Centaur Holdings plc

Interim Report
6 months ended 31 December 2004

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Interim report for the 6 months ended 31 December 2004

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Highlights

Centaur Holdings plc ("Centaur"), the specialist business publishing and information company, announces results for the six months ended 31 December 2004. Centaur operates in 14 distinct vertical business communities. These mainly comprise Centaur's reported divisions Marketing, Creative & New Media, Legal & Financial, Engineering & Construction and Perfect Information, whose core market is the Corporate Financial Advisor community. Centaur's market-leading brands include Marketing Week, Design Week, Creative Review, Money Marketing, The Lawyer, The Engineer, New Media Age and Homebuilding & Renovating.

- Turnover up 12% to £31.6m (2003: £28.3m)
- EBITDA (* see below) more than doubles to £2.4m (2003: £1.1m)
- EBITDA margin ahead at 8% (2003: 4%)
- Underlying EBITDA (** see below) at £3.6m, giving a margin of 12% (2003: £1.3m; 5%)
- The Company incurred a loss before tax in the period of £2.7m (2003: loss of £0.6m) as a result of goodwill amortisation of £3.6m (2003: £0.2m) arising from purchase of Centaur Communications Ltd Group in March 2004
- Basic loss per share of 2.1 pence (2003: loss of 0.23p)
- Adjusted earnings per share of 0.63p (2003: 0.07p)
- Strong first half advertising growth with overall advertising revenues up 11%, led by 21% increase in recruitment advertising
- 20% growth in events revenues, including two new trade shows launched during the period – Business Travel Düsseldorf and the Total Motivation Show
- Major new magazine launch - Finance Week, the first weekly news magazine published exclusively for senior corporate accountants
- Recent announcement of acquisition of monthly magazine Logistics Manager and two related shows takes the Company into an important new community – Logistics and Transport
- Moved from AIM to the Official List in December 2004
- High Court approval obtained in January 2005 to create additional distributable reserves of £127m, as a result of cancellation of share premium account
- Maiden interim dividend of 0.5p per share

Graham Sherren, Chairman and Chief Executive Officer of Centaur Holdings plc, said: "The results in the first half show strong year-on-year growth. The outlook for the second half, which is traditionally our most profitable period, is encouraging and we expect further year on year growth in revenues and profits in the six months to June 2005. With a strong pipeline of new products and a continuing recovery in the advertising cycle, we remain on track to deliver our planned growth in ebitda margins."

Highlights (continued)

(*)Centaur's key measure of profit is earnings before interest, tax, depreciation and amortisation and excluding exceptional administrative costs (EBITDA).

(**)Underlying results of continuing operations are presented to provide a clearer indication of the financial performance of the Company's established activities. The "underlying" results exclude the impact of acquisitions or disposals within the three years preceding the reporting date and the results of new products in new communities during the same period.

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Centaur Holdings plc

Chairman's Interim Statement

Introduction

I am pleased to announce that Centaur achieved further strong growth in both turnover and profits in the six months to 31 December 2004, in line with market expectations. In what is traditionally Centaur's weakest half (due to the low levels of publishing and event activity in August and December) turnover grew 12% to £31.6m and ebitda more than doubled to £2.4m (against £1.1m in the six months to 31 December 2003).

The interim 2004 result included a charge of £3.6m (2003: £0.2m) in respect of amortisation of goodwill arising on the purchase of the Centaur Communications Group (CCL) in March 2004 and exceptional costs of £0.5m arising from the Company's admission to the Official List from AIM in December 2004. As a result, the Company recorded a loss before tax of £2.7m in the six months ended 31 December 2004 (2003: loss of £0.6m)

In January 2005 the Company obtained approval from the High Court to cancel the share premium account, which was created on the purchase of CCL. This has resulted in the creation of additional distributable reserves of £127m. The Board is recommending a maiden interim dividend of 0.5p per share, which will be paid to shareholders on the register as at 29th March 2005.

