newsletter from the CEO that is sent to all staff each month highlighting recent new business developments.
- Senior managers' attendance at periodic management seminars to promote and share best practise across the Group including an internet forum to ensure specialist expertise is shared across all areas of the Group. In addition, all senior managers receive a six monthly update of company results from the CEO and Group FD.
- The Centaur Awards – an annual dinner held for all staff to celebrate the outstanding achievements of the previous year.
- A six-monthly printed Newsletter detailing the key achievements of the previous half year which is sent to all staff.

### (c) Providing competitive rewards

Centaur's culture is meritocratic and in reviewing remuneration packages, we seek to focus primarily on individual performance. Individual reviews are conducted throughout the year and tend to occur on the anniversary of joining. We aim to provide financial rewards and a range of associated benefits that are competitive within our sector.

### (d) Providing effective resources

Centaur's management style is intended to incorporate a high level of coaching to support and promote superior performance. This has been supplemented in the past by an in-house programme of entry-level training programmes. In addition however, we have recently instituted the Centaur Sales Academy, a more extended training programme for new sales recruits and in the new financial year are planning to more than double our investment in formal training, covering sales, editorial and management disciplines.

### (e) Listening to our staff

In recognition of the importance of these issues, we have recently engaged YouGov to conduct an employee engagement survey, seeking feedback from all staff on a wide variety of issues. We believe this will be a valuable exercise in determining how to sustain and improve the already impressive levels of commitment and performance of our people.

# Corporate Social Responsibility

## The Environment

A number of initiatives are already in place throughout the Group, including some of those listed below. However, to date they have not been objectively assessed and measures will be introduced during the year to monitor and report on them:

- **Purchase of paper**

Aim to buy paper only from PEFC accredited mills and to use printers that operate to EMAS or ISO 14001 standards.

- **Disposal of waste and recycling**

Processes to minimise the number of returned magazines will be examined to make them more effective. This review will also consider the need for improvement of office facilities to recycle magazines, paper, toner, bottles, cans, light bulbs and computers.

- **Packaging and distribution of magazines**

Where practical all cover mounts will be produced in the "greenest" manner, such as in cardboard as opposed to plastic, and biodegradable plastic will be used for packaging magazines.

- **Toner inks**

The internal policy of minimizing the use of printers and linking photocopiers to computers will be continued, thus using considerably less toner cartridges.

- **Reducing the carbon footprint**

This is an area that will be examined in a methodical way and actions taken to encourage staff to observe "best practice". The Board is of the opinion that reporting energy consumption figures is unlikely to produce any meaningful data.



**Centaur Media plc Annual Report 2007 printed on ERA SILK from James McNaughton Group.**

Produced from 50% FSC de-inked post consumer waste fibre and 50% FSC certified virgin fibre pulp. Mill accreditations: ISO14001, ISO9001, OHSAS, FSC and PEFC.

## The Community

Hitherto the Group policy has been not to make corporate contributions to charities or political parties. There is no current intention to change this policy.

A number of Centaur's magazines encourage giving to various charities through the relevant magazine's Award Events. In the year donations were made through this method to Centre Point, Childhope and Cystic Fibrosis Trust.



# Financial Review

## The Group's financial results for the year ended 30 June 2007 report continued strong growth and further progress against stated strategic financial objectives.

### Summary of results

Revenue from continuing operations increased by 12% to £90.3 million and is analysed by business segment in note 1 to the financial statements. Total revenue for the year included £7.8 million relating to acquisitions made in either the current or prior financial year and excluding these acquisitions revenue from underlying products increased by 8%.

Revenue attributable to discontinued operations amounted to £1.1 million (FY2006: £1.8 million) and this relates to the Televisual magazine and Hali Publications Limited, details of which are included in note 15 to the financial statements. Both of these businesses were regarded as peripheral to Centaur's core served markets and neither discontinuation had any impact on profit

for the year attributable to equity shareholders in either the current or prior financial year.

Profit from continuing operations before tax ("PBT") for the year ended 30 June 2007 was £16.9 million compared to £15.1 million for the year to 30 June 2006, an increase of 12%. After adjusting for exceptional costs / credits and amortisation of acquired intangible assets adjusted profit before tax increased by 28% to £16.9 million (FY2006: £13.2 million).

In presenting financial performance the Board also considers an important and consistent measure of profit for the Group to be earnings before interest, tax, depreciation, amortisation, exceptional costs and other significant non-cash items including share based payments ("adjusted EBITDA") and

as described below the adjusted EBITDA margin is one of the key performance indicators used by the Board to monitor and manage the business.

Adjusted EBITDA for the year ended 30 June 2007 was £19.7 million compared to £15.7 million in the year ended 30 June 2006. This represents an adjusted EBITDA margin of 22% (FY2006: 20%).

An analysis of revenue and adjusted EBITDA from continuing operations by segment, product type, underlying / acquired and maturity as well as an analysis of revenue by source and client type is included in the Business Review on page 13.

The different measures of profit described are summarised in the following table:

**Mike Lally**  
Group Financial Director



Continuing operations	2007	2006
	£m	£m
<b>Revenue</b>	<b>90.3</b>	80.5
<b>Adjusted EBITDA</b>	<b>19.7</b>	15.7
Depreciation of property, plant and equipment	(0.8)	(0.7)
Amortisation of software	(1.9)	(1.8)
Share based payments	(0.4)	(0.4)
Interest receivable	0.2	0.3
Share of post-tax profit from associate	0.1	0.1
<b>Adjusted PBT</b>	<b>16.9</b>	13.2
Amortisation of acquired intangibles	(0.7)	(0.3)
Exceptional administrative credit	-	2.2
Profit on sale of associate	0.7	-
<b>Profit before taxation</b>	<b>16.9</b>	15.1

## Free cash flow

Free cash flow ("FCF") is defined as cash generated from operations (note 26 to the financial statements) less capital expenditure required to maintain the asset base of the Group, (property, plant and equipment and computer software) and after adjusting for any exceptional cash items.

The strength of FCF generation, representing the cash available for the stakeholders of the Group, has continued to be a strong feature of the Group's financial performance this year, increasing by 37% to £15.6 million (FY2006: £11.4 million).

This compares to an increase in adjusted operating profit for the year of 30% and reflects a further strong improvement in the cash conversion ratio (FCF to adjusted operating profit) to 94% (FY2006: 89%).

A number of factors have contributed to this improvement including a continued high concentration of prepaid event revenues and further system and organisational efficiencies in the cash collection process.

**A 5 year summary of FCF and adjusted operating profit is presented below:**

## Balance sheet

The balance sheet for the Group remains strong with net assets increasing by £6.6 million in the year including a £2.3 million increase in cash. The increase in cash is stated after repaying £0.5 million to the holders of loan notes in Centaur Media plc. Excluding funds held in respect of loan notes the cash available for use by the Group in its day to day operations increased by £2.8 million to £9.0 million at the end of the year (FY2006: £6.2million).

Other increases in net assets include a £3.4 million increase in intangible assets which principally relates to the acquisitions of The Awareness Group and the Creative Handbook (detailed in note 27 to the financial statements), together with the purchase of intellectual property representing the remaining 30% of the jointly owned Business Travel shows.

Deferred income fell by £0.9 million due to the discontinuation of a number of autumn events including the DM Show (direct marketing) and the Total Motivation Show (incentives) and a change to the timing of an Employee Benefits Summit held in July last year.

	2007	2006	2005	2004	2003
	£m	£m	£m	£m	£m
Cash generated from operations	18.2	14.4	9.6	7.4	6.5
Exceptional items	-	-	0.5	(0.2)	-
Capital expenditure	(2.6)	(3.0)	(2.5)	(2.1)	(1.7)
<b>Free cash flow</b>	<b>15.6</b>	11.4	7.6	5.1	4.8
Operating profit	15.9	14.7	8.9	5.5	3.4
Amortisation of acquired intangibles	0.7	0.3	-	-	-
Exceptional (credit) / costs	-	(2.2)	0.6	0.1	-
<b>Adjusted operating profit</b>	<b>16.6</b>	12.8	9.4	5.6	3.4
<b>Cash conversion rate</b>	<b>94%</b>	89%	81%	91%	141%

# Financial Review

## Earnings per Share ("EPS")

Basic EPS for the year was 8.2p, an increase of 8% (FY2006: 7.6 pence). Adjusted basic EPS is 8.2p and this represents an increase of 32% (FY2006: 6.2p).

The basis for calculating adjusted EPS is consistent with the calculation of adjusted PBT described above and full details of the EPS calculations are presented in note 7 to the financial statements.

## Taxation

Tax on profit on ordinary activities amounted to £4.6 million in the year ended 30 June 2007 (FY2006: £3.7 million). Taking into account the tax effect of adjustments to arrive at adjusted PBT, this represents an effective tax rate of 28% (FY2006: 29%) of adjusted PBT.

The year on year reduction in the effective tax rate and the maintenance of a Group tax rate below the standard rate of UK corporation tax rate (30%) relates principally to share options where credits taken to the income statement in the year include a current tax deduction of £0.2m arising on the 419,021 options exercised during the year and a deferred tax asset of £0.5 million relating to share based payments.

The 2007 tax charge of £4.6 million includes a charge of £0.1 million relating to prior years.

The net deferred tax position at 30 June 2007 is an asset of £0.4 million (FY2006: £0.5 million) and the movement includes a £0.1 million charge, taken directly to equity, in respect of share options granted before 7 November 2002.

## Dividends

A final dividend of 2.5p per share is proposed, giving a total for the year of 3.5p (FY2006: 3.0p). The final dividend is subject to shareholder approval at the Annual General Meeting and will be paid on 7 December to all ordinary shareholders on the register at close of business on 9 November 2007. The Company has sufficient reserves to cover the recommended dividend.

## 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 year in the management of the Group's funding and liquidity risks and interest

and foreign exchange rate risks are contained in the "financial instruments" notes to the financial statements (note 28).

## Principal risks and uncertainties

Specific business risks to which the Group is exposed are detailed below and as described in the Corporate Governance Report on page 40 the Board has implemented a comprehensive risk management process to identify, monitor and mitigate these risks.

## Exposure to the economy

Centaur's products and markets are predominantly UK based and as a result the Group's performance is broadly linked to the strength of the UK economy and general economic factors such as inflation, currency fluctuation, interest rates, supply and demand of capital and industrial disruption therefore have the potential to affect the Group's operations, business and profitability. While these macro economic factors are beyond the control of the Group, specific exposure to interest rate and currency risk is minimal and in addition the range of markets served by Centaur's products together with the continuing strategy of extending the reach of established brands through the delivery of new products in a diverse range of media formats provides some ability to spread this exposure.

## Dependence on advertising

In total advertising revenues represented 55% of Group revenue in the year ended 30 June 2007 (FY2006: 53%), and changes in advertising trends, particularly away from traditional magazine formats could have an impact on the Group's profitability. However the diversity of served markets and strength of brands, which in most cases includes a number of market leading positions together with continued brand diversification into alternative media formats all serve to limit this exposure. While in total the overall concentration of advertising sales has increased during this financial year this includes 70% growth in online advertising which now accounts for 16% of all advertising sales across the Group.

## Growth Strategy

The Group seeks to launch or acquire new titles, conferences, exhibitions and other brand extensions. It is essential that the Group successfully develops and markets these products and integrates acquired businesses. The proven record of organic growth over the past several

years, and the successful integration of the businesses acquired in the previous and current year clearly demonstrate the Group's ability to deliver this strategy.

## Competitor activity

A number of products exist that compete directly or indirectly with the Group's resulting in a highly competitive market. Domestic and international competitors market their products at the Group's target audiences. New technology, changing commercial circumstances and new entrants to the markets in which the Group operates may adversely affect the Group's business. A key element of the Group's strategy is to develop and maintain a deep understanding of the information needs of the markets it serves and by maintaining the highest standards of editorial integrity it aims to ensure that the provision of information remains commercially aligned with and relevant to the markets it serves. Through these means the Group can continually adapt and develop existing products thus protecting market leading positions and thereby limiting the opportunities for competitors to secure an advantage.

## Dependence on key personnel

The Group's future success is substantially dependent on the continued services and continuing contributions of its Directors, senior management and other key personnel. The loss of the services of any of the Group's executive officers or other key employees could have a material adverse effect on the Group's business. The entrepreneurial culture of the Group and the incentive programmes in place enable us to attract and retain the key management team.

## Reliance on information systems

Certain divisions of the Group are dependent on the efficient and uninterrupted operation of their IT and computer systems and of services from third-party providers. The Group has taken precautions to limit its exposure to the risk of material disruption to systems.

## Key performance indicators (KPIs)

The key strategic objectives of the Group are described in the Business Review on page 14 and are summarised below:

- To achieve critical mass in high value growth markets
- To deliver double digit growth in revenues across the cycle



- To balance portfolio revenues across print, online and events
- To expand audience share of revenues
- To increase adjusted EBITDA margins to 25%

The Board uses a range of performance indicators to monitor progress against these objectives and manage the business.

**The indicators which the Board considers to be important are as follows:**

- Revenue growth by revenue type
- Adjusted EBITDA margin
- Revenue per employee
- Adjusted PBT
- Adjusted EPS
- Cash conversion rate

In addition to monitoring progress against stated strategic objectives this range of measures provides the Group's stakeholders an opportunity to assess progress made within each reporting period towards a number of commercial and financial objectives and in addition, by adopting measures that are commonly reported by other members of Centaur's peer group, to facilitate a comparison of performance against other similar companies in the sector.

**Other specific aims of the adopted performance measures are as follows:**

- To indicate the spread and breadth of Centaur's operating business models and their relative importance in each reporting period.
- To remove the impact of non-recurring exceptional credits or expenditure (and any related tax effect of those exceptional items) thus ensuring the indicators are closely aligned with the underlying, continuing aspects of the Group's trading performance.
- To indicate the strong cash generative nature of the Group.
- To remove the impact of non-cash credits or expenditure from the measures of earnings to ensure the indicators are closely aligned to the cash generative nature of the Group's assets.
- To indicate the strong operational gearing associated with the Group's revenue growth.

	2007	Restated (5) 2006
	%	%
<b>Revenue growth by revenue type</b>		
Magazines	14%	11%
Events	9%	15%
Online products	23%	20%
Other	(50%)	29%
<b>Total</b>	<b>12%</b>	14%
	%	%
Adjusted EBITDA margin (1)	22%	20%
	£000	£000
Revenue per employee – continuing operations	121	113
	£m	£m
Adjusted PBT (2)	16.9	13.2
	Pence	Pence
Adjusted EPS (3)	8.2	6.2
	%	%
Cash conversion rate (4)	94%	89%

**Notes**

(1) One of Centaur's key measures of profit, which is used to measure the relative performance of divisional units of the Group, is earnings before interest, tax, depreciation and amortisation, excluding exceptional items and other significant non-cash items including share based payments (Adjusted EBITDA). Refer to page 30.

