The Press Association is a customer-focused group of news, information and communications businesses. As the national news agency, PA is at the heart of the UK's news industry, supplying news, sport and information services to every national and regional newspaper, major broadcasters and online publishers, and a wide range of commercial organisations.

Two-Ten Communications provides call centre and fulfilment services for media and internet companies and other organisations.

PA is a partner in several successful joint venture companies, which provide specialist news and information services to the media, commercial organisations and other customers.

Key events and financial highlights of 1999

Highlights:

PA records best ever trading performance

Group operating profit, including associated companies, increased from £2.3m to £4.2m

Exceptional gain on sale of subsidiaries of £10.8m

PA declares £15m dividend

News agency restructures to focus on core values

PA honoured by Royal visit

PA develops Ananova, the world's first virtual newscaster, on the Internet

THE PRESS ASSOCIATION LTD.
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Telephone: 020 7963 7000
Fax: 020 7963 7594
E-mail: info@pa.press.net
www.pressassociation.press.net

Chairman's statement:

PA's best ever trading result reflects strong performances across the group.

"PA has now achieved its mission to develop its news agency operation to a point where it is better able to stand alone financially."

PA's trading performance improved significantly in 1999, affording the opportunity to deliver substantial value to shareholders and to further enhance and expand services to news industry customers while keeping contract fee increases in line with inflation.

Group operating profit (before exceptional gains), including joint ventures, almost doubled to £4.2m from £2.3m in 1998. This is PA's best ever trading result and reflects sustained and strong performances across the group.

Pre-tax profit (including investment income) was £15.9m (1998 £2.8m). This included an exceptional gain of £10.8m on the sale of PA's press release distribution business to PR Newswire in June and our media monitoring business, Tellex Monitors, to Taylor Nelson Sofres in December.

In the light of these results the board has recommended a dividend of £15m.

As I reported earlier this year, PA has now achieved its mission to develop its news agency operation to a point where it is better able to stand alone financially. In view of this, the board decided to refocus PA on its central purpose as a business-to-business wholesaler of news and information services to media customers, and reduce its presence in other sectors.

In February 2000, following a comprehensive strategy review, PA announced that its new media operation, now known as Ananova Limited, was for sale by competitive auction through the offices of PricewaterhouseCoopers. In order to ensure the realisation of maximum value for shareholders the board decided that in parallel with the sales process it should also explore a possible stock market listing of Ananova Limited or of PA including Ananova Limited.

These arrangements (by whatever route is finally chosen) are expected to return substantial value to shareholders and will help to provide investment resource for PA to further develop its interests. In particular it will facilitate the restructuring of PA's equity interest in PA Sporting Life, its joint venture with Trinity Mirror.

The board is confident that PA has both the ability and scope to develop more new media business-to-business ventures (particularly in sport) and it will also be alert for further joint venture opportunities in the business-to-consumer market.

It remains the board's policy to ensure that PA's primary wire service delivers the highest standards of editorial quality and integrity, while continuing to operate at break-even or even slightly better. To sustain its editorial mission, the agency will continue to build on its range of bespoke services for media customers and develop agency-based services for wider business-to-business markets.

Chairman's statement: continued.

In 1999 PA News Limited made a profit of £2.0m (1998 loss £0.7m) on sales growth of 17%. The wire service reached its objective of breaking-even and further contributions came from coverage of the new regional assemblies, and provision of digital teletext services; sports services also made a very good contribution.

"It remains the board's policy to ensure that PA's primary wire service delivers the highest standards of editorial quality and integrity, while continuing to operate at break-even or even slightly better."

PA's wholly-owned subsidiaries doubled profits to £1.4m, with Two-Ten Communications' press release operation generating more profits in the five months up to its sale in June than for the whole of 1998. Two-Ten's response and fulfilment business successfully replaced a major contract cancellation with new business won from newspaper publishers and Internet customers.

Among PA's joint ventures, Canada NewsWire's increase in profit more than offset higher costs from PA Sporting Life. PA WeatherCentre reached break-even point. Profits were flat at Racing Pages due to costs associated with a move to new offices.