Business Overview

Centaur is at an exciting stage in its development:

- Its portfolio of established, market-leading products is ideally positioned to take advantage of the recovery in the advertising cycle, which commenced around the beginning of 2004. This is clearly reflected in the rate of profits growth we have recently achieved.
- It has a pipeline of new and recently launched products that offers great potential for organic growth. I believe that this is particularly true of Centaur's stable of online products. A key element of our strategy has been to establish market-leading internet portals to support our major weekly magazines. This has been a long and relatively expensive exercise, but we are now beginning to see the early fruits of success from this investment.
- Finally, Centaur's strong balance sheet (with net cash balances of £6m at 31 December 2004), robust infrastructure and experienced management are expected to facilitate opportunities for bolt-on acquisitions.

To illustrate this, in the last six months we have recorded growth in total advertising revenues of 11% over the same period last year. This was led by recruitment advertising revenues, which grew 21% in the period, continuing the pace of recovery experienced in the previous six months to June 2004. Display advertising revenues in magazines also grew strongly in the period, particularly in the first quarter. Excluding the effect of the newly launched Finance Week, most of this revenue growth was converted to profit.

The second major source of turnover growth in the period was from events, where revenues increased 20% over the prior year period. This included revenues from two new exhibitions, the Total Motivation Show and Business Travel Düsseldorf, both launched in September 2004 and a new event, the Interactive Marketing and Advertising Awards, held in November 2004. Meanwhile, our internet products (electronic products excluding Perfect Information) also increased their revenues by about 20% and, with over 80% of this revenue growth converted to profit, these products traded close to break-even at the ebitda level, compared with a £0.4m loss in the prior year period.

In addition, we have recently announced a small but important acquisition. In February 2005 we acquired the monthly magazine Logistics Manager and two related shows. The purchase price for the assets was £500,000. The impact on profits in the current financial year will be negligible, due to the timing of the shows, which are next scheduled for September 2005 and February 2006. However, in our next financial year we expect a positive profit contribution from these assets.

Chairman's Interim Statement (continued)

Logistics and Transport is a new community for Centaur, but one which we believe is becoming increasingly significant as the development of internet marketing creates additional demand for effective fulfilment solutions.

Review of underlying results

During the six month period, Centaur incurred significant operating losses from two major new product development initiatives, which are unusual in their size and significance to the Company. These were the new equity research tool, Perfect Analysis, which incurred operating losses of £0.49m in the period and the weekly magazine Finance Week, launched in November 2004, which incurred start up and operating losses of £0.69m in the six month period.

The development of Perfect Analysis (PA) in the last six months has been slower than expected, with the product's complexity resulting in much longer sales lead-times than for the core product, Perfect Filings. However, the extent of client interest in PA during this period has reinforced our views regarding the market opportunity for this evolving product. The recent sales focus has been on smaller clients where we have enjoyed some success. During what has been a period of extensive client feedback, we have also identified opportunities to develop further distinctive improvements to the product.

In the meantime, we have also taken steps to reduce the fixed cost base of Perfect Information (PI). Had these cost saving initiatives, (some of which have occurred in February 2005), taken effect from 1st July 2004, PA's operating losses in the six months to 31 December 2004 would have been lower by approximately £0.2 million. We have also, during this period, completed development of two new products within the PI portfolio – Perfect Debt (a fully text and clause-searchable tool for the debt professional) and Perfect Search (a new web-based interface for the US market) which are beginning to generate new sales opportunities for PI.

Finance Week is still at an early stage in its development, but the fundamentals for the magazine's future are encouraging. The response from readers has been exceptional and has confirmed our view that the magazine is filling an important gap in this significant business community. Advertising revenues are building and we are launching our first Finance Week conference in London in April this year.