(2) Adjusted PBT (PBTA) is profit before tax, excluding the impact of amortisation of acquired intangibles and of exceptional items and excluding the profit on disposal of associated undertakings. Refer to page 30.

(3) Adjusted EPS is based on the basic EPS but after making adjustments for amortisation on acquired intangibles and exceptional items and excluding the profit on disposal of associated undertakings, as detailed in note 7 to the financial statements.

(4) Cash conversion rate is free cash flow expressed as a percentage of adjusted operating profit. Free cash flow is defined as cash generated from operations (note 26 to the financial statements), less capital expenditure on property, plant and equipment and software. Adjusted operating profit is operating profit after making adjustments for amortisation on acquired intangibles and exceptional items. Refer to page 31.

(5) All comparatives have been restated to exclude discontinued operations.

# Board of Directors



(1)



(3)



(2)



(4)

## Executive Directors

(1) **Graham Sherren**  
Chairman

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 1982 when he established Centaur Communications.

(2) **Geoffrey Wilmot**  
Chief Executive Officer

Geoff joined Centaur Communications in September 1998 as Group Finance Director and became Chief Executive Officer in November 2006. 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.

(3) **Michael Lally**  
Group Finance Director

Mike joined Centaur in April 2001 as UK Finance Director and was appointed to the Board as Group Finance Director in November 2006. He has extensive experience of the Media and Entertainment sector having held senior financial and management positions at the Financial Times, United News and Reuters and immediately prior to joining Centaur was Finance Director of the Informa Publishing group.

## Non-Executive Directors

(4) **Patrick Taylor**  
Senior Non-Executive Director

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.

# Board of Directors



(5)



(7)



(6)



(8)

**(5) Thomas Scruby**  
Non-Executive Director

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.

**(6) Colin Morrison**  
Non-Executive Director

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 business-to-business 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.

**(7) Alton Irby**  
Non-Executive Director

Alton was founding partner of the M&A boutique Hambro Magan Irby in 1988. After selling the business to NatWest in 1996, he became Chairman and CEO of the NatWest Global Investment Banking Advisory business. In 2001 he bought the business from NatWest and renamed it Hawkpoint Partners. In 2001 he retired as Chairman and CEO from Hawkpoint Holdings and became a founding partner of Gleacher & Co's European investment banking business. He left Gleacher & Co. in early 2003 to form Tricorn Partners, a private investment bank. In May 2006 he moved from London to San Francisco to form London Bay Capital, a private equity firm.

**(8) Christopher Satterthwaite**  
Non-Executive Director

Chris began his commercial career as a graduate trainee at H.J Heinz. Since his grounding on the client side, he has been part of three different kind of marketing communication agencies, IMP 1981-1993, then the UK's largest Sales Promotion and Direct Marketing agency; HHCL & Partners 1993-2000, Campaign's Advertising Agency of the Decade; Bell Pottinger 2000-2002, the UK's leading Public Relations agency. Chris was appointed Chief Executive of Chime Communications PLC in 2002.

# Senior Management

Centaur's Senior Management team have an average of 17 years service between them.



(2)



(4)



(1)



(3)



(5)

(1) **Roger Beckett**

Publishing Director, Creative Division

(2) **Libby Child**

Publishing Director, Legal Division

(3) **Robin Coates**

Publishing Services Director

(4) **Peter Harris**

Managing Director, Centaur Special Interest Media

(5) **Judith Mann Selley**

Director of Circulation and Information Services

# Senior Management



(6)



(8)



(10)



(7)



(9)



(11)

(6) **Patrick Ponsford**  
Publishing Director, Financial Services Division

(7) **Tim Potter**  
Managing Director, Business Publishing

(8) **Ian Roberts**  
Company Secretary

(9) **Howard Sharman**  
Corporate Development Director

(10) **Annie Swift**  
Publishing Director, Marketing Division

(11) **Calum Taylor**  
Managing Director, Events

# Report of the Directors

## The Directors of Centaur Media plc (the “Company” and “the Group”) present their Report on the affairs of the Group together with audited Financial Statements for the year ended 30 June 2007.

### Principal activities

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

### Business review

The key performance indicators which management consider are important comprise:

- Revenue growth by revenue type
- Adjusted EBITDA margin
- Revenue per employee
- Adjusted PBT
- Adjusted EPS
- Cash conversion rate

These can be found within the Financial Review on pages 30 to 31 together with details of the principal risks facing the Group. The Business Review includes details of the Group's activities and future developments on pages 12 to 27.

### Dividends

A final dividend of 2.5 pence per share is proposed by the Directors, and subject to shareholder approval at the Annual General Meeting, will be paid on 7 December 2007 to ordinary shareholders on the register at the close of business on 9 November 2007. With the interim dividend of 1.0 pence per share this will make a total dividend of 3.5 pence per share for the year.

### Share capital and substantial shareholdings

Details of the share capital are set out in note 22 to the financial statements. As at 31 August 2007 notifications of interests at or above 3% in the issued share capital of the Company had been received from the following:

FMR Corp and Fidelity International Limited	9.85%
Aberforth Partners	9.73%
Barclays Plc	6.95%
Graham Veere Sherren (inc spouse)	5.43%
Schroders plc	4.99%
Lloyds TSB Group Plc	4.26%
Legal and General Group plc	4.16%
Griffin Land and Nurseries Inc	3.54%

During the year, the Centaur Employees' Benefit Trust acquired 725,000 Ordinary shares of 10p each in Centaur Media, representing 0.48% of the issued share capital of the Company, for a total consideration of £943,125. The shares were acquired by the trustees to satisfy awards granted under the Centaur Long Term Incentive Plan.

# Report of the Directors

## Directors and Directors' interests

The Directors of the Company during the year are detailed on page 90. All Directors served from 1 July 2006 unless otherwise stated.

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

	No. of ordinary shares held at 30 June 2006	Shares acquired during the year	No. of ordinary shares held at 30 June 2007
GV Sherren	7,700,039	-	7,700,039
(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
A Irby	35,465	-	35,465

The Directors' interests in share options and long-term incentive plans is disclosed in the Directors' Report on Remuneration on page 47. There has been no change to the Directors' interests since the year end.

## Qualifying third party indemnity provisions

By virtue of article 206 of the Articles of Association of the Company, a qualifying indemnity provision (within the meaning given by section 309B (1) of the Companies Act 1985) is in force at the date of this report in respect of each Director of the Company and was in force from 8 December 2005.

## 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 2007.

## Employment policy

The Group is an equal opportunities employer and appoints employees without reference to age, 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. In addition, the Share Incentive Plan as described in note 23 launched during the previous year, encourages employees' participation in the Group's performance.

## Events after the balance sheet date

On 20 July 2007, Hali Publications Limited, a subsidiary of the Group, was sold to the existing publisher of the Hali magazine.

## Financial instruments

A statement in relation to the use of financial instruments by the Group is shown in note 28 to the financial statements.

## 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 Company and 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 2007 and that the financial statements comply with IFRS.

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

The Directors confirm that, so far as the Directors are aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

20 September 2007

# Corporate Governance Statement

## Statement of compliance with the Combined Code

The Board of Centaur Media plc is accountable to the Company's shareholders for good Corporate Governance and in doing so is committed to the principles outlined in the 2003 FRC Combined Code on Corporate Governance.

The statement below describes how the principles of Corporate Governance are applied and the extent of the Company's compliance with the provisions set out in Section 1 of the 2003 FRC Combined Code. The Company has complied with the 2003 FRC Combined Code throughout the financial year subject to the fact that a Non-Executive Director who is not independent is a member of the Audit and Remuneration Committees; and that the roles of Chairman and Chief Executive have been exercised by the same individual.

The roles of Chairman and Chief Executive were separated as from 1 November 2006. However, Graham Sherren, who formerly held both posts, remains as Chairman, which is not in compliance with the Combined Code. The Company's position on both of these matters is outlined in the statement under the heading "Board balance and independence".

## The Board of Directors

The Group is controlled through its Board of Directors. The Board recognises its responsibility to the Company's shareholders. It does this by providing entrepreneurial leadership, whilst ensuring controls are established that enable the effective monitoring and management of risk.

The Board is responsible for the Group's systems of Corporate Governance and is ultimately accountable for the Group's activities and strategy by ensuring the right financial and human resources are in place.

## Board process

The Board 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 to be discussed by the full Board of Directors, such as:

- The commencement of any major new and / or different business activity.
- Material acquisitions and disposals.

- Material investments and capital projects.
- The Group's internal controls and risk management policies, including insurance and material litigation.
- Overall budgetary planning, treasury planning and business strategy.
- Review of the functioning of the Board Committees.

The Board meets at least six times each year. The Directors receive the Board papers in advance of each meeting.

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, Ian Roberts. He is also secretary to all the Board Committees. In addition, the Company Secretary advises the Board on governance matters and provides ongoing training through the regular dissemination of relevant legislative and regulatory updates and external reports. The Company Secretary is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

The Board has established an Audit Committee, a Remuneration Committee and a Nomination Committee with formally delegated duties and responsibilities within written terms of reference prescribed by the Board, all of which are available on the Company's website ([www.centaur.co.uk](http://www.centaur.co.uk)). Non-members may attend these committee meetings by invitation although no Director can attend a meeting, or part of a meeting where he could have a conflict of interest.

## Performance evaluation

The Directors are constantly evaluated against performance and commitment to their roles and duties as Directors. The Chairman addresses weakness and, where appropriate, proposes new members to be appointed and seeks the resignations of Directors of the Board.

In August 2006 there was a formal evaluation based on the completion by each Director of evaluation forms, the results of which were reported to the Board by the Company Secretary.

The Chairman then held discussions with individual Directors as necessary. No significant problems were identified. A similar exercise is planned for 2007.



# Corporate Governance Statement

## Board committees

The number of scheduled full Board meetings and Committee meetings during the year to 30 June 2007 along with attendance of Directors was as follows:

	Scheduled Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings
No. of meetings held	6	3	6	3
Graham Sherren	6	n/a	n/a	3
Geoffrey Wilmot	6	n/a	n/a	n/a
Thomas Scruby	6	3	6	n/a
Patrick Taylor	6	3	6	3
Colin Morrison	5	2	5	2
Alton Irby	4	3	4	3
Michael Lally	4	n/a	n/a	n/a

In reading the above table it should be noted that Michael Lally did not join the Board until 23 November 2006 and has attended all scheduled meetings since that date.

## Board balance and independence

During FY2007 the Board comprises three Executive Directors, Graham Sherren, Geoffrey Wilmot and Michael Lally, and four Non-Executive Directors. It is recognised that the retention of Graham Sherren in the role of non-independent Chairman, having formerly held the role of Chief Executive Officer, will not satisfy the 2003 FRC Combined Code. However, this was discussed with major shareholders prior to the decision being made and the Board believes that Graham Sherren's continuation as Chairman is vital in continuing to give the Group the benefit of his considerable experience and knowledge of the publishing industry. Furthermore there is a clear division of responsibilities between the Chairman and Chief Executive. **The Chairman is responsible for:**

- Leading the Board.
- Ensuring the effectiveness and proper performance of the Board and of its Directors and setting the agenda for its meetings.
- Regularly updating the Directors on all matters relevant to them.
- Establishing effective communication with shareholders and ensuring that the Board

understands their views.

- Setting the overall strategy of the Group.
- Regular contact with the Chief Executive.

## The Chief Executive's responsibilities are:

- Developing and implementing the overall strategy.
- Overseeing the day-to-day management of the Group.
- The line management of senior executives.
- Jointly with the Chairman, representing the Group externally.

Three of the Non-Executive Directors, Patrick Taylor, Colin Morrison and Alton Irby are considered by the Board to be 'independent' of management for the purposes of the 2003 FRC Combined Code and have no relationships that may interfere with their independent judgement and thus in this regard the requirements of the 2003 FRC Combined Code are satisfied. Christopher Satterthwaite was appointed as a further Non-Executive Director from 1 July 2007 and is also considered to be independent.

Alton Irby was a Non-Executive Director of Centaur Communications Ltd until August 1998 but the Board does not believe that this is relevant in establishing his independence status under the 2003 FRC Combined Code. In addition the Board is strengthened by the presence of the fourth Non-Executive Director, Tom Scruby, who was a Director of Centaur Communications Ltd from 1989 to 2004. In view of this he does not satisfy the independence criteria of the 2003 FRC Combined Code. However, the Board believes that Tom Scruby brings substantial benefit to the

Board and its Committees through both his external experience and his knowledge of Centaur. Furthermore, with three independent Non-Executive Directors already on the Audit and Remuneration Committees the requirements of the 2003 FRC Combined Code to have at least two independent Non-Executives are more than satisfied.

Patrick Taylor has been appointed Senior Non-Executive Director.

All Directors are subject to re-election at least every three years.

## The Audit Committee

Patrick Taylor chairs the Audit Committee and its other members are Colin Morrison, Tom Scruby and Alton Irby. All members of this committee are Non-Executive Directors. Christopher Satterthwaite, also a Non-Executive Director, joined the Audit Committee on his appointment to the Board on 1 July 2007.

The Audit Committee meets at least twice each year. In addition Patrick Taylor meets with the external auditors at least annually on a one to one basis. The Chief Executive Officer and the Group Finance Director 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, appointment and re-appointment of external auditors, the scope and results of the audits, the independence and objectivity of the auditors and ensures that an effective system of internal financial control is maintained.

The Group does not have an internal audit function. The Group believes that the internal controls established are strong and therefore an additional internal audit function is not currently required. The Audit Committee annually reviews that position.

An Internal Control Review has been conducted by management and a report has been submitted to the Audit Committee; no major control issues were identified.

The Audit Committee has reviewed arrangements for whistleblowing and has put a policy in place. The policy encourages a culture of openness and seeks to reassure employees that by reporting issues of concern they will not suffer victimisation or detriment. Employees are required to raise issues in the first instance with their line manager or, if this is a problem, with the Human Resources Director or in exceptional cases with the Chief Executive Officer or Chairman of the Audit Committee.

# Corporate Governance Statement

The Group is committed, whenever appropriate, to investigate fully any concern raised in a timely manner and where an investigation confirms wrongdoing to take the necessary disciplinary or legal action. The Group will, wherever possible and without infringing confidentiality, keep the "whistleblower" informed of the outcome of enquiries and decisions taken with regard to the matter. Guidance is also given to raising matters externally.

Centaur's external auditors may not provide any non-audit service that poses a significant threat to the auditors' objectivity or independence. Centaur's auditors have confirmed that they are independent and do so on an annual basis.

The auditors have been in post since 2000 but for only for three years as auditors of a listed company (Centaur was listed in March 2004). The Group will be reviewing their appointment in 2009.

## The Remuneration Committee

Patrick Taylor chairs the Remuneration Committee and its other members are Colin Morrison, Tom Scruby and Alton Irby. All members of this committee are Non-Executive Directors. Christopher Satterthwaite, also a Non-Executive Director, joined the Remuneration Committee on his appointment to the Board on 1 July 2007.