Board membership

Following the restructuring of the agency business and the separation of Ananova Limited, Robert Simpson, Chief Executive of the Press Association since 1990, resigned to take up his new role as Chief Executive of Ananova Limited.

Great credit is due to Robert, who not only led the management team that developed and expanded PA's new media business so successfully but also ensured that a commercially innovative culture was in place across the whole spectrum of PA activity.

Robert is succeeded by Paul Potts as PA's Chief Executive. Paul, who will retain his role of Editor-in-Chief, has played a key role in strengthening our core news agency business to the point where it is better able to stand alone financially. With his wealth of editorial experience and his strong vision of how PA can expand and extend services for its news industry customer base, he was the natural choice to lead PA into the next stage of its development.

Jonathan Grun, Deputy Editor since 1996, has been appointed Editor of the Press Association. Having worked closely with Paul to build the news agency, Jonathan's appointment will provide continuity in the delivery of the highest standards of service, which is the foundation of PA's role at the heart of the industry.

Steven Brown, Finance Director since 1996, has been appointed to the newly created role of Managing Director and will work closely with Paul Potts in developing and implementing PA's future strategic plans.

Clive Marshall has joined the board as Commercial Director, PA Enterprises. This is a newly formed division which encompasses PA's growing portfolio of business-to-business news and information services for markets beyond its established newspaper and subscriber base. ▸

"PA has never been healthier with its news service on a good positive financial base, and its reputation for editorial quality, integrity, speed and accuracy has never been higher."

Philip Graf resigned from the board in September 1999, following the merger of Trinity International Holdings and Mirror Group, when he was appointed Chief Executive of the new group. I would like to thank him for his contribution to the progress of PA during this period of development.

Nicholas Rudd-Jones resigned from the board when he left the board of Express Newspapers to become Head of Internet Development for United News and Media. Andy Jonesco, who succeeded Nicholas as Managing Director of Express Newspapers, was welcomed to the board in September 1999.

These appointments ensure that PA has a strong and experienced team focused on taking the business forward. PA has never been healthier with its news service on a good positive financial base, and its reputation for editorial quality, integrity, speed and accuracy has never been higher.

I am grateful to my executive and non-executive colleagues on the board and all of PA's staff for their contributions to PA's successful development in the past year. It is their commitment, ideas and talent that have put PA on course to build an even stronger business for the 21st century.

Sir Harry Roche
Chairman

Chief Executive's review:

Expanded and enhanced services have secured a sound financial footing for the business

"These results reflect our ongoing commitment to provide customers with more added-value and bespoke services."

The Press Association has achieved its best ever trading performance as we enter the third century in which the agency has served the news industry.

By expanding and enhancing services for both established and new customers in the fast-changing news industry, we have secured a sound financial footing for the news agency service that drives our business.

Sales of editorial products provided the main engine for growth, generating a £5.8m increase in revenue, and lifting profits to £2.0m. These results reflect our ongoing commitment to provide customers with more added-value and bespoke services while continuing to invest in the wire service that remains at the heart of our business.

During the past year, PA CopyDirect has extended its customer-base to 19 national and regional newspapers, providing each with a tailored, centralised copytaking service, with the attendant economies of scale.

PA's portfolio of fully produced pages, panels and supplements has been extended following the appointment of senior newspaper production editors to lead a dedicated team working closely with customers to deliver distinctive, high quality packages. Page production services currently account for a quarter of agency turnover.

The enlarged editorial bureaux, set-up in readiness for devolution, launched dedicated coverage of the new Scottish Parliament, and the Irish and Welsh Assemblies.

At the same time, PA has continued to devolve newsroom operations to its regional centres, and increased its network of regional reporters and photographers so it is more widely deployed than ever before. As a result, the agency is able to react quickly to give customers the latest news wherever and whenever it breaks.