Excluding these two major initiatives, which are expected to generate significant profits in the long term, underlying ebitda grew by £2.3m to £3.6m on turnover up by £3.0m or 11%. This profit growth represents 75% of the related turnover growth, illustrating the high level of operational gearing that exists in the company's core magazine business and in its internet operations in particular.

This result reflected principally the broad-based advertising improvement in the business, particularly led by the established magazines in the Legal and Financial division, which were reporting against a relatively weak comparative period in 2003. Growth in the Marketing, Creative and New Media division was more modest. The advertising recovery in this sector is patchy and the direct marketing community continued to experience year on year reductions in revenues, reflected in the results of the weekly magazine Precision Marketing and the DM Show, held in October 2004. By contrast, New Media Age, the leading interactive marketing weekly, experienced further strong growth in the period, albeit from a relative low point in 2003. Costs were tightly controlled across all the magazines, resulting in strong profits growth.

Our events business, which is also traditionally more second-half focused, continues to perform well and we expect to run two new exhibitions in the second half, the Smart Homes Show in April and the Online Marketing Show in June.

Underlying ebitda margins grew to 12% (2003: 5%) as a result of the high levels of gearing referred to above. This margin improvement was supported by further fine-tuning of costs across the business.

Chairman's Interim Statement (continued)

Certain products, which incurred losses during the period of £0.2m, were either discontinued or merged into other products and, as previously reported, the Conferences Division was reorganized to deliver significant cost savings, which contributed to the improved margin from events in the period.

Current Trading and Outlook

The outlook for the second half, which is traditionally our most profitable period, is encouraging and we expect further year on year growth in revenues and profits in the six months to June 2005. With a strong pipeline of new products and a continuing recovery in the advertising cycle, we remain on track to deliver our planned growth in ebitda margins.

Independent review report to Centaur Holdings plc

Introduction

We have been instructed by the company to review the financial information, which comprises the profit and loss account, balance sheet, cash flow, reconciliation of movements in equity shareholders' funds and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, 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.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 December 2004.

PricewaterhouseCoopers LLP
Chartered Accountants
London
14 March 2005

Centaur Holdings plc

Consolidated profit and loss account for the 6 months ended 31 December 2004

	Note	**Actual 6 months ended 31 December 2004**	Pro forma 6 months ended 31 December 2003	Pro forma Year ended 30 June 2004
	Note	**£'000**	£'000	£'000
Turnover	**2**	**31,602**	28,345	68,254
Cost of sales		**(18,317)**	(16,183)	(38,017)
Gross profit		**13,285**	12,162	30,237
Distribution costs		**(1,994)**	(1,999)	(4,287)
Administrative expenses (including amortisation of goodwill)	**3**	**(14,145)**	(10,605)	(22,468)
EBITDA before exceptional costs	**2**	**2,406**	1,128	8,823
Depreciation of tangible fixed assets		**(1,215)**	(1,400)	(2,676)
Amortisation of goodwill		**(3,560)**	(170)	(2,437)
Exceptional administrative costs	**4**	**(485)**	-	(228)
Total operating (loss) / profit		**(2,854)**	(442)	3,482
Share of associates' profits		**39**	-	-
(Loss) / profit on ordinary activities before interest		**(2,815)**	(442)	3,482
Interest receivable and similar income		**127**	151	196
Amounts written off investments		**-**	(274)	(274)
Interest payable and similar charges		**(5)**	(43)	(7)
(Loss) / profit on ordinary activities before taxation		**(2,693)**	(608)	3,397
Tax on (loss) / profit on ordinary activities	**5**	**(414)**	262	1,222
(Loss) / profit on ordinary activities after taxation		**(3,107)**	(346)	4,619
Dividends	**13**	**(740)**	-	(1,480)
Retained (loss) / profit for the period		**(3,847)**	(346)	3,139
Earnings per share	**6**			
Basic (loss) / earnings per share (pence)		**(2.10)**	(0.23)	3.12
Fully diluted (loss) / earnings per share (pence)		**(2.00)**	(0.22)	2.98
Adjusted earnings per share (pence)		**0.63**	0.07	3.04
Fully diluted adjusted earnings per share (pence)		**0.60**	0.06	2.90

The Group has no recognised gains and losses for the period other then the profits stated above.