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

New Bridge Street Consultants (NBSC) is appointed as remuneration consultants to the Remuneration Committee. NBSC advises the Committee directly on matters within the Committee's terms of reference on which the Committee chooses to consult NBSC.

NBSC advises the Board (or those Directors charged by the Board to make recommendations) from time to time on the remuneration of Non-Executive Directors.

The Company Secretary, with reference to independent remuneration research and professional advice and in accordance with the 2003 FRC Combined Code, also will provide regular updates 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.

## The Nomination Committee

Graham Sherren chairs the Nomination Committee and its other members are Colin Morrison, Patrick Taylor and Alton Irby. Christopher Satterthwaite joined the Nomination Committee on his appointment to the Board on 1 July 2007.

The Nomination Committee ensures that there is in place a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. The Nomination Committee is responsible for ensuring that the right calibre of person and balance of skills is maintained on the Board. This committee meets at least annually and as required will make recommendations to the Board on new appointments to the Board.

When the Nomination Committee is considering the appointment of a successor to the Chairman, Patrick Taylor chairs this committee.

The appointment of Christopher Satterthwaite as a Non-Executive Director was made following the receipt of advice from the Company's financial advisors and an interview by the other Non-Executives. The appointment was made without appointing an external consultant or placing an advertisement as, following the above, he was invited to the Board based on the specific business experience that he was known to possess and which the Board was seeking. In line with Company policy a full and detailed induction process was undertaken.

## Internal control

The Board recognises its responsibility to present a true and balanced assessment of the Group's position and prospects. **Centaur Media 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.

An ongoing process, in accordance with the guidance of the Turnbull Committee on internal control, is established for identifying, evaluating and managing risks faced by the Group. The

Directors recognise that they are responsible for systems of internal control and for reviewing its effectiveness and this they have done throughout the year. The risk management process and systems of internal control are designed to only manage rather than eliminate risk. The risk of failure to achieve business objectives has been reviewed regularly by the Board throughout the year.

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

## 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 Board's 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.

# Corporate Governance Statement

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

## **Relations with shareholders**

Communication with shareholders is given a high priority. The Business Review gives a detailed overview of the business and future developments. There is regular dialogue with institutional shareholders as well as presentations after the Group's preliminary announcement of the year-end results and at the half year. In addition financial and other information about the Group is available on the Group's website and procedures are in place to ensure that the Board is regularly apprised of shareholders', analysts' and brokers' expressed views of the Group.

The Board's intention is to use the Annual General Meeting on 29 November 2007 to communicate with private and institutional investors and welcomes their participation. The Chairman will aim to ensure that the Chairman of the Audit and Remuneration Committees is available at the Annual General Meeting, 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 and Company have 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 financial statements.

# Directors' Report on Remuneration

## Information Not Subject to Audit

The Directors' report on remuneration has been prepared in accordance with the Directors' Remuneration Report Regulations 2002.

### The Remuneration Committee

Details of the Remuneration Committee are found on page 42.

### 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 Group successfully.

In addition to the advice given by NBSC and in order to assist in ascertaining the proper levels of remuneration for Directors the Company Secretary provides regular independent remuneration research reference material to the Committee.

Centaur's primary focus is on organic, profitable growth. Its key strategic objectives include a target of double digit revenue growth across the cycle and an increase in adjusted EBITDA margins to 25%. In light of this, the Remuneration Committee considers it important that a significant proportion of the Executive Directors' remuneration packages should be linked to growth in profits and shareholder value.

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 Directors 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 Group.

The policy with regard to bonus schemes for the Executive Directors and Company Secretary is to set demanding but motivational performance targets that are normally based on one of the Company's key profit measures of Adjusted earnings per share. The Adjusted earnings per share target levels may be set with regard to a number of factors, including year on year growth. The maximum bonuses payable in respect of the

year to 30 June 2008 are capped at 75%, 75% and 40% of annual salary for the Chairman, Chief Executive Officer (CEO) and Group Finance Director (GFD) respectively. The Chairman's bonus in respect of that year is based on his salary at 30 June 2007, but the amount payable will be 5.2 / 12 of the calculated figure to reflect the fact that on 6 December 2007 he becomes a Non-Executive Chairman.

Bonuses payable to the Chairman, CEO and GFD in respect of the year amounted to 57.5%, 57.5% and 31.3% of their salaries at 30 June 2007 i.e. just over 75% of the maximum bonus limit. These were calculated by reference to growth in Adjusted earnings per share (EPS) for the year. Adjusted EPS of less than 7.0p (implying growth of up to 13%) would have resulted in no bonus being paid. Maximum bonus would have been paid for achieving Adjusted EPS of 8.8p, representing growth of 42%. Actual Adjusted EPS achieved of 8.2p represented growth of 32%.

Details of the Company's long-term incentive plans (LTIP) are outlined below. During the year, LTIP awards granted to the CEO and GFD of 85,000 shares and 30,000 shares respectively were valued at the time of grant at 51% and 30% of their respective salaries compared with the 100% maximum limit set in the plan approved by shareholders.

At these levels of bonus the Committee consider that there is a reasonable link between the Executive Directors' remuneration and the performance of the Group.

The Non-Executive Directors receive a fee for their services, and the reimbursement of incidental expenses. In addition a payment of £1,500 per working day is made in respect of any period during which it is agreed by the Board that the time commitment is significantly longer than envisaged under the terms of the appointment as a result of, for example, a major corporate transaction.

Alton Irby has waived his fees from 1 January 2007, however, the Group pays his travel and accommodation expenses in the UK when he travels from the United States of America to attend Board and Committee meetings.

### The Directors' service agreements

The contract date for Executive Directors' existing service agreements is 27 February 2004, with the exception of Michael Lally whose present agreement is dated 2 April 2007. Notice periods are 12 months and Executive Directors do not have a fixed term of office.

# Directors' Report on Remuneration

Their contracts provide for termination of their employment within 14 days of which payment shall be made in lieu of notice. Where the Company terminates the contracts any damages to which the Executive Director may be entitled shall be calculated in accordance with ordinary common law principles including those relating to mitigation of loss.

Patrick Taylor, Colin Morrison, Tom Scruby, Alton Irby and Colin Satterthwaite (appointed 1 July 2007) are the Non-Executive Directors. The Non-Executive Directors do not have service contracts; they have a letter of appointment with the Company. Their appointments are for an initial three-year period and provide for a 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.

Their letters of appointment provide for termination of Non-Executive Director's employment with one month's notice.

## Pension arrangements

There is no Group executive pension scheme. The Group makes contributions to Executive Directors' individual pension schemes; 17.5% of salary for Geoffrey Wilmot and 9% of salary for Michael Lally. The Group makes contributions of between 3% and 9% of salary for other employees, dependent on their seniority.

## Long-term incentive plans

The Group has four long-term incentive arrangements in place. Three of these plans (the Long-term incentive plan, the Share option plan and the Rollover plan) are available only to Executive Directors and other key employees. The Share incentive plan is open to all employees.

### (i) Long-term incentive plan ("LTIP")

The LTIP is intended to be the sole long-term incentive arrangement for the Company's key management, although in exceptional circumstances further options may be granted under the Share Option Plan. The Board believes that the LTIP will provide a better link between reward and performance and incentivise key management to deliver long-term shareholder value.

Awards may be granted under the LTIP either as a conditional allocation of ordinary shares in the Company, as nil (or nominal) cost options with a short exercise window or as forfeitable shares. Awards will normally vest three years after grant, subject to continuing employment and the achievement of performance conditions.

The maximum market value of shares over which awards may be granted to any individuals in any financial year will not exceed 100% of that individual's base salary.

The awards made in 2006 and 2007 took the form of conditional grants of free shares in the Company. Vesting will be based on a condition measuring the Company's Total Shareholder Return ("TSR") against a comparator group of companies over a fixed three year Performance Period commencing on the first day of the financial year in which the award is granted.

### The TSR comparator group for the 2007 awards is as follows:

- EMAP plc
- Euromoney plc
- Future Plc
- Huveaux Plc
- Informa plc
- ITE plc
- Pearson plc
- Reed Elsevier plc
- Reuters plc
- UBM plc
- Wilmington Plc

The TSR comparator group for the 2006 Awards included Metal Bulletin and Incisive Media, both of which have been de-listed. **The percentage of an award that will vest is as follows:**

Ranking of the Company's TSR when compared against the TSR of the comparator companies	Percentage of Award that Vests
Below median	0%
Median	30%
Upper quartile	100%
Between median and upper quartile	Straight-line vesting between 30% and 100% based on ranking plus interpolation between rankings

Irrespective of the Company's TSR performance, no award will vest unless the Remuneration Committee is satisfied that this is warranted by the financial performance of the Company since grant, with average growth in the Company's adjusted Earnings per share of RPI plus 2% considered a minimum level of financial performance, unless the Remuneration Committee considers that it would

be inappropriate to apply this "underpin".

### (ii) Share option plan

The Committee has previously granted share options under the Share option plan to members of senior management. The Board's objective in granting options was to increase shareholder value through growth in earnings.

Options granted have a three year vesting period and require that future corporate performance 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. In order to determine the number of shares that optionholders will be entitled to acquire on exercise of their options, EBTA per Ordinary Share is required to grow at a series of compound rates of growth between 19 and 44 per cent over a three-year performance period, or 26 and 63 per cent over a four-year performance period.

In determining the target EBTA, the base year's profitability of Centaur Media plc and its subsidiaries will be the financial year ended 30 June 2004. In respect of the year of exercise, for the purposes of settling the adjusted achieved 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 Media plc and where the number of shares will be the weighted average in issue throughout the relevant year upon which the performance is based.
- (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 is 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.

# Directors' Report on Remuneration

There is a limit on the grant of options under the Share Option Schemes. Options may not be granted if the numbers of Ordinary Shares over which they are granted (together with any Ordinary Shares which are subject to options granted pursuant to the Rollover Plan) exceed 5 per cent of the Ordinary Shares in issue immediately prior to the date of grant of the options.

### (iii) The Rollover plan

Centaur Media plc Executive Directors and certain senior employees elected to rollover existing ("old") Centaur Communications Ltd share options into new "rollover" share options in Centaur Media plc. The options were exchanged for options each at various exercise prices in Centaur Media plc. Rollover option holders have been entitled to exercise the former Centaur Communications Ltd options from 10 March 2005 and are excluded from any performance conditions.

### (iv) Share incentive plan

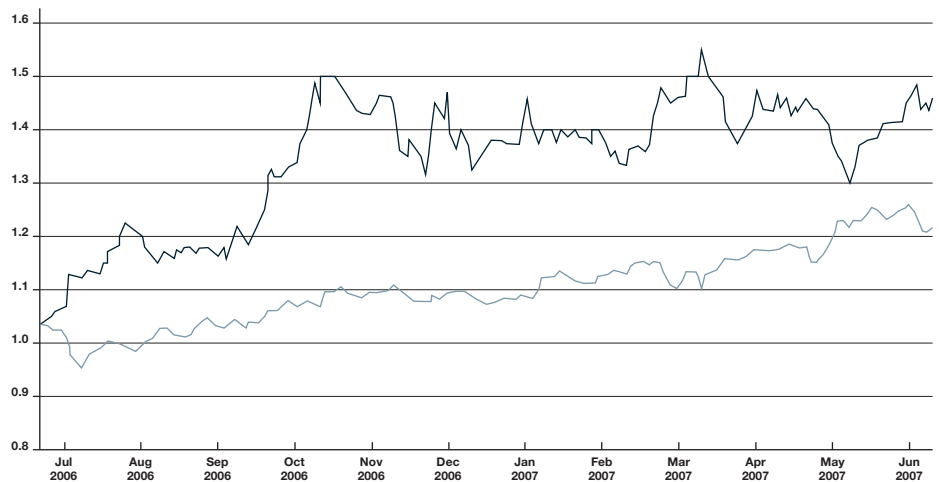
During the previous year, the Company introduced a Share Incentive Plan. The scheme is open to all employees who have been employed by the Group for more than 12 months. Employees may invest up to £1,500 per annum (or 10% of their salary if less) in shares in the Company which are held in trust and can be withdrawn with tax paid at any time, or tax-free after five years. Other than continuing employment, there are no other performance conditions attached to the plan.

The Executive Directors are eligible to participate in the Share Incentive Plan.

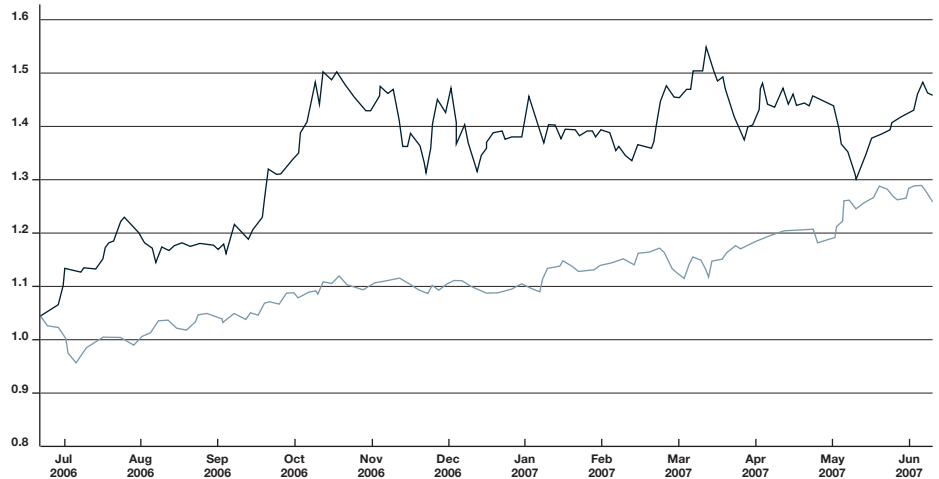
### Performance graphs

The graphs opposite shows the performance of Centaur Media plc share price and total shareholder return (TSR) compared to the performance of the FTSE 350 Media and Entertainment index over the same period. This index is considered to be most representative of the performance of the shares of generally comparable companies.

Share Price



Total Shareholder Return



■ Centaur Media plc ■ FTSE 350 Media Index



# Directors' Report on Remuneration

## Information Subject to Audit

### Directors' interests

The Directors holding office during the year to 30 June 2007 are shown on pages 34 to 35 and their beneficial interests in the Company's share capital are shown on page 39. None of the Directors had any beneficial interest in the shares of other Group companies.

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

	Date of grant	Earliest exercise date	Expiry date	Exercise price (pence)	Number at 30 June 2006	Granted in year	Exercised in year	Lapsed in year	Number at 30 June 2007
GTD Wilmot	9.3.04	9.3.07	9.3.14	100.0	587,333	-	-	-	587,333
	9.3.04	9.3.05	9.3.14	41.67	172,777	-	-	-	172,777
					760,110				760,110
M J Lally	9.3.04	9.3.07	9.3.14	100.0	217,677	-	-	-	217,677
	9.3.04	9.3.05	9.3.14	57.87	26,743	-	-	-	26,743
					244,420				244,420

The market price at 30 June 2007 was 133.0 pence (2006: 104.5 pence) and the range during the year was 104.5 pence to 155.0 pence (2006: 76.0 pence to 114.5 pence). The average market price during the year was 134.9 pence (2006: 96.2 pence).