PA is in the process of introducing multi-skilled editorial teams across the agency's operations, so staff can respond quickly to the ever-changing requirements of customers. To this end, the agency has developed in-house training programmes for news, sport and production journalists, and developed strong links with leading Universities and Schools of Journalism. Following the rapid progress made in this area over the past year, we now look to implement similar policies throughout all areas of the agency.

PA Sport has also made the most of new business opportunities, and consequently increased its profit contribution by 30 per cent. As in the news arena, bespoke statistics, results and reporting services have helped meet the requirements of newspapers, broadcasters and text services, and boosted the division's performance.

As well as being successful ventures in their own rights, PA Sporting Life and online betting service Totalbet have demonstrated PA's ability to provide the latest and most comprehensive sports news and data to the online and betting industries. As a result, PA Sport has established itself as a key supplier in this growing marketplace.

Chief Executive's review: continued.

"PA's portfolio of fully produced pages, panels and supplements has been extended."

PA's new media operation improved its contribution by 60 per cent. The division's innovative spirit led to the creation of the consumer-focused Ananova, the world's first virtual newscaster, which was launched to global acclaim in January 2000.

The growing success of the agency afforded us the opportunity to realise value in Ananova and focus on the agency's other business-to-business operations. In February 2000 the company was restructured to enable the agency to concentrate on its core strengths of supplying news and information.

As our relationship with customers develops, there is now an accepted recognition that PA's ability to take care of non-exclusive communal news gathering avoids duplication and enables the editorial budgets of our customers to be deployed in those areas that make products distinctive and successful.

To deliver the additional revenue that will enable PA to sustain its editorial mission, PA's recently formed Enterprises division is now gearing up to exploit wider business-to-business markets for agency services. Already these activities account for a quarter of sales by providing news and information for specialist magazines, corporate information providers and online publishers.

PA Photos has continued to perform strongly throughout the last twelve months, and has also expanded its business avenues. PA's high quality photography is now available through its own Internet service, paphotos.com.

Two of the agency's photographers were recognised with national awards in 1999. Toby Melville received the Nikon Photographer of the Year award and Phil Noble was the Guinness Young Photographer of the Year. They are two outstanding individuals in a very professional team that provides consistently high quality pictures to customers.

The photographic talent, combined with the wealth of images of the past century stored in PA PhotoLibrary, has been showcased in a series of books to commemorate the 20th Century and the passing of the Millennium.

Two-Ten's press release distribution business performed well in the first five months of 1999, returning a greater profit in that period than the entire previous year. In June, the business was sold. Likewise, Tellex Monitors was sold in December, as part of PA's refocus on its core business.

Two-Ten's call centre and fulfilment arm, retained by PA, has performed strongly following the company's relocation in 1998. The investment in additional capacity and technology has meant the operation benefited from offering high quality support services to customers. Again, the business has successfully refocused a number of its services to support the promotional campaigns of PA's media customers, and the growing client portfolio now includes newspaper, publishing and Internet customers.

PA WeatherCentre finished the year having reached break-even, and with a series of new products in development which will help the business to flourish in the coming year. ▸

"All good businesses are built on good people - this has never been demonstrated more clearly than here at PA."

Canada NewsWire continued to perform well, recording a 13 per cent increase in profit before tax against the previous year.

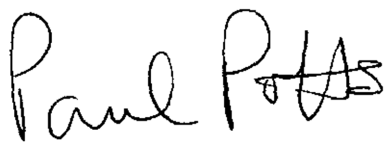
The founding principles of PA remain unchanged. The agency is committed to delivering high-quality, good value, customer-focused news services. To this end we will continue to develop our technology to meet ever-changing expectations and opportunities, while continuing to keep tight control of costs.

In December 1999, PA was honoured with a visit by Her Majesty The Queen and His Royal Highness The Duke of Edinburgh. While this occasion marked a remarkable milestone - a hundred years of PA Court reporting - and a day to remember for attendant regional newspaper editors, it also gave us a unique opportunity to offer The Queen and Prince Philip an insight into how PA is ready to exploit the opportunities on offer in the new century.