Centaur Holdings plc

Consolidated balance sheet at 31 December 2004

	Note	**Actual 31 December 2004**	Pro forma 31 December 2003	Actual 30 June 2004
		£'000	£'000	£'000
Fixed assets				
Intangible fixed assets		**135,049**	7,217	138,701
Tangible fixed assets		**5,180**	5,875	5,311
Investments	**7**	**224**	185	185
		140,453	13,277	144,197
Current assets				
Stocks		**1,529**	2,089	1,185
Debtors	**8**	**14,790**	12,930	14,771
Cash at bank and in hand		**9,167**	4,886	9,132
		25,486	19,905	25,088
Creditors: amounts falling due within one year	**9**	**(24,268)**	(21,873)	(23,426)
Net current assets / (liabilities)		**1,218**	(1,968)	1,662
Total assets less current liabilities		**141,671**	11,309	145,859
Provisions for liabilities and charges	**10**	**(3,046)**	(4,040)	(3,387)
		138,625	7,269	142,472
Capital and reserves				
Called up share capital		**14,879**	1,554	14,879
Share premium account	**14**	**127,047**	13,576	127,047
Other reserves		**1,486**	483	1,486
Profit and loss account		**(4,787)**	(8,344)	(940)
Equity shareholders' funds		**138,625**	7,269	142,472

The interim financial information was approved by the Board of Directors on 14 March 2005 and signed on its behalf by

G.T.D.Wilmot
Director

Centaur Holdings plc

Group cash flow statement for the 6 months ended 31 December 2004

	Note	**Actual 6 months ended 31 December 2004 £'000**	Pro forma 6 months ended 31 December 2003 £'000	Pro forma Year ended 30 June 2004 £'000
Net cash inflow from operating activities	**11**	**2,627**	2,309	7,153
Returns on investments and servicing of finance				
Interest received		**119**	151	196
Interest paid		**(51)**	(43)	(174)
Net cash inflow from returns on investments and servicing of finance		**68**	108	22
Taxation		**54**	(316)	(671)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		**(1,086)**	(1,135)	(2,166)
Sale of tangible fixed assets		**18**	11	24
Purchase of intangible fixed assets		**-**	(6)	(195)
Net cash outflow for capital expenditure and financial investment		**(1,068)**	(1,130)	(2,337)
Acquisitions and disposals				
Proceeds from the disposal of subsidiary undertakings		**417**	617	617
Acquisition expenses paid		**-**	(86)	(2,921)
Cash at bank and in hand acquired with subsidiary undertakings		**-**	58	58
Purchase of investment in subsidiary undertakings		**-**	(1,102)	(128,736)
Net cash inflow / (outflow) from acquisitions and disposals		**417**	(513)	(130,982)
Equity dividends paid to shareholders		**(1,480)**	-	-
Net cash inflow / (outflow) before financing		**618**	458	(126,815)
Financing				
Issue of ordinary share capital		**-**	50	134,445
Cash (repaid) / received in respect of loan notes		**(583)**	-	3,429
Share capital issue costs		**-**	-	(5,968)
Net cash (outflow) / inflow from financing		**(583)**	50	131,906
Increase in cash		**35**	508	5,091

Centaur Holdings plc

Other primary Statements for the 6 months ended 31 December 2004

Reconciliation of movements in equity shareholders’ funds

	Actual 31 December 2004	Pro forma 31 December 2003	Actual 30 June 2004
	£’000	£’000	£’000
New share capital issued	**-**	50	147,894
Issue costs	**-**	-	(5,968)
Fair value of “rolled over” share options	**-**	-	1,486
(Loss) / profit for the period	**(3,107)**	(346)	540
Dividends	**(740)**	-	(1,480)
Net (decrease) / increase in shareholders’ funds	**(3,847)**	(296)	142,472
Opening shareholders’ funds	**142,472**	7,565	-
Closing shareholders’ funds	**138,625**	7,269	142,472

1 Accounting policies and basis of preparation

The Interim financial statements have been prepared on the basis of the accounting policies set out in the Group's Annual Report for the financial year ended 30 June 2004.