### Long-term incentive plan

The following Directors have been awarded conditional free shares under the long-term incentive plan:

	Date of award	Vesting date	Number at 30 June 2006	Granted in year	Vested in year	Lapsed in year	Number at 30 June 2007
GTD Wilmot	13.06.06	13.06.09	65,000	-	-	-	65,000
	26.04.07	26.04.10	-	85,000	-	-	85,000
			65,000	85,000	-	-	150,000
M J Lally	13.06.06	13.06.09	20,000	-	-	-	20,000
	26.04.07	26.04.10	-	30,000	-	-	30,000
			20,000	30,000	-	-	50,000

For the 2007 awards, the market price of the shares as at the date of grant was 144.0 pence (2006 awards: 105.3 pence).

# Directors' Report on Remuneration

## Directors' emoluments

The table below provides details of Directors' remuneration from Centaur Media plc for the year to 30 June 2007.

Other benefits for Executive Directors during this year include the provision of a car allowance, life assurance, permanent health insurance and medical insurance.

	Salaries and fees	Bonus	Pension	Other benefits	Actual Year ended 30 June 2007	Actual Year ended 30 June 2006
	£	£	£	£	£	£
<b>Executive</b>						
GV Sherrin	323,860	186,220	-	48,460	558,540	584,192
GTD Wilmot	223,320	138,000	39,081	22,970	423,371	325,874
M J Lally*	96,667	45,313	8,700	5,526	156,206	Nil
<b>Non Executive</b>						
JPE Taylor	45,000	-	-	-	45,000	43,750
BTR Scruby	40,000	-	-	-	40,000	40,000
C Morrison	40,000	-	-	-	40,000	40,000
A Irby**	15,000	-	-	-	15,000	23,538
	<b>783,847</b>	<b>369,533</b>	<b>47,781</b>	<b>76,956</b>	<b>1,278,117</b>	<b>1,057,354</b>

\*From date of appointment (23 November 2006)

\*\*Fees waived from 1 January 2007



# Independent Auditors' Report

## Independent Auditors' report to the members of Centaur Media plc

We have audited the group and parent company financial statements (the "financial statements") of Centaur Media plc for the year ended 30 June 2007 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated Statements of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

## Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Operating and Financial Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records,

if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the Combined Code (2003) specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited 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 consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## Basis of audit opinion

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

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

## Opinion

### In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 30 June 2007 and of its profit and cash flows for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 30 June 2007 and cash flows for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

## PricewaterhouseCoopers LLP

Chartered Accountants and  
Registered Auditors  
London

20 September 2007

## Notes

(a) The maintenance and integrity of the Centaur Media plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Consolidated Income Statement for the Year ended 30 June 2007

Continuing operations		2007	Restated 2006
	Note	£m	£m
<b>Revenue</b>	1	<b>90.3</b>	80.5
Cost of sales		<b>(45.7)</b>	(41.5)
<b>Gross profit</b>		<b>44.6</b>	39.0
Distribution costs		<b>(4.6)</b>	(4.4)
Administrative expenses		<b>(24.1)</b>	(19.9)
Adjusted EBITDA	1	19.7	<b>15.7</b>
Depreciation of property, plant and equipment		<b>(0.8)</b>	(0.7)
Amortisation of software		<b>(1.9)</b>	(1.8)
Amortisation of acquired intangibles		<b>(0.7)</b>	(0.3)
Share based payments	23	<b>(0.4)</b>	(0.4)
Exceptional administrative credit	2	-	2.2
<b>Operating profit from continuing operations</b>		<b>15.9</b>	14.7
Interest receivable	3	<b>0.2</b>	0.3
Share of post-tax profit from associate		<b>0.1</b>	0.1
Profit on sale of associate	11	<b>0.7</b>	-
<b>Profit from continuing operations before taxation</b>		<b>16.9</b>	<b>15.1</b>
Taxation	6	<b>(4.6)</b>	(3.7)
<b>Profit for the year from continuing operations</b>		<b>12.3</b>	11.4
<b>Discontinued operations</b>			
Profit for the year from discontinued operations	15	-	-
<b>Profit for the year attributable to equity shareholders</b>		<b>12.3</b>	11.4
<b>Earnings per share</b>	7		
Basic		8.2p	7.6p
Fully diluted		8.1p	7.6p
<b>Earnings per share from continuing operations</b>			
Basic		8.2p	7.6p
Fully diluted		8.1p	7.6p

The accompanying accounting policies and notes form an integral part of these financial statements.

# Statement of Recognised Income and Expense for the Year ended 30 June 2007

	2007	2006
	£m	£m
Profit for the financial year	12.3	11.4
Deferred tax on items taken directly to equity	(0.1)	0.2
<b>Total recognised income for the year</b>	<b>12.2</b>	11.6

There are no gains or losses for the Company other than those recognised in the income statement.

# Consolidated Balance Sheet at 30 June 2007

		2007	2006
	Note	£m	£m
<b>Non-current assets</b>			
Goodwill	8	140.1	142.0
Other intangible assets	9	16.5	13.1
Property, plant and equipment	10	2.1	2.5
Investments accounted for using the equity method	11	-	0.3
Deferred tax assets	21	1.5	1.6
		<b>160.2</b>	159.5
<b>Current assets</b>			
Inventories	12	1.1	1.5
Trade and other receivables	13	18.4	18.7
Cash and cash equivalents	14	10.1	7.8
		<b>29.6</b>	28.0
<b>Assets held in disposal group for sale</b>	15	<b>0.4</b>	-
<b>Current liabilities</b>			
Financial liabilities – borrowings	16	1.1	1.6
Trade and other payables	17	11.4	11.3
Deferred income	18	9.6	10.5
Current tax liabilities	19	2.3	2.6
Provisions	20	-	0.6
		<b>24.4</b>	26.6
<b>Liabilities held in disposal group for sale</b>	15	<b>0.2</b>	-
<b>Net current assets</b>		<b>5.4</b>	1.4
<b>Non-current liabilities</b>			
Provisions	20	-	1.9
Deferred tax liabilities	21	1.1	1.1
		<b>1.1</b>	3.0
<b>Net assets</b>		<b>164.5</b>	157.9
<b>Capital and reserves</b>			
Share capital	22	15.0	14.9
Treasury shares	24	(1.0)	-
Share premium	24	0.3	0.3
Other reserves	24	2.8	2.4
Retained earnings	24	147.4	140.3
<b>Total shareholders' equity</b>		<b>164.5</b>	157.9

The financial statements were approved by the Board of Directors on 20 September 2007 and were signed on its behalf by:

**MJ Lally**  
Director

# Company Balance Sheet at 30 June 2007

		2007	2006
	Note	£m	£m
<b>Non-current assets</b>			
Investments in subsidiaries	11	145.6	145.4
		<b>145.6</b>	145.4
<b>Current assets</b>			
Trade and other receivables	13	6.0	4.8
Cash and cash equivalents	14	1.9	2.4
		<b>7.9</b>	7.2
<b>Current liabilities</b>			
Financial liabilities – borrowings	16	1.1	1.6
Trade and other payables	17	17.3	8.4
		<b>18.4</b>	10.0
<b>Net current liabilities</b>		<b>(10.5)</b>	(2.8)
<b>Net assets</b>		<b>135.1</b>	142.6
<b>Capital and reserves</b>			
Share capital	22	15.0	14.9
Share premium	24	0.3	0.3
Other reserves	24	2.8	2.4
Retained earnings	24	117.0	125.0
<b>Total shareholders' equity</b>		<b>135.1</b>	142.6

The financial statements were approved by the Board of Directors on 20 September 2007 and were signed on its behalf by:

**MJ Lally**  
Director

# Consolidated Cash Flow Statement at 30 June 2007

		2007	2006
	Note	£m	£m
<b>Cash flows from operating activities</b>			
Cash generated from operations	26	18.2	14.4
Tax paid		(4.9)	(1.8)
Cash flows from operating activities		13.3	12.6
<b>Cash flows from investing activities</b>			
Interest received		0.2	0.3
Acquisition of subsidiaries (net of cash acquired)	26	0.1	(4.8)
Proceeds from the disposal of businesses		0.8	0.4
Purchase of property, plant and equipment		(0.5)	(1.0)
Purchase of software		(2.1)	(2.0)
Purchase of other intangible assets		(3.0)	(6.6)
Cash flows from investing activities		(4.5)	(13.7)
<b>Cash flows from financing activities</b>			
Net proceeds from issue of ordinary share capital		0.1	-
Treasury shares purchased		(1.0)	-
Repayment of loan notes		(0.5)	(0.9)
Dividends paid		(5.1)	(2.7)
Cash flows from financing activities		(6.5)	(3.6)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>2.3</b>	<b>(4.7)</b>
Cash and cash equivalents at 1 July		7.8	12.5
<b>Cash and cash equivalents 30 June</b>		<b>10.1</b>	<b>7.8</b>

# Company Cash Flow Statement at 30 June 2007

		2007	Restated* 2006
	Note	£m	£m
<b>Cash flows from operating activities</b>			
Cash generated from operations	26	5.8	(3.5)
<b>Cash flows from investing activities</b>			
Interest received		0.3	0.3
Dividends received		-	5.0
Cash flows from investing activities		0.3	5.3
<b>Cash flows from financing activities</b>			
Interest paid		(1.1)	(0.5)
Net proceeds from issue of ordinary share capital		0.1	-
Repayment of loan notes		(0.5)	(0.9)
Dividends paid		(5.1)	(2.7)
Cash flows from financing activities		(6.6)	(4.1)
<b>Net decrease in cash and cash equivalents</b>		<b>(0.5)</b>	<b>(2.3)</b>
Cash and cash equivalents at 1 July		2.4	4.7
<b>Cash and cash equivalents 30 June</b>		<b>1.9</b>	<b>2.4</b>

\*Interest paid has been reclassified as financing to be consistent with the current year presentation.

# Statement of Accounting Policies

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

## **Basis of preparation**

The consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and International Financial Reporting Interpretations Committee (IFRIC) applicable at 30 June 2007 and with those parts of the Companies Act, 1985 applicable to companies reporting under IFRS. The financial statements have been prepared on the historical cost basis.

The Company has taken advantage of the exemption available under section 230 of the Companies Act 1985 and has not presented its own income statement in these financial statements.

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but have not yet come into effect:

- IFRS 7 *Financial Instruments: Disclosures and the related amendment to IAS 1 on capital disclosures*
- IFRS 8 *Operating segments Revised IAS 23, Borrowing costs*
- IFRIC 10 *Interims and impairment*
- IFRIC 1 *IFRS 2 – Group and treasury share transactions*
- IFRIC 13 *Customer loyalty programmes relating to IAS 18, Revenue*

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group.

The following new standards and interpretations which were in issue but have not yet come into effect are not considered to be relevant to Centaur's activities:

- Revised guidance on implementing IFRS 4, *'Insurance contracts'*
- Amendment to IAS 21 *Net investment in a foreign operation*
- IFRIC 12 *Service concession arrangements*
- IFRIC 14, IAS 19 *The limit on a defined benefit asset, minimum funding requirements and their interaction*

These financial statements are presented in

pounds sterling (GBP) as that is the currency of the primary economic environment in which the group operates.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, the actual results may ultimately differ from those estimates.

## **Additional presentation within the consolidated income statement**

The Group has presented separately on the face of the consolidated income statement on page 42 an additional profit measure of adjusted EBITDA. Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation and excluding exceptional and other significant non-cash items. This presentation has been provided as the Directors believe that this measure reflects more clearly the ongoing operations of the Group. In 2007 and 2006, share based payment costs have been treated as a significant non-cash item.

## **Exceptional items**

The Group considers items of income and expenses as exceptional items and disclose them separately where the nature of the item, or its size, is likely to be material so as to assist the user of the financial statements to better understand the results of the operations of the Group.

## **Consolidation**

The consolidated financial statements incorporate the financial statements of Centaur Media plc and all its subsidiaries to 30 June together with the attributable share of results and reserves of associated undertakings, adjusted where appropriate to conform with Centaur's accounting policies. Where subsidiaries have different financial year end dates, additional financial statements are prepared for the subsidiary to the same date as Centaur Media plc and these are incorporated in the consolidated financial statements.

A subsidiary is an entity controlled by Centaur. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to benefit from its activities.

Where the Group has established a joint venture



# Statement of Accounting Policies

through an interest in a company, partnership or other entity (a jointly controlled entity), the Group recognises its interest in the entity using the proportionate consolidation method, whereby the Group's share of each of the assets, liabilities, income and expenses of the jointly controlled entity is combined line by line with similar items in the Group's financial statements.

Associates are those entities in which Centaur has significant influence, but not control over the financial and reporting policies. Associates are equity accounted for.

Intragroup balances and transactions and any unrealised gains or losses arising from these transactions, are eliminated in preparing the consolidated financial statements.

## Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts recoverable by Centaur for the sales of advertising space, subscriptions and individual publications and revenue from exhibitions and conferences provided in the normal course of business, net of discounts and 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 income statement on a straight-line basis over the subscription 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 income statement.

## Investments

In the Company's financial statements, investments in subsidiaries are stated at cost less provision for impairment in value.

In the Group financial statements, investments in associates are incorporated into the financial statements using the equity method of

accounting whereby investments are carried on the balance sheet at cost adjusted by post-acquisition changes of the net assets of the associates, less any impairment of value in the individual investment.

## Goodwill

Where the cost of a business acquisition exceeds the fair values attributable to the separable net assets acquired, the resulting goodwill is capitalised. Goodwill has an indefinite useful life and is tested for impairment annually or where indicators imply that the carrying value is not recoverable.

For the purposes of impairment testing, goodwill is allocated to cash generating units and is then tested for impairment at the level of the reportable segments. Cash generating units are considered to be individual magazine or online titles where each magazine or online title generates profits and cash flows that are largely independent from other units. Any impairment is recognised in the income statement and is not subsequently reversed.

On the disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit and loss on disposal.

## Other intangible assets

Intangible assets acquired separately are carried at cost less accumulated amortisation. Intangible assets acquired as part of business combinations are carried at fair value less accumulated amortisation. Computer software that is not integral to the operation of the related hardware is carried at cost less accumulated amortisation. Amortisation is calculated to write off the cost or fair value of assets on a straight line basis over the expected useful economic lives to the Group over the following periods:

Computer software	- 3 - 5 years
Brands and publishing rights	- 20 years
Customer relationships	- 10 years
Website development costs	- 3 years
Acquired content	- 5 years
Non compete arrangements	Over the term of the arrangement

Centaur's internally generated brands represent commercially valuable intangibles but are not eligible for recognition as assets under IAS 38 Intangible Assets.

## Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment

is the purchase cost together with any incidental direct costs of acquisition. Depreciation is calculated to write off the cost, less estimated residual value, of assets, on a straight line basis over the expected useful economic lives to the Group over the following periods:

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

Residual values, where applicable, are reviewed annually against prevailing market rates at the balance sheet date for equivalent aged assets and depreciation rates adjusted accordingly on a prospective basis. A review of the estimated useful economic life of each asset is carried out annually to ensure depreciation rates are adequate.

## Impairment of assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events indicate that the carrying value may not be recoverable. An impairment loss is recognised to the extent that the carrying value exceeds the higher of the asset's fair value less cost to sell and its value in use. An asset's value in use is calculated by discounting an estimate of future cash flows by Centaur's pre tax weighted average cost of capital.

## Taxation including deferred tax

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further includes items that are never taxable or deductible. Centaur's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax accounted for in respect of temporary differences between the carrying amounts of assets and liabilities in the financial statements, and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from

# Statement of Accounting Policies

goodwill or the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

## Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first in, first out method. 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.

Net realisable value is based on estimated future selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Inventories are reviewed regularly and full provision is made for obsolete, slow moving or defective stock.

## Leases

All leases held by Centaur are considered to be operating leases. Rental charges on operating leases are charged to the income statement on a straight line basis over the life of the lease.

## Employee benefit cost

Centaur contributes to a defined contribution pension scheme for the benefit of employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions to defined contribution schemes are charged to the income statement at the time that the related service is provided.

The expected cost of compensated holidays is recognised at the time that the related service is provided.

## Share-based payments

Centaur has equity settled share based payment compensation plans. The fair value of equity settled share based payments is measured at the date of the grant using the stochastic option pricing model. The fair value of the estimate of the number of

options or shares that are expected to be exercised is expensed on a straight line basis over the vesting period.

## Provisions

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

## Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a group of assets and operations engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those components operating in other economic environments.

Substantially all of Centaur's net assets are located and all turnover and profit are generated in the United Kingdom and therefore the primary reporting format is by business segment based on the Group's management and internal reporting structure.

## Financial instruments

The Group has applied IAS 32, *Financial Instruments: Disclosure and Presentation*, and IAS 39, *Financial Instruments: Recognition and Measurement*, as outlined below.

### • Derivative financial instruments

Derivative financial instruments are used to hedge interest rate and foreign currency exposure where these circumstances arise. Discounts and premiums are charged or credited to the income statement over the life of the asset or liability to which they relate. Centaur does not hold or issue derivative financial instruments for trading purposes.

Derivative financial assets and liabilities are stated at fair value. Changes to fair value are recognised directly in equity, to the extent that they are effective, with the ineffective portion being recognised in the income statement in the financial period to which it relates.

### • Trade receivables

Trade receivables do not carry any interest and are stated at their fair value measured on an amortised cost basis, as reduced by appropriate allowances for estimated irrecoverable amounts incurred up to the balance sheet date.

### • Trade payables

Trade payables are non interest bearing and are stated at their fair value.

### • Loan notes

Loan notes are recorded at the proceeds received, net of issue costs. The carrying value of loan notes includes accrued interest payable. Finance charges are accounted for on an accruals basis and charged to the income statement using the effective interest method.

## Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits repayable on demand or maturing within three months of the balance sheet date, less any overdrafts repayable on demand.

## Share capital and share premium

Ordinary shares are classified as equity. The excess of consideration received in respect of shares issued over the nominal value of those shares is held in the share premium account.

Centaur also holds a non-distributable reserve representing the fair value of share options.

Dividends are recognised as a liability in the period in which they are paid or approved by the shareholders in general meeting.

## Key accounting assumptions, estimates and judgements

The preparation of financial statements under IFRS requires the use of certain key accounting assumptions and requires management to exercise its judgement and to make estimates. The areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

### (i) Impairments

In assessing whether goodwill and other intangible fixed assets are impaired, the Group uses a discounted cash flow model which includes forecast cash flow information and estimates of future growth. If the results of operations in future periods are lower than included in the cash flow model, impairments may be triggered.

### (ii) Deferred consideration

Provisions for deferred consideration are made on the basis of the Directors' best estimates of the future relevant measures of profits of the subsidiaries and businesses acquired. If the profits of the subsidiaries and businesses acquired differ from the estimates, the actual consideration will differ from the estimates used.

# Notes to the Financial Statements

## (I) Segmental Reporting

### Primary reporting format – business segments

The Group is currently organised into five main business segments. Corporate costs are allocated to business segments on an appropriate basis depending on the nature of the cost. Inter-segment pricing is determined on an arm's length basis. Segment assets consist primarily of property, plant and equipment, intangible assets including goodwill, inventories, trade receivables and cash and cash equivalents. Segment liabilities comprise trade payables,

accruals and deferred income. Corporate assets and liabilities comprise current and deferred tax balances, cash and cash equivalents and borrowings. Capital expenditure comprises additions to property, plant and equipment, intangible assets and goodwill and includes additions resulting from acquisitions through business combinations.

Year ended 30 June 2007	Legal and Financial	Marketing and Creative	Construction and Engineering	Perfect Information	General Business Services	Unallocated	Group
Continuing operations	£m	£m	£m	£m	£m	£m	£m
<b>Revenue</b>	<b>30.3</b>	<b>23.6</b>	<b>19.4</b>	<b>6.0</b>	<b>11.0</b>	-	<b>90.3</b>
Adjusted EBITDA	9.0	3.6	4.1	1.5	1.5	-	19.7
Depreciation of property, plant and equipment	(0.2)	(0.2)	(0.1)	(0.1)	(0.2)	-	(0.8)
Amortisation of software	(0.3)	(0.3)	(0.2)	(1.0)	(0.1)	-	(1.9)
Amortisation of acquired intangibles	(0.1)	-	(0.4)	-	(0.2)	-	(0.7)
Share based payments	-	-	-	-	-	(0.4)	(0.4)
Exceptional administrative credit	-	-	-	-	-	-	-
<b>Segment result</b>	<b>8.4</b>	<b>3.1</b>	<b>3.4</b>	<b>0.4</b>	<b>1.0</b>	<b>(0.4)</b>	<b>15.9</b>
Interest receivable	-	-	-	-	-	0.2	0.2
Share of post tax profit of associates	0.1	-	-	-	-	-	0.1
Profit on sale of associate	0.7	-	-	-	-	-	0.7
Profit before tax	9.2	3.1	3.4	0.4	1.0	(0.2)	16.9
Taxation	-	-	-	-	-	(4.6)	(4.6)
<b>Profit for the year from continuing operations</b>	<b>9.2</b>	<b>3.1</b>	<b>3.4</b>	<b>0.4</b>	<b>1.0</b>	<b>(4.8)</b>	<b>12.3</b>
<b>Discontinued operations</b>							
Revenue	-	-	-	-	1.1	-	1.1
Segment result	-	-	-	-	(0.1)	-	(0.1)
Profit on disposal of operation	-	-	-	-	0.1	-	0.1
<b>Profit for the year from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit for the year attributable to equity shareholders</b>	<b>9.2</b>	<b>3.1</b>	<b>3.4</b>	<b>0.4</b>	<b>1.0</b>	<b>(4.8)</b>	<b>12.3</b>
Segment assets	60.4	47.4	39.7	12.0	18.7	-	178.2
Corporate assets	-	-	-	-	-	12.0	12.0
<b>Consolidated total assets</b>	<b>60.4</b>	<b>47.4</b>	<b>39.7</b>	<b>12.0</b>	<b>18.7</b>	<b>12.0</b>	<b>190.2</b>
Segment liabilities	4.2	5.3	5.5	2.9	2.5	-	20.4
Corporate liabilities	-	-	-	-	-	5.3	5.3
<b>Consolidated total liabilities</b>	<b>4.2</b>	<b>5.3</b>	<b>5.5</b>	<b>2.9</b>	<b>2.5</b>	<b>5.3</b>	<b>25.7</b>
<b>Other items</b>							
Capital expenditure	0.3	1.0	0.2	1.0	4.7	-	7.2
Impairment of trade receivables	0.1	0.2	0.2	(0.1)	0.2	-	0.6

# Notes to the Financial Statements

## (I) Segmental Reporting (continued)

Year ended 30 June 2006	Legal and Financial	Marketing and Creative	Construction and Engineering	Perfect Information	General Business Services	Unallocated	Group
Continuing operations	£m	£m	£m	£m	£m	£m	£m
<b>Revenue</b>	<b>24.5</b>	<b>23.5</b>	<b>16.5</b>	<b>6.4</b>	<b>9.6</b>	-	<b>80.5</b>
Adjusted EBITDA	7.1	3.3	3.4	1.4	0.5	-	15.7
Depreciation of property, plant and equipment	(0.1)	(0.2)	(0.2)	(0.1)	(0.1)	-	(0.7)
Amortisation of software	(0.4)	(0.3)	(0.2)	(0.8)	(0.1)	-	(1.8)
Amortisation of acquired intangibles	-	-	(0.1)	-	(0.2)	-	(0.3)
Share based payments	-	-	-	-	-	(0.4)	(0.4)
Exceptional administrative credit	-	-	-	2.2	-	-	2.2
<b>Segment result</b>	<b>6.6</b>	<b>2.8</b>	<b>2.9</b>	<b>2.7</b>	<b>0.1</b>	<b>(0.4)</b>	<b>14.7</b>
Interest receivable	-	-	-	-	-	0.3	0.3
Share of post tax profit of associates	0.1	-	-	-	-	-	0.1
Profit before tax	6.7	2.8	2.9	2.7	0.1	(0.1)	15.1
Taxation	-	-	-	-	-	(3.7)	(3.7)
<b>Profit for the year from continuing operations</b>	<b>6.7</b>	<b>2.8</b>	<b>2.9</b>	<b>2.7</b>	<b>0.1</b>	<b>(3.8)</b>	<b>11.4</b>
<b>Discontinued operations</b>							
Revenue	-	-	-	-	1.8	-	1.8
Segment result	-	-	-	-	-	-	-
Profit on disposal of operation	-	-	-	-	-	-	-
<b>Profit for the year from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit for the year attributable to equity shareholders</b>	<b>6.7</b>	<b>2.8</b>	<b>2.9</b>	<b>2.7</b>	<b>0.1</b>	<b>(3.8)</b>	<b>11.4</b>
Segment assets	68.6	51.9	40.7	15.1	11.2	-	187.5
<b>Consolidated total assets</b>	<b>68.6</b>	<b>51.9</b>	<b>40.7</b>	<b>15.1</b>	<b>11.2</b>	<b>-</b>	<b>187.5</b>
Segment liabilities	4.7	5.5	6.9	2.8	3.7	-	23.6
Corporate liabilities	-	-	-	-	-	6.0	6.0
<b>Consolidated total liabilities</b>	<b>4.7</b>	<b>5.5</b>	<b>6.9</b>	<b>2.8</b>	<b>3.7</b>	<b>6.0</b>	<b>29.6</b>
<b>Other items:</b>							
Capital expenditure	1.6	0.5	7.9	1.2	4.9	-	16.1
Impairment of trade receivables	0.2	0.2	0.1	-	0.1	-	0.6

### Secondary reporting format – geographical segments

Substantially all of Centaur's net assets are located and all revenue and profit are generated in the United Kingdom. The Directors consider that the Group operates in a single geographical segment, being the United Kingdom, and therefore secondary format segmental reporting is not required.

# Notes to the Financial Statements

## (2) Exceptional Administrative Credit

	2007	2006
	£m	£m
Release of contingent consideration	-	(2.5)
Goodwill disposal	-	0.3
<b>Total</b>	<b>-</b>	<b>(2.2)</b>

Centaur Media plc acquired the Centaur Communications Group in March 2004. The net assets acquired included a contingent consideration payable to the previous shareholders of the Synergy Group ('Synergy') which is based on the profits of Synergy to 30 June 2007. At 30 June 2006 the provision for this consideration was reassessed, resulting in a release to the income statement of £2.5 million. The release of this provision was treated as an exceptional item.

During the year ended 30 June 2006 shares were issued to a minority interest in a subsidiary, Perfect Information Limited, reducing Centaur's interest in this company and its subsidiaries (the "PI group") by 3.94%. This has resulted in a reduction of Centaur's share of the goodwill relating to the PI group and a charge to the income statement of £0.3m.

## (3) Interest Receivable

	2007	2006
	£m	£m
Interest receivable on bank deposits	0.2	0.3

# Notes to the Financial Statements

## (4) Profit Before Taxation

Profit before taxation is stated after charging:

	2007	2006
	£m	£m
Employee benefit expense (note 5)	32.4	29.6
Exceptional administrative credit (note 2)	-	(2.2)
Inventories		
- Cost of inventories recognised as an expense (included in cost of sales)	11.7	10.0
Depreciation of owned property, plant and equipment (note 10)	0.8	0.7
Amortisation of intangibles (included in administrative expenses) (note 9)	2.6	2.1
Operating lease rentals		
- Minimum lease payments	2.9	2.9
- Subleases	(0.6)	(0.6)
Repairs and maintenance expenditure on property, plant and equipment	0.2	0.2
Trade receivables impairment	0.6	0.6
<b>Services provided by the Group's auditor</b>		
	£'000	£'000
<b>Audit fees:</b>		
- Audit fees payable for the statutory audit of the Company's annual financial statements	35	42
<b>Fees for other services:</b>		
- The auditing of accounts of associates of the Company pursuant to legislation	95	106
- Other services supplies pursuant to such legislation	28	31
- Services relating to taxation	30	56
- All other services	1	78
	<b>189</b>	<b>313</b>

# Notes to the Financial Statements

## (5) Directors and Employees

	Group 2007	Group 2006	Company 2007	Company 2006
	£m	£m	£m	£m
Wages and salaries	28.2	25.8	1.4	1.0
Social security costs	3.1	2.8	0.2	0.2
Other pension costs	0.7	0.6	0.1	-
Equity settled share-based payments (note 23)	0.4	0.4	0.1	0.1
	<b>32.4</b>	29.6	<b>1.8</b>	1.3

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

	Group 2007	Group 2006	Company 2007	Company 2006
	No.	No.	No.	No.
Editorial	179	177	-	-
Production	60	66	-	-
Sales	181	182	-	-
Product management and support	202	164	8	6
Central services	137	143	-	-
	<b>759</b>	732	<b>8</b>	6

All employees are based in the UK. Included in total employee numbers are 11 employees (2006: 22 employees) relating to discontinued operations.

### Key management compensation

	2007	2006
	£m	£m
Salaries and short term employee benefits	3.6	3.3
Other pension costs	0.2	0.2
Share based payments	0.3	0.3
	<b>4.1</b>	3.8

The key management figures include Directors, members of the executive management board and all other employees deemed to have authority and responsibility for planning, directing and controlling activities of Centaur and its subsidiaries.

Details of Directors' remuneration is included in the Directors' remuneration report on page 44.