I would like to thank all of PA's staff for their hard work, commitment and attention to detail that ensures PA is able to deliver services of the highest quality. All good businesses are built on good people - this has never been demonstrated more clearly than here at PA.

I am also grateful to my predecessor Robert Simpson, under whose wisdom, vision and strong management the agency has flourished. I offer him thanks and best wishes on behalf of all who worked with him.

As I take over from Robert, PA's future looks bright. With the experience and drive of newly appointed editor Jonathan Grun and his proven editorial team, and a dedicated management team led by our new Managing Director Steven Brown, PA enters its next century of service in better shape than ever.



Paul Potts
Chief Executive and Editor-in-Chief

The board of directors

* *Non-Executive Board Member*
†*Remuneration Committee*

Sir Harry Roche (Age 66)
Chairman.
Joined board in 1988.*†

Paul Potts (Age 50)
Chief Executive and Editor-in-Chief. Appointed to the board and joined PA in 1995.

John Allwood (Age 48)
Joined board in 1999. Deputy Chief Executive and Chief Operating Officer, Trinity Mirror plc.*

Steven Brown (Age 46)
Managing Director. Appointed to the board in 1996. Joined PA in 1995.

Alan Graham (Age 57)
Joined board in 1994. Director, Midland News Association Ltd.*†

Les Hinton (Age 56)
Joined board in 1996. Executive Chairman and Chief Executive Officer, News International plc.*†

Frederick Johnston, CBE
(Age 64) Joined board in 1997. Chairman, Johnston Press plc.*

Andy Jonesco (Age 42)
Joined board in 1999. Managing Director, Express Newspapers.*

Murdoch MacLennan
(Age 51) Joined board in 1998. Managing Director, Associated Newspapers Ltd.*

Clive Marshall (Age 42)
Commercial Director. Appointed to the board in 2000. Joined PA in 1993.

Report of the directors:

The directors present their annual report together with the financial statements for the year ended 31 December 1999

Principal activities and business review:
During the year the investments in Two-Ten Communications Ltd and Tellex Monitors Ltd were sold. The activities of the group remain principally those of providing news and information to the media and other customers. A review of the business is contained in the Chief Executive's report.

Post balance sheet event:
On 1 February 2000 the group structure was reorganised in order to prepare the customer-orientated new media business for sale by competitive tender.

Results and dividend:
The profit for the financial year was £10,516,000. It is recommended that a dividend of £15 million (188.32 pence per share) is paid and that the balance of £4,484,000 is transferred from reserves.

Directors:
The following were directors of The Press Association during the period

Sir Harry Roche	*Mr AK Jonesco* *(appointed 16.09.99)*
Mr CJ Allwood	*Mr M MacLennan*
Mr SJ Brown	*Mr CP Marshall* *(appointed 09.02.00)*
Mr CP Graf *(resigned 20.09.99)*	*Mr PJ Potts*
Mr EA Graham	*Mr N Rudd-Jones* *(resigned 15.07.99)*
Mr LF Hinton	*Mr RB Simpson* *(resigned 10.03.00)*
Mr FPM Johnston CBE	

In accordance with the Articles, resolutions ratifying the appointments of Mr Jonesco and Mr Marshall will be presented at the Annual General Meeting. Sir Harry Roche and Mr Graham reach the end of their terms of office as directors following the Annual General Meeting and, being eligible, offer themselves for re-election for a further term.

Directors' interest in shares:
According to the register kept by the company under Section 325 of the Companies Act 1985, none of the directors was interested in shares in the company or its subsidiaries at any time during the financial year.

Employees:
Under the group's general policy of decentralised management, it is the responsibility of the management in each subsidiary to encourage the involvement and participation of employees in their companies.
It continues to be group policy to provide equal opportunities for employment, training and career development for all employees. The policy for the employment of the disabled is that full and fair consideration should be given to their aptitudes and abilities. Copies of the Annual Report are available to all employees. Staff are also involved, through their elected representatives, in the conduct of the company's pension fund.

Year 2000:
The group experienced no significant disruption to its services as a result of the Year 2000 date problem. This is attributed