These statements were approved by a duly appointed and authorised committee of the Board of Directors and are unaudited. The auditors have carried out a review and their report is set out on page 8.

Basis of preparation

Actual

The company was incorporated on 30 October 2003 as a private limited company and did not trade until 10 March 2004 when it acquired Centaur Communications Ltd and its subsidiaries. ("the Centaur Communications Group") An actual comparative profit and loss account for the period 30 October 2003 to 31 December 2003 is therefore not reported.

The actual comparative consolidated balance sheet at 31 December 2003 was as follows:

	Actual 31 December 2003
	£
Cash at bank and in hand	**2**
Called up share capital	**2**

Pro forma

The Pro forma results for the six months ended 31 December 2003 are based on the interim financial statements of the Centaur Communications Group that became part of Centaur Holdings plc on 10 March 2004.

The Pro forma results for the year ended 30 June 2004 were reported in the Annual Report of Centaur Holdings plc for the financial year ended 30 June 2004. They are based on the trading results of the Centaur Communications Group for the period 1 July 2003 to 9 March 2004 and the trading results of Centaur Holdings plc for the period to 30 June 2004, following its acquisition of the Centaur Communications Group.

2 Segmental analysis

The Group is involved in the single activity of the creation and dissemination of business and professional information in the UK. There is therefore no segmental reporting required. However, set out below are business analyses of Group turnover and EBITDA before exceptional costs ("EBITDA").

Analysis by Division

	Actual 6 months ended 31 December 2004		Pro forma 6 months ended 31 December 2003	
	Turnover £'000	**EBITDA £'000**	Turnover £'000	EBITDA £'000
Marketing, Creative and New Media	**12,036**	**1,406**	11,394	286
Legal and Financial	**10,364**	**1,152**	8,322	407
Construction and Engineering	**5,413**	**278**	5,077	(61)
Perfect Information	**2,733**	**(107)**	2,773	425
Other	**1,056**	**(323)**	779	71
	31,602	**2,406**	28,345	1,128

Analysis by source

	Actual 6 months ended 31 December 2004	Pro forma 6 months ended 31 December 2003
	Turnover from continuing activities £'000	Turnover from continuing activities £'000
Recruitment advertising	**5,145**	4,265
Other advertising	**12,310**	11,448
Circulation revenue	**2,843**	2,694
Electronic subscriptions	**3,169**	3,099
Events	**8,063**	6,706
Other	**72**	133
	31,602	28,345

Analysis by product type

	Actual 6 months ended 31 December 2004		Pro forma 6 months ended 31 December 2003	
	Turnover £'000	**EBITDA £'000**	Turnover £'000	EBITDA £'000
Magazines	**17,836**	**1,989**	16,434	1,295
Events	**8,063**	**451**	6,706	(195)
Electronic products	**4,955**	**(184)**	4,627	47
Other	**748**	**150**	578	(19)
	31,602	**2,406**	28,345	1,128

2 Segmental analysis (continued)

Analysis by maturity

	Actual 6 months ended 31 December 2004		Pro forma 6 months ended 31 December 2003	
	Turnover £'000	**EBITDA £'000**	Turnover £'000	EBITDA £'000
Existing communities				
-Established products	**26,035**	**3,680**	23,413	1,854
-New products	**5,118**	**(100)**	4,738	(539)
Underlying turnover and EBITDA	**31,153**	**3,580**	28,151	1,315
Acquisitions	**405**	**(488)**	194	(187)
New communities – new products	**44**	**(686)**	-	-
	31,602	**2,406**	28,345	1,128

New product development is defined as any product launched in the last three years and is reported by reference to the three years preceding each reporting date. A community is defined by reference to the consumers of the relevant products.
A new community is defined as any group of consumers not previously served by any products in the three years preceding each reporting date.
Acquisitions are also reported by reference to the three years preceding each reporting date.
Substantially all net assets are located and all turnover and EBITDA are generated in the United Kingdom.