# Notes to the Financial Statements

## (6) Taxation

	2007	2006
<b>(a) Analysis of charge in year</b>	<b>£m</b>	<b>£m</b>
<b>Current tax</b>		
- Current year	4.6	3.3
- Adjustment in respect of prior year	-	0.6
	<b>4.6</b>	<b>3.9</b>
<b>Deferred tax</b> (note 21)		
- Current year	(0.1)	0.5
- Adjustment in respect of prior year	0.1	(0.7)
	-	(0.2)
<b>Taxation</b>	<b>4.6</b>	<b>3.7</b>
<b>(b) Tax on items charged to equity</b>		
Deferred tax charge / (credit) on share based payments	0.1	(0.2)
<b>(c) Factors affecting tax charge for the year</b>		
The tax assessed for the year is lower (2006: lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below:		
Profit before tax	16.9	15.1
Profit before tax multiplied by standard rate of corporation tax in the UK of 30% (2006: 30%)	5.1	4.5
<b>Effects of:</b>		
Non taxable release of deferred consideration provision	-	(0.8)
Expenses not deductible for tax purposes	0.2	0.2
Non-taxable gain on sale of associate	(0.2)	-
Current tax deduction on share options exercised	(0.2)	-
Deferred tax credit on share based payments taken to income statement	(0.5)	(0.1)
Losses not recognised	0.1	-
Adjustments to tax charge in respect of previous years	0.1	(0.1)
<b>Total taxation</b>	<b>4.6</b>	<b>3.7</b>

There was no tax arising on discontinued operations during the current or previous year.

A number of changes to the UK Corporation tax system were announced in the March 2007 Budget Statement and have been enacted in the 2007 Finance Act. The changes had been substantively enacted at the balance sheet date and, therefore, are included in these financial statements. These changes have not had a significant impact on the tax balances of the Group.



# Notes to the Financial Statements

## (7) Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares in issue during the year. Shares held in the employee benefit trust have been excluded in arriving at the weighted average number of shares.

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has two classes of dilutive potential ordinary shares: share options granted to Directors and employees where the exercise price is less than the average market price of the Company's ordinary shares

during the year; and the contingently issuable shares under the Company's long-term incentive plan to the extent that the conditions are met at the period end.

An alternative measure of Adjusted earnings per share has been provided as the Directors believe that this measure is more reflective of the ongoing trading of the Group.

There is no difference between EPS for the financial year and EPS for continuing operations.

	2007			2006		
	Earnings	Weighted average no. of shares	Per share amount	Earnings	Weighted average no. of shares	Per share amount
	£m	millions	pence	£m	millions	pence
<b>Basic EPS</b>	<b>12.3</b>	<b>149.1</b>	<b>8.2</b>	11.4	149.3	7.6
<b>Effect of dilutive securities</b>						
Options	-	1.8	-	-	0.7	-
Contingently issuable shares	-	0.4	-	-	0.1	-
<b>Diluted basic EPS</b>	<b>12.3</b>	<b>151.3</b>	<b>8.1</b>	11.4	150.1	7.6
<b>Adjusted EPS</b>						
Earnings attributable to ordinary shareholders	12.3	149.1	8.2	11.4	149.3	7.6
Amortisation of acquired intangibles (note 9)	0.7	-	0.5	0.3	-	0.2
Profit on disposal of associated undertakings	(0.7)	-	(0.5)	-	-	-
Exceptional administrative credit (note 2)	-	-	-	(2.2)	-	(1.5)
Tax effect of above adjustments	(0.1)	-	-	(0.2)	-	(0.1)
<b>Adjusted EPS</b>	<b>12.2</b>	<b>149.1</b>	<b>8.2</b>	9.3	149.3	6.2
<b>Effect of dilutive securities</b>						
Options	-	1.8	-	-	0.7	-
Contingently issuable shares	-	0.4	-	-	0.1	-
<b>Diluted adjusted EPS</b>	<b>12.2</b>	<b>151.3</b>	<b>8.1</b>	9.3	150.1	6.2

# Notes to the Financial Statements

## (8) Goodwill

	Total
	£m
<b>Cost</b>	
At 1 July 2006	142.0
Fair value adjustment	(1.9)
<b>At 30 June 2007</b>	<b>140.1</b>
<b>Net book amount</b>	
<b>At 30 June 2007</b>	<b>140.1</b>
At 30 June 2006	142.0

The majority of the Group's goodwill arose from the acquisition of the Centaur Communications Group in 2004.

### Fair value adjustment

The fair value adjustment during 2007 relates to the acquisition of Pro-Talk Limited in 2006, which included an element of contingent consideration. Refer to note 20.

Unit (CGU) as each title generates profits and cash flows that are largely independent from other communities. Goodwill is attributed to individual CGUs but is grouped together at segmental level for the purposes of the annual impairment review of goodwill, being the lowest level that management monitors goodwill.

### Goodwill by segment

Each individual magazine and online title is deemed to be a Cash Generating

The following table shows the allocation of goodwill to segments at 30 June 2007:

	Marketing and Financial	Legal and Creative	Construction and Engineering	Perfect Information	General Business Services	Total
	£m	£m	£m	£m	£m	£m
At 30 June 2006	53.2	40.5	32.0	8.6	7.7	142.0
Additions	-	-	-	-	0.5	0.5
Fair value adjustment	-	-	(1.9)	-	-	(1.9)
<b>At 30 June 2007</b>	<b>53.2</b>	<b>40.5</b>	<b>30.1</b>	<b>8.6</b>	<b>8.2</b>	<b>140.6</b>

### Impairment testing of goodwill

During the year goodwill was tested for impairment in accordance with IAS 36. In assessing whether a write-down of goodwill is required in the carrying value of the related asset, the carrying value of the CGU or group of CGUs is compared with its recoverable amount. The recoverable amount for each CGU and collectively for Group's of CGUs that make up the segments of the Group's business has been measured based on value in use.

The Group estimates the value in use of its CGUs using a discounted cash flow model (DCF) which adjusts the cash flows for risks associated with the assets and discounts these using a pre-tax rate of 14.4% (2006: 14.4%). The discount rate used is consistent with the Group's weighted average cost of capital and is used across all segments.

No impairment was noted following the annual impairment review.

The key assumptions used in calculating value in-use are sales growth, EBITDA, working capital movements and capital expenditure. The group has used formally approved budgets for the first 3 years of the value in use calculation, and estimated revenue growth rates of between 3% and 10% and EBITDA growth rates of between 4% and 16% for year 4 and 5. Terminal values assuming growth rates of 3% have been calculated from estimated year 5 cash flows.

The assumptions used in the calculations of value-in-use for each segment have been derived from past experience. Management believe that no reasonably possible change in assumptions would cause the carrying amount of goodwill to exceed its recoverable amount.

# Notes to the Financial Statements

## (9) Other Intangible Assets

2007	Computer software	Brands and publishing rights	Customer relationships	Websites and content	Non-compete	Total
	£m	£m	£m	£m	£m	£m
<b>Cost</b>						
At 1 July 2006	10.3	6.4	3.0	0.4	-	20.1
Fair value adjustment	-	(0.2)	-	-	-	(0.2)
Acquisitions – through business combinations	-	1.1	0.7	-	-	1.8
Acquisitions – separately	1.0	1.9	-	-	0.5	3.4
Additions – internally generated	1.0	-	-	-	-	1.0
Disposals	(1.5)	-	-	-	-	(1.5)
<b>At 30 June 2007</b>	<b>10.8</b>	<b>9.2</b>	<b>3.7</b>	<b>0.4</b>	<b>0.5</b>	<b>24.6</b>
<b>Amortisation</b>						
At 1 July 2006	6.7	0.3	-	-	-	7.0
Charge for the year	1.9	0.2	0.4	0.1	-	2.6
Disposals	(1.5)	-	-	-	-	(1.5)
<b>At 30 June 2007</b>	<b>7.1</b>	<b>0.5</b>	<b>0.4</b>	<b>0.1</b>	<b>-</b>	<b>8.1</b>
<b>Net book amount</b>						
<b>At 30 June 2007</b>	<b>3.7</b>	<b>8.7</b>	<b>3.3</b>	<b>0.3</b>	<b>0.5</b>	<b>16.5</b>

2006	Computer software	Brands and publishing rights	Customer relationships	Websites and content	Non-compete	Total
	£m	£m	£m	£m	£m	£m
<b>Cost</b>						
At 1 July 2005	8.3	0.7	-	-	-	9.0
Acquisitions – through business combinations	-	4.4	3.0	0.4	-	7.8
Acquisitions – separately	1.0	1.3	-	-	-	2.3
Additions – internally generated	1.0	-	-	-	-	1.0
<b>At 30 June 2006</b>	<b>10.3</b>	<b>6.4</b>	<b>3.0</b>	<b>0.4</b>	<b>-</b>	<b>20.1</b>
<b>Amortisation</b>						
At 1 July 2005	4.9	-	-	-	-	4.9
Charge for the year	1.8	0.3	-	-	-	2.1
<b>At 30 June 2006</b>	<b>6.7</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.0</b>
<b>Net book amount</b>						
<b>At 30 June 2006</b>	<b>3.6</b>	<b>6.1</b>	<b>3.0</b>	<b>0.4</b>	<b>-</b>	<b>13.1</b>

# Notes to the Financial Statements

## (9) Other Intangible Assets (continued)

Amortisation charges in the year and the previous year have been charged to administrative expenses.

The additions to brands and publishing rights and customer relationships in 2007 arose as a result of the business combinations as detailed in note 27.

In addition, the Group acquired the intellectual property rights from its minority partner in the Business Travel Shows resulting in an addition to brands and to non-compete arrangements.

The fair value adjustment during 2007 relates to the acquisition of intellectual property rights in Headline Money in 2006, which included an element of

contingent consideration. Refer to note 20.

The additions to brands and publishing rights, customer relationships and websites and content in 2006 arose mainly as a result of business combinations following the acquisition of UK Logistics, Recruiter, Period Living and Pro-Talk Limited. In addition, the group acquired the intellectual property rights in Headline Money for £1.2m, and the ABTN brand name and website for £0.1m.

Computer software capitalised in 2006 and 2007 principally relates to the development of websites and online products, and also to the development of new products in the Perfect Information segment.

## (10) Property, Plant and Equipment

2007	Leasehold Improvements	Fixtures and Fittings	Computer Equipment	Motor Vehicles	Total
	£m	£m	£m	£m	£m
<b>Cost</b>					
As at 1 July 2006	1.5	1.9	2.0	0.1	5.5
Additions	0.1	0.1	0.3	-	0.5
Transferred to assets held for sale	-	-	(0.1)	-	(0.1)
Disposals	-	(0.1)	-	-	(0.1)
<b>At 30 June 2007</b>	<b>1.6</b>	<b>1.9</b>	<b>2.2</b>	<b>0.1</b>	<b>5.8</b>
<b>Depreciation</b>					
As at 1 July 2006	0.6	1.2	1.1	0.1	3.0
Charge for the year	0.1	0.2	0.5	-	0.8
Disposals	-	(0.1)	-	-	(0.1)
<b>At 30 June 2007</b>	<b>0.7</b>	<b>1.3</b>	<b>1.6</b>	<b>0.1</b>	<b>3.7</b>
<b>Net book amount</b>					
<b>At 30 June 2007</b>	<b>0.9</b>	<b>0.6</b>	<b>0.6</b>	<b>-</b>	<b>2.1</b>

# Notes to the Financial Statements

## (10) Property, Plant and Equipment (continued)

2007	Leasehold Improvements	Fixtures and Fittings	Computer Equipment	Motor Vehicles	Total
	£m	£m	£m	£m	£m
<b>Cost</b>					
As at 1 July 2005	1.2	1.8	1.4	0.1	4.5
Additions	0.3	0.1	0.6	-	1.0
<b>At 30 June 2006</b>	<b>1.5</b>	<b>1.9</b>	<b>2.0</b>	<b>0.1</b>	<b>5.5</b>
<b>Depreciation</b>					
As at 1 July 2005	0.5	1.0	0.7	0.1	2.3
Charge for the year	0.1	0.2	0.4	-	0.7
<b>At 30 June 2006</b>	<b>0.6</b>	<b>1.2</b>	<b>1.1</b>	<b>0.1</b>	<b>3.0</b>
<b>Net book amount</b>					
<b>At 30 June 2006</b>	<b>0.9</b>	<b>0.7</b>	<b>0.9</b>	<b>-</b>	<b>2.5</b>

## (11) Investments

### Group

Share of associated company net assets	
	£m
At 1 July 2006	0.3
Share of associated company profits for the year ended 30 June 2007	0.1
Disposal	(0.4)
<b>At 30 June 2007</b>	<b>-</b>

### Company

Investments in subsidiary undertakings	
	£m
At 1 July 2006	145.4
Additions	0.2
<b>At 30 June 2007</b>	<b>145.6</b>

Centaur Communications Limited held 34% of the ordinary share capital of IPE International Publishers Limited (IPE). This was disposed of during the year, resulting in a profit on disposal of £0.7million.

The increase in investments in subsidiaries of £0.2 million represents the expense in relation to share options granted to employees of subsidiary companies.

# Notes to the Financial Statements

## (II) Investments (continued)

The following table shows the principal subsidiary undertakings as at 30 June 2007:

Name	Class of share capital	Proportion Held	Principal activity
		%	
Centaur Communications Limited (1)	Ordinary	100.00	Holding company & agency services
Chiron Communications Limited	Ordinary	100.00	Magazine publishing
Hali Publications Limited (2)	Ordinary	100.00	Magazine publishing
Ascent Publishing Limited	Ordinary	100.00	Magazine publishing
Centaur Publishing Limited	Ordinary	100.00	Exhibitions
Perfect Information Limited	Ordinary	96.05	Financial information services
Pro-Talk Limited	Ordinary	100.00	Online publisher
Synergy Software Solutions Limited	Ordinary	96.05	Software consulting
The Awareness Group Limited	Ordinary	100.00	Conferences

### Notes

(1) Directly owned by Centaur Media plc.  
 (2) Subsequent to 30 June 2007, this subsidiary has been sold. See note 15 and 33.

All the above subsidiary undertakings are incorporated in England and Wales. The reporting date of Pro-Talk Limited is 30 September. The consolidated financial statements incorporate the financial statements of all entities controlled by the Company at 30 June each year.

No minority interest has been recognised by the Group in relation to Perfect Information Limited or Synergy Software Solutions Limited, as these subsidiaries had net liabilities at 30 June 2007 and 30 June 2006.

## (I2) Inventories

	Group 2007	Group 2006
	£m	£m
Work in progress	1.1	1.4
Finished goods	-	0.1
	<b>1.1</b>	<b>1.5</b>

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

# Notes to the Financial Statements

## (13) Trade and Other Receivables

	Group 2007	Group 2006	Company 2007	Company 2006
	£m	£m	£m	£m
<b>Amounts falling due within one year:</b>				
Trade receivables	13.3	13.4	-	-
Less: provision for impairment of receivables	(0.4)	(0.3)	-	-
Trade receivables – net	12.9	13.1	-	-
Receivables from subsidiaries	-	-	6.0	4.8
Other receivables	1.1	1.5	-	-
Prepayments and accrued income	4.4	4.1	-	-
	18.4	18.7	6.0	4.8

Concentrations of credit risk with respect to trade receivables are limited due to the group's customer base being large and predominantly UK based. Due to this, management believe there is no further credit risk provision required in excess of the provision for doubtful receivables.

## (14) Cash and Cash Equivalents

	Group 2007	Group 2006	Company 2007	Company 2006
	£m	£m	£m	£m
Cash at bank and in hand	10.1	7.4	1.9	2.0
Short-term bank deposits	-	0.4	-	0.4
	10.1	7.8	1.9	2.4

Total cash at bank and in hand at 30 June 2007 includes an amount of £1.1 million (2006: £1.6 million) held on behalf of the holders of loan notes in Centaur Media plc (see note 16). 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 2007 was £9.0 million (2006: £6.2 million).

The effective interest rate on short-term deposits was 4.7% (2006: 4.3%) and the deposits have an average maturity of 1 day (2006: 1 day).

# Notes to the Financial Statements

## (15) Discontinued Operations and Disposal Group Held for Sale

During the year, the trade, assets and liabilities relating to the Televisual magazine were sold to Televisual Media UK Limited, a new company set up by its former publisher, for a consideration of £0.1 million.

During the year, the Directors began negotiations for the sale of Hali Publications Limited, a subsidiary of the Group, to its former publisher.

As at 30 June 2007 final negotiations for the sale were in progress and therefore the activity has been classified as a disposal group held for sale. The sale was completed on 20 July 2007 for a consideration of £0.4 million resulting in a profit of £0.2 million, which will be recognised as a gain in the year ending 30 June 2008.

The results of the discontinued operations are presented below:

The net cash flows after tax of the discontinued operations are as follows:

	2007	2006
	£m	£m
<b>Revenue</b>	<b>1.1</b>	1.8
<b>Operating profit</b>	<b>(0.1)</b>	-
Gain on disposal of discontinued operation	<b>0.1</b>	-
<b>Profit for the year from discontinued operations</b>	<b>-</b>	-

	2007	2006
	£m	£m
Operating	-	0.1
Investing		
Proceeds from the sale of subsidiary	<b>0.1</b>	-
Purchase of property, plant and equipment	<b>(0.1)</b>	-
Financing	-	-
<b>Net cash flow</b>	<b>-</b>	0.1

The major classes of assets and liabilities of Hali Publications Limited as at 30 June 2007 are as follows:

	2007
	£m
<b>Assets</b>	
Property, plant and equipment	<b>0.1</b>
Receivables	<b>0.3</b>
<b>Assets classified as held for resale</b>	<b>0.4</b>
<b>Liabilities</b>	
Payables	<b>0.2</b>
<b>Liabilities classified as held for resale</b>	<b>0.2</b>



# Notes to the Financial Statements

## (16) Financial Liabilities – Borrowings

	Group 2007	Group 2006	Company 2007	Company 2006
	£m	£m	£m	£m
Loan notes	1.1	1.6	1.1	1.6

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 are redeemable at the option of each note holder on 30 June and 31 December in each year up to 31 March 2011 by giving not less than 30 days notice.

## (17) Trade and Other Payables – Current

	Group 2007	Group 2006	Company 2007	Company 2006
	£m	£m	£m	£m
Trade payables	3.1	2.8	-	-
Payables to subsidiaries	-	-	16.8	8.2
Social security and other taxes	2.9	2.8	-	-
Other payables	0.1	0.2	-	-
Accruals	5.3	5.5	0.5	0.2
	11.4	11.3	17.3	8.4

## (18) Deferred Income – Current

	Group 2007	Group 2006
	£m	£m
Deferred Income	9.6	10.5

# Notes to the Financial Statements

## (19) Current Tax Liabilities

	Group 2007	Group 2006
	£m	£m
Corporation Tax	2.3	2.6

## (20) Provisions

	Contingent consideration
	£m
At 1 July 2006	2.5
Paid	(0.4)
Released	(2.1)
<b>At 30 June 2007</b>	<b>-</b>

The payments during the year relate to the purchase of intellectual property rights in Headline Money (£0.3m) and the acquisition of the entire share capital of Pro-Talk Limited (£0.1m).

The releases during the year relate to Headline Money (£0.2m) and Pro-Talk Limited (£1.9m). The releases were recorded as a reduction in intangible assets and goodwill respectively.

The Group has two outstanding liabilities for contingent consideration in relation to acquisitions made in the current and previous year, The Awareness Group Limited (Awareness) and Pro-Talk Limited (Pro-Talk). The liabilities are based on the operating results of these acquisitions for the three year period ending 30 June 2010 and the two year period ending 30 September 2007 respectively. The total maximum liability in respect of these acquisitions is £16.2m. The Directors consider that the likelihood of additional consideration becoming payable is not probable and therefore no provision has been made at 30 June 2007.

# Notes to the Financial Statements

## (21) Deferred Tax

The movement on the deferred tax account is shown below:

	Group 2007	Group 2006
	£m	£m
At 1 July	0.5	0.1
Recognised in income statement	-	0.2
Taken directly to equity – share options	(0.1)	0.2
<b>At 30 June</b>	<b>0.4</b>	<b>0.5</b>

Deferred tax liabilities	Other temporary differences
	£m
At 1 July 2006 and 30 June 2007	(1.1)

Deferred tax assets	Accelerated capital allowances	Tax losses carried forward	Other temporary differences	Group Total
	£m	£m	£m	£m
At 1 July 2006	0.9	0.5	0.2	1.6
Recognised in income statement	(0.1)	(0.4)	0.5	-
Taken directly to equity – share options	-	-	(0.1)	(0.1)
<b>At 30 June 2007</b>	<b>0.8</b>	<b>0.1</b>	<b>0.6</b>	<b>1.5</b>
<b>Net deferred tax asset</b>				
<b>At 30 June 2007</b>				<b>0.4</b>
At 30 June 2006				0.5

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where it is probable that these assets will be recovered.

The movements in deferred tax assets and liabilities during the period (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) are shown opposite. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

An asset of £0.1 million relating to tax losses arising in the Synergy companies has not been recognised by the Group. This asset will be recognised if it becomes deemed to be recoverable against the generation of suitable taxable profits in the Synergy companies in the future.

An asset of £0.7 million (2006: £0.3 million) relating to future deductions on the exercise of share options arising in Centaur Media plc has not been recognised by the Company. This asset will be recognised if it becomes deemed to be recoverable against the generation of suitable taxable profits in the Company in the future.

# Notes to the Financial Statements

## (22) Share Capital

	Group and Company 2007	Group and Company 2006
	£m	£m
<b>Authorised:</b>		
200,000,000 (2006: 200,000,000) ordinary shares of 10p each	20.0	20.0
<b>Issued and fully paid:</b>		
<b>Ordinary shares of 10p each</b>		
Shares at 1 July 2006: 149,336,858 (1 July 2005: 149,316,858)	14.9	14.9
Shares allotted under share option schemes: 419,021 (2006: 20,000)	0.1	-
<b>As at 30 June 2007: 149,755,879 shares (2006: 149,336,858)</b>	<b>15.0</b>	<b>14.9</b>

### Potential issues of ordinary shares

Certain senior executives hold options to subscribe for shares in the Company at prices ranging from 11.58p to 100.00p under the Share Option Plan and

the Rollover Plan. Options on 419,021 shares were exercised during 2007. The number of shares subject to options, the periods in which they were granted and the periods in which they may be exercised are given below.

Year of grant	Exercise price (pence)	Exercise period	2007 Number of options	2006 Number of options
30 June 2004	11.58	10 March 2005 to 9 March 2014	-	419,021
30 June 2004	41.67	10 March 2005 to 9 March 2014	172,777	172,777
30 June 2004	57.87	10 March 2005 to 9 March 2014	194,349	194,349
30 June 2004	100.00	10 March 2007 to 9 March 2014	3,438,692	3,438,692
30 June 2005	88.50	29 September 2007 to 29 September 2014	1,430,000	1,500,000
			<b>5,235,818</b>	<b>5,724,839</b>

In addition, under the group's long-term incentive plan for senior managers and Executive Directors, such individuals hold rights over ordinary shares that may result in the issue of up to 355,000 10p ordinary shares on 13 June 2009 and 350,000 10p ordinary shares on 26 April 2010.

# Notes to the Financial Statements

## (23) Share Based Payments

Centaur had three share-based payment arrangements during the year.

### Share option plan

Share options have been granted to members of senior management on 9 March 2004 and 29 September 2004. Options will become exercisable on the third anniversary of the date of grant, subject to achievement of future corporate performance targets, based on Earnings before taxation and amortisation (EBTA), which are common to all Executive Directors and senior management. Exercise of an option is subject to continued employment. The maximum term of an option is 10 years from grant date. The options are equity settled over the ordinary shares of 10p in Centaur Media plc.

### The Rollover plan

Centaur Media plc Executive Directors and certain senior employees elected to rollover existing ("old") Centaur Communications Ltd share options into new "rollover" share options in Centaur Media plc. The options were exchanged for options each at various exercise prices in Centaur Media plc. Rollover options were able to be exercised from 10 March 2005. Exercise of an option is subject to continued employment. The maximum term of an option is 10 years from grant date. The options are equity-settled over the ordinary shares of 10p in Centaur Media plc.

At 30 June 2007, the following options were outstanding over the shares of Centaur Media plc:

Plan	Exercise price (pence)	2007		2006	
		Number	Contractual remaining life (years)	Number	Contractual remaining life (years)
Rollover plan	11.58	-	-	419,021	7.70
Rollover plan	41.67	172,777	6.70	172,777	7.70
Rollover plan	57.87	194,349	6.70	194,349	7.70
Share Option Plan	100.00	3,438,692	6.70	3,438,692	7.70
Share Option Plan	88.50	1,430,000	7.25	1,500,000	8.25
		<b>5,235,818</b>	<b>6.85</b>	5,724,839	7.84

The movements in the year for the plans over the shares of Centaur Media plc can be analysed as follows:

	2007		2006	
	Number	Weighted average average price (pence)	Number	Weighted average average price (pence)
Outstanding at 1 July	5,724,839	87.32	5,764,839	87.33
Granted during the year	-	-	-	-
Exercised during the year	(419,021)	11.58	(20,000)	88.50
Forfeited during the year	(70,000)	88.50	(20,000)	88.50
<b>Outstanding at 30 June</b>	<b>5,235,818</b>	<b>93.37</b>	5,724,839	87.32
<b>Exercisable at 30 June</b>	<b>3,855,818</b>	<b>95.11</b>	786,147	29.64

The weighted average share price at the date of exercise for options exercised during the year was 133.0p (2006: 104.5p).

# Notes to the Financial Statements

## (23) Share Based Payments (continued)

### Long-term incentive plan

The Long-Term Incentive Plan (the "LTIP") was approved at an Extraordinary General Meeting of the Company on 4 May 2006, and the initial awards ("2006 LTIP awards") were made on 13 June 2006. Further awards were made on 26 April 2007 ("2007 LTIP awards").

of 10p each in Centaur Media plc. The awards will vest three years after grant date, subject to continuing employment and the achievement of performance conditions as detailed in the Directors' remuneration report (pages 45 and 46)

The awards all take the form of conditional grants of free ordinary shares

The following awards were outstanding at 30 June 2007:

Plan	2007		2006	
	Number	Contractual remaining life	Number	Contractual remaining life
2006 LTIP Awards	355,000	1.96	375,000	2.96
2007 LTIP Awards	350,000	2.82	-	-
<b>Total</b>	<b>705,000</b>		<b>375,000</b>	

The movements in the year for the LTIP plans over the shares of Centaur Media plc can be analysed as follows:

	2007 Number	2006 Number
<b>Outstanding at 1 July</b>	<b>375,000</b>	-
Granted during the year	350,000	375,000
Forfeited during the year	(20,000)	-
<b>Outstanding at 30 June</b>	<b>705,000</b>	<b>375,000</b>

In accordance with transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005. IFRS 2 has not been applied to the Rollover options as these were issued in consideration of a business combination and are therefore outside the scope of IFRS 2.

# Notes to the Financial Statements

## (23) Share Based Payments (continued)

Options and LTIP awards were valued using the stochastic option pricing model. **The fair value per option granted and the assumptions used in the calculation are as follows:**

Plan	Date of grant	Estimated fair value at grant date	Share price at grant date	Exercise price	Expected volatility	Expected dividend growth	Risk free interest rate
		Pence	Pence	Pence	%	%	%
Share Option Plan	9.3.04	24.50	100.00	100.00	22.1%	1.5%	4.6%
Share Option Plan	29.9.04	21.40	88.50	88.50	22.1%	1.7%	4.8%
2006 LTIP Awards	13.06.06	65.85	105.25	n/a	22.5%	n/a	n/a
2007 LTIP Awards	26.04.07	97.35	144.00	n/a	25.4%	n/a	n/a

For options, the expected volatility is based on historical volatility over a 20 month period from the date of listing to November 2005, For the LTIP awards, expected volatility is used only to assess the likelihood of meeting the TSR performance condition and is based on historical volatility for a period commensurate with the remaining performance period at the date of valuation. The risk-free rate of return is the yield on UK Gilts consistent with the option life.

The total charge for the year relating to employee share based payment plans was £0.4 million (2006: £0.4 million), all of which related to equity-settled share based payment transactions.

# Notes to the Financial Statements

## (24) Shareholders' Funds and Statement of Changes in Shareholders' Equity

Group	Share capital	Treasury shares	Share premium	Retained earnings	Reserve for shares to be issued	Deferred shares	Total
	£m	£m	£m	£m	£m	£m	£m
At 1 July 2005	14.9	-	0.3	131.4	1.9	0.1	148.6
Profit for the year	-	-	-	11.4	-	-	11.4
Dividends	-	-	-	(2.7)	-	-	(2.7)
Share options:							
- Value of employee services	-	-	-	-	0.4	-	0.4
- Deferred tax on share options taken directly to equity	-	-	-	0.2	-	-	0.2
<b>As at 30 June 2006</b>	<b>14.9</b>	<b>-</b>	<b>0.3</b>	<b>140.3</b>	<b>2.3</b>	<b>0.1</b>	<b>157.9</b>
Profit for the year	-	-	-	12.3	-	-	12.3
Dividends	-	-	-	(5.1)	-	-	(5.1)
Share options:							
- Proceeds from shares allotted under share option schemes	0.1	-	-	-	-	-	0.1
- Value of employee services	-	(1.0)	-	-	0.4	-	(0.6)
- Deferred tax on share options taken directly to equity	-	-	-	(0.1)	-	-	(0.1)
<b>As at 30 June 2007</b>	<b>15.0</b>	<b>(1.0)</b>	<b>0.3</b>	<b>147.4</b>	<b>2.7</b>	<b>0.1</b>	<b>164.5</b>

The 800,000 deferred shares of 10 pence each carry restricted voting rights and carry no right to receive a dividend payment in respect of any financial year.