3 Administrative Expenses

	Actual 6 months ended 31 December 2004	Pro forma 6 months ended 31 December 2003	Pro forma Year ended 30 June 2004
	£'000	£'000	£'000
Depreciation of tangible fixed assets	**1,215**	1,400	2,676
Amortisation of goodwill	**3,560**	170	2,437
Listing expenses	**485**	-	228
Other Administrative Expenses	**8,885**	9,035	17,127
	14,145	10,605	22,468

4 Exceptional items

The exceptional costs of £485,000 relate to fees in respect of the admission of Centaur Holdings plc to the official list of the London Stock Exchange on 17 December 2004.

5 Taxation

The tax charge for the period has been calculated by allocating the amortisation and estimated disallowable expenses on a pro rata time basis as follows:

	£'000
Loss on ordinary activities before taxation	**(2,693)**
Add back:	
Amortisation	**3,560**
Disallowed expenses – allocation	**512**
Taxable profits	**1,379**
Tax at 30%	**414**

6 Earnings per share

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

	Actual 6 months ended 31 December 2004 £'000	Pro forma 6 months ended 31 December 2003 £'000	Pro forma Year ended 30 June 2004 £'000
(Loss) / profit on ordinary activities after taxation	**(3,107)**	(346)	4,619
Amortisation of goodwill	**3,560**	170	2,437
Amount written off investment	**-**	274	274
Exceptional deferred tax credit	**-**	-	(3,057)
Exceptional administrative costs	**485**	-	228
Adjusted profit for the period	**938**	98	4,501
Weighted average number of ordinary shares	**147,994,118**	147,994,118	147,994,118
Dilutive effect of share options	**7,127,579**	7,127,579	7,127,579
Weighted average number of shares in issue taking account of applicable outstanding share options	**155,121,697**	155,121,697	155,121,697
Basic (loss) / earnings per share (pence)	**(2.10)**	(0.23)	3.12
Diluted (loss) / earnings per share (pence)	**(2.00)**	(0.22)	2.98
Earnings per share (pence) using adjusted profit for the period	**0.63**	0.07	3.04
Diluted earnings per share (pence) using adjusted profit for the period	**0.60**	0.06	2.90

Centaur Holdings plc

Notes to the Financial Statements

7 Investments

	Associated Company		Trade Investment	Total
	Share of associated company net assets	**Goodwill**		
	£'000		**£'000**	**£'000**
At 1 July 2004	**-**	**-**	**185**	**185**
Transfer of investment to associated company	**171**	**14**	**(185)**	**-**
Share of associated company profits for the six months ended 31 December 2004	**39**	**-**	**-**	**39**
At 31 December 2004	**210**	**14**	-	**224**

The Group holds, 34% of the ordinary share capital of IPE International Publishers Limited. ("IPE")

It was agreed in July 2004 that GV Sherren (Chairman and Chief Executive Officer of Centaur Holdings plc) would be appointed to the board of IPE.

As a result the investing company now exerts a significant influence on the operations and decisions of IPE and is now accounted for as an associate company. The share of profits of IPE for the six months ended 31 December 2004 was £39,000.

8 Debtors

	Actual 31 December 2004	Pro forma 31 December 2003	Actual 30 June 2004
	£'000	£'000	£'000
Amounts falling due within one year:			
Trade debtors	**11,695**	9,970	10,333
Other debtors	**703**	1,171	1,243
Deferred tax asset	**581**	-	995
Corporation tax	**208**	38	262
Prepayments and accrued income	**1,603**	1,751	1,938
	14,790	12,930	14,771

9 Creditors: amounts falling due within one year

	Actual 31 December 2004	Pro forma 31 December 2003	Actual 30 June 2004
	£'000	£'000	£'000
Bank and other borrowings	**-**	337	-
Trade creditors	**2,517**	3,622	3,536
Social security and other taxes	**2,249**	2,160	1,788
Other creditors	**265**	625	370
Accruals and deferred income	**15,651**	15,129	12,823
Loan Notes	**2,846**	-	3,429
Proposed dividend	**740**	-	1,480
	24,268	21,873	23,426

10 Provisions for liabilities and charges

	Onerous Interest rate swap	**Deferred consideration**	**Restructuring provisions**	**Group actual 2004**
	£'000	**£'000**	**£'000**	**£'000**
At 1 July 2004	46	2,500	841	3,387
Utilised in period	(46)	-	(295)	(341)
At 31 December 2004	**-**	**2,500**	**546**	**3,046**

a. Deferred Consideration

In October 2003 the Centaur Communications Group acquired 100% of the share capital of the Synergy Software Group ("Synergy") for a total consideration of £3,742,000. The total consideration includes a deferred element that is payable based on profits of Synergy up to 30 June 2007. At 31 December 2004 a provision of £2,500,000 is held as the directors' best estimate of the deferred payment.

b. Restructuring provision

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

As a result of the above disposals, the Group was left with a substantial amount of idle property. This resulted in an exceptional charge to the Group of £1,777,000 in the year ended 30 June 2003 of which £546,000 remained provided at 31 December 2004.

11 Net cash inflow from operating activities

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

	Actual 6 months ended 31 December 2004	Pro forma 6 months ended 31 December 2003	Pro forma Year ended 30 June 2004
	£'000	£'000	£'000
Operating (loss) / profit	**(2,854)**	(442)	3,482
Depreciation of tangible fixed assets	**1,215**	1,400	2,676
Amortisation of goodwill	**3,560**	170	2,437
Profit / (loss) on disposal of fixed assets	**(16)**	(4)	(4)
(Increase) / decrease in stocks	**(344)**	(829)	75
(Increase) / decrease in debtors	**(904)**	126	(192)
Increase / (decrease) in creditors	**2,265**	2,163	(626)
(Decrease) in provisions	**(295)**	(275)	(695)
Net cash inflow from operating activities	**2,627**	2,309	7,153

12 Reconciliation of net cash flows to movements in net funds

	Actual 6 months ended 31 December 2004	Pro forma 6 months ended 31 December 2003	Pro forma Year ended 30 June 2004
	£'000	£'000	£'000
Increase in cash in the period	**35**	508	5,091
Net opening funds	**9,132**	4,041	4,041
Net closing funds	**9,167**	4,549	9,132

13 Dividends

A dividend of 0.5p per 10p ordinary share is proposed. This amounts to £740,000 and will be paid to all shareholders on the register as at 29 March 2005. A dividend of 1p per 10p ordinary shares, amounting to £1,480,000 was paid to share holders on the register as at 5 November 2004.

14 Post Balance Sheet Events

a. Cancellation of Share Premium Account

The Company has a share premium account of £127,047,000. A share premium account is an undistributable reserve. In order to create flexibility in the Company's balance sheet and to unlock this undistributable reserve the directors proposed, by way of a special resolution at the Annual General Meeting held on 25 November 2004, to cancel the share premium account. The resolution was duly approved by the shareholders.

On 12 January 2005 the Company received High Court confirmation of the cancellation of its share premium account subject to certain undertakings given by the Company for the protection of the company's creditors. The order of the Court was registered at Companies House on 12 January 2005.

b. Acquisition

On 23 February 2005 the Group acquired the magazine title Logistics Manager and two associated trade exhibitions for a total consideration of £500,000.