The additions to the reserve for shares to be issued during the year ended 30 June 2006 and 30 June 2007 represent the total charge for the year relating to equity-settled share based payment transactions with employees as accounted for under IFRS 2.



# Notes to the Financial Statements

## (24) Shareholders' Funds and Statement of Changes in Shareholders' Equity (continued)

Company	Share capital	Share premium	Retained earnings	Reserve for shares to be issued	Deferred shares	Total
	£m	£m	£m	£m	£m	£m
At 1 July 2005	14.9	0.3	124.2	1.9	0.1	141.4
Profit for the year	-	-	3.5	-	-	3.5
Dividends	-	-	(2.7)	-	-	(2.7)
Share options:						
- Value of employee services	-	-	-	0.4	-	0.4
<b>As at 30 June 2006</b>	<b>14.9</b>	<b>0.3</b>	<b>125.0</b>	<b>2.3</b>	<b>0.1</b>	<b>142.6</b>
Loss for the year	-	-	(2.9)	-	-	(2.9)
Dividends	-	-	(5.1)	-	-	(5.1)
Share options:						
- Proceeds from shares allotted under share option schemes	0.1	-	-	-	-	0.1
- Value of employee services	-	-	-	0.4	-	0.4
<b>As at 30 June 2007</b>	<b>15.0</b>	<b>0.3</b>	<b>117.0</b>	<b>2.7</b>	<b>0.1</b>	<b>135.1</b>

The Company has taken advantage of the exemption available under section 230 of the Companies Act 1985 and has not presented its own income statement in these financial statements. The parent Company's loss, before

the payment of dividends for the financial year amounted to £2.9 million (2006: profit of £3.5 million).

## (25) Dividends

	2007	2006
	£m	£m
Equity dividends		
Final dividend paid for FY2006: 2.4 pence per 10p ordinary share (FY2006: 1.2 pence paid for FY2005)	3.6	1.8
Interim paid for FY2007: 1.0 pence per 10p ordinary share (FY2006: 0.6 pence paid for FY2006)	1.5	0.9
	<b>5.1</b>	<b>2.7</b>

A final dividend of 2.5 pence per share is proposed by the Directors, and subject to shareholder approval at the Annual General Meeting, will be paid on 7 December 2007.

# Notes to the Financial Statements

## (26) Notes to the Cash Flow Statement

Reconciliation of operating profit to net cash inflow / (outflow) from operating activities:

Cash generated from continuing operations	Group 2007	Group 2006	Company 2007	Company 2006
	£m	£m	£m	£m
Profit / (loss) for the year	12.3	11.4	(2.9)	3.5
Adjustments for:				
Tax	4.6	3.7	-	-
Depreciation	0.8	0.7	-	-
Loss on disposal of goodwill	-	0.3	-	-
Amortisation of intangibles	2.6	2.1	-	-
Interest income	(0.2)	(0.3)	(0.3)	(0.3)
Interest expense	-	-	1.1	0.5
Dividends received from subsidiaries	-	-	-	(5.0)
Share of associates' profit	(0.8)	(0.1)	-	-
Share option charge	0.4	0.4	0.1	0.1
Changes in working capital (excluding effects of acquisitions and disposals of subsidiaries)				
Decrease / (increase) in inventories	0.6	(0.2)	-	-
Increase in trade and other receivables	(0.8)	(2.0)	(1.1)	(4.8)
(Decrease) / increase in trade and other payables	(1.3)	0.8	8.9	2.5
Release of provisions	-	(2.5)	-	-
<b>Cash generated from continuing operations</b>	<b>18.2</b>	<b>14.3</b>	<b>5.8</b>	<b>(3.5)</b>

Cash generated from discontinued operations	Group 2007	Group 2006	Company 2007	Company 2006
	£m	£m	£m	£m
Profit / (loss) for the year	-	-	-	-
Adjustments for:				
Profit on disposal of business	(0.1)	-	-	-
Decrease in trade and other receivables	0.1	-	-	-
Increase in trade and other payables	-	0.1	-	-
<b>Cash generated from discontinued operations</b>	<b>-</b>	<b>0.1</b>	<b>-</b>	<b>-</b>
<b>Cash generated from operations</b>	<b>18.2</b>	<b>14.4</b>	<b>5.9</b>	<b>(3.5)</b>

# Notes to the Financial Statements

## (26) Notes to the Cash Flow Statement (continued)

The outflow of cash and cash equivalents from acquisitions of subsidiaries during the year can be analysed as follows:

Group	Repayment of deferred consideration	Cash consideration	Cash acquired	Total
	£m	£m	£m	£m
Awareness Group Limited	-	(1.2)	0.4	(0.8)
Pro-Talk Limited	1.0	(0.1)	-	0.9
	1.0	(1.3)	0.4	0.1

The cash inflow from Pro-Talk Limited relates to £1.0 million which was placed in escrow in the previous financial year and has been repaid. This was included in other receivables as at 30 June 2006.

## (27) Acquisitions

The group made the following acquisitions during the year:

Name	Entity or business	Description of entity / business	Note	Acquisition date	Percentage of equity voting instruments acquired
The Awareness Group Limited	Entity	Acquisition of The Awareness Group Limited which includes Extended Supply Chain (ESC), a major logistics and supply chain conference	27(i)	16 March 2007	100%
Creative Handbook	Business	Acquisition of the Creative Handbook directory and website	27(ii)	24 May 2007	-

All intangible assets were recognised at their respective fair values. The residual excess over the net assets acquired is recognised as goodwill in the financial statements.

# Notes to the Financial Statements

## (27) Acquisitions (continued)

The following tables set out, at the date of acquisition, the carrying value and the provisional fair value of the assets and liabilities acquired for each material acquisition:

i) The Awareness Group Limited	Carrying values pre acquisition	Fair value
	£m	£m
Intangible fixed assets (excluding goodwill)	-	<b>1.3</b>
Inventories	0.2	<b>0.2</b>
Trade and other receivables	0.1	<b>0.1</b>
Trade and other payables	(0.8)	<b>(0.8)</b>
Cash and cash equivalents	0.4	<b>0.4</b>
<b>Net assets acquired</b>		<b>1.2</b>
Goodwill		-
<b>Consideration</b>		<b>1.2</b>
Consideration satisfied by:		
Cash		<b>1.2</b>
		<b>1.2</b>

Goodwill is principally attributable to the workforce and anticipated operating synergies.

ii) Creative Handbook	Carrying values pre acquisition	Fair value
	£m	£m
Intangible fixed assets (excluding goodwill)	-	<b>0.5</b>
Trade and other payables	(0.1)	<b>(0.1)</b>
<b>Net assets acquired</b>		<b>0.4</b>
Goodwill		-
<b>Consideration</b>		<b>0.4</b>
Consideration satisfied by:		
Cash		<b>0.4</b>
		<b>0.4</b>

Goodwill is principally attributable to the workforce, anticipated operating synergies and certain customer relationships that do not meet the criteria for separate recognition as an intangible asset.

# Notes to the Financial Statements

## (27) Acquisitions (continued)

From the dates of acquisition to 30 June 2007, the acquisitions contributed £0.6 million to revenue, £0.4 million to operating profit and £0.3 million to net profit.

The results of operations, as if the above acquisitions had been made as at the beginning of the year is as follows:

	Pro forma 2007
	£m
Revenue	91.2
Profit before tax	17.2

The pro forma consolidated operating profits include adjustments to give effect to amortisation of acquired intangible assets and certain other adjustments. This information is not necessarily indicative of the results of operations that would have occurred had the purchase been made at the beginning of the year presented or the future results of the combined operations.

## (28) Financial Instruments

### Treasury policy

The following note describes the role that financial instruments have had during the year ended 30 June 2007 in the management of the Group's funding and liquidity risks and interest and foreign exchange rate risks.

\$ and US \$ denominated bank accounts to minimise any recognised losses arising from currency fluctuations.

### Funding and liquidity risk

The day to day operations of the Group for the year have been financed primarily by cash and at 30 June 2007 cash and cash equivalents amounted to £10.1 million (2006: £7.8 million). This includes an amount of £1.1 million (2006: £1.6 million) held on deposit on behalf of the holders of Centaur Media 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 2007 were £9.0 million (2006: £6.2 million).

Surplus working capital funds are placed daily on the London money markets using variable maturity dates depending on future cash requirements. 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.

### Interest rate risk

At 30 June 2007 the Group has no overdrafts or short term or long-term borrowings (other than cash held on behalf of the holders of Centaur Media plc loan stock) and therefore also has only limited exposure to interest rate risk.

### Foreign exchange risk

Substantially all the Group's net assets are located and all turnover and EBITDA is generated in the United Kingdom and consequently foreign exchange risk is limited. However the Group does have Euro, Hong Kong

# Notes to the Financial Statements

## (28) Financial Instruments (continued)

### Fair values of non-derivative financial assets and liabilities

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.

The fair value of financial instruments at 30 June 2007 was:

Primary financial instruments held or issued to finance the Group's operations	2007		2006	
	Book Value	Fair Value	Book Value	Fair Value
	£m	£m	£m	£m
Variable rate unsecured loan notes	(1.1)	(1.1)	(1.6)	(1.6)
Trade and other payables (note 17)	(11.4)	(11.4)	(11.3)	(11.3)
Trade and other receivables (note 13)	18.4	18.4	18.7	18.7
Short term deposits (note 14)	-	-	0.4	0.4
Cash and cash equivalents (note 14)	10.1	10.1	7.4	7.4
Other current liabilities (note 20)	-	-	(0.6)	(0.6)
Other non current liabilities (note 20)	-	-	(1.9)	(1.7)

The book value of primary financial instruments approximates to fair value where the instrument is 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.

### Maturity of financial liabilities

The maturity profile of the Group's financial liabilities at 30 June 2007 was as follows:

	2007	2006
	£m	£m
In one year or less or on demand	(1.1)	(2.2)
In more than one year but not more than two years	-	(1.9)
	(1.1)	(4.1)

### Borrowing facilities

The undrawn facilities available at 30 June 2007 were as follows:

	2007	2006
	£m	£m
Expiring in one year or less	4.0	4.0

Unless previously redeemed or purchased the loan notes will be redeemed in full at par on 31 March 2011. The loan notes are redeemable at the option of each note holder on 30 June and 31 December in each year up to 31 March 2011 by giving not less than 30 days notice.

# Notes to the Financial Statements

## (29) Operating Lease Commitments - Minimum Lease Payments

	Property		Vehicles, plant and equipment	
	2007	2006	2007	2006
	£m	£m	£m	£m
<b>Commitments under non-cancellable operating leases expiring:</b>				
- Within 1 year	2.6	2.7	0.2	0.2
- Later than one year and less than 5 years	9.3	10.1	0.8	0.3
- After 5 years	5.9	7.7	-	-
	<b>17.8</b>	20.5	<b>1.0</b>	0.5

## (30) 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, which are defined contribution schemes, is shown in note 5. Included within other creditors is an amount of £0.1 million (2006: £0.1 million) payable in respect of the money purchase pension schemes.

## (31) Capital Commitments

The Group had no capital commitments at 30 June 2007 or 30 June 2006.

# Notes to the Financial Statements

## (32) Related Party Transactions

### Group

Key management compensation is disclosed in note 5. There were no other material related party transactions.

### Company

During the year, administrative expenses and interest were recharged from / to subsidiary companies as follows:

	2007	2006
	£m	£m
Recharge of administrative expenses	0.4	1.3
Interest payable	1.1	0.5
Interest receivable	(0.3)	(0.3)

The balances outstanding with subsidiary companies are disclosed in notes 13 and 17.

## (33) Events after the Balance Sheet Date

On 20 July 2007, Hali Publications Limited, a subsidiary of the Group, was sold to the existing publisher of Hali magazine.



# Centaur's Vision and Values

## Finding new ways to inform and connect in strong markets:

### Centaur's Vision

#### What we aim to do

Centaur's vision is to be the leading provider of information, marketing and lead generation media solutions to our chosen business and special interest communities. We seek to offer the best integrated product and service portfolio in each of the vertical markets we serve. We aim to achieve and maintain market leadership through continuous customer-responsive innovation and a consistently high level of content quality and integrity.

Given this vision we identify two broad customer groups – those we call our audiences (i.e. information consumers who read our print and online publications and visit our events) and those we call marketers (i.e. those who wish to do business with our audiences). **Our commitment to each of these customer groups is as follows:**

- To be the leading provider of high need information to our community audiences.
- To be the leading provider of marketing and lead generation multimedia solutions to our community marketers.

### Centaur's Strategy

#### How we aim to do it

The success of our business depends upon our ability to maintain the trust and support of our audiences, through the delivery of relevant content, so that we can connect them with prospective marketers. **The key elements of our strategy are therefore as follows:**

- To identify high value business and special interest audiences and understand their information needs.
- To build high quality databases of influential individuals within our communities and understand the marketing needs of those wishing to connect with our audiences.
- To establish the most appropriate media (print publications, online and events) which best engage with our audiences information and business needs and in so doing create or reinforce a community's distinctive identity.
- To use our media and our databases to provide effective marketing and lead generation solutions to those seeking to connect with our audiences.
- To achieve and sustain market leadership through investment in customer-focussed innovation.

### Centaur's Values

#### Who we aim to be

Centaur's culture has, since its formation, been built on the foundation stones of integrity and enterprise. We want our people and our products to inspire trust, we aim to treat people with honesty and respect and we reward merit. As an entrepreneurial business, we encourage our people to think like owners, to be creative, take initiative, work hard and embrace change. We believe that these values are integral to our past and future success.

# Directors, Advisors and Other Corporate Information

## Company registration number

4948078

## Incorporated / Domiciled in:

England

## Registered office

St Giles House  
50 Poland Street  
London  
W1F 7AX

## Directors

GV Sherren (Chairman)  
GTD Wilmot (Chief Executive)  
MJ Lally (appointed 23 November 2006)  
BTR Scruby  
C Morrison  
JPE Taylor  
AF Irby  
C Satterthwaite (appointed 1 July 2007)

## Secretary

IPH Roberts

## Bankers

National Westminster Bank plc

## Solicitors

Travers Smith	Macfarlanes
10 Snow Hill	10 Norwich Street
London	London
EC1A 2AL	EC4A 1BD

## Auditors

PricewaterhouseCoopers LLP  
1 Embankment Place  
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WC2N 6RH

## Registrars

Share Registrars Limited  
Craven House  
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Farnham  
Surrey  
GU9 7EN

Group Reporting Manager  
Illustrator  
Photographers

Design & Art Direction  
Group Art Director  
Designer  
Printer

**Claire Baty**  
**Jonny Hannah**  
**Martin Burton**  
**Will White**  
**The Art Room**  
**Colin McHenry**  
**Russell Dowling**  
**St Ives Direct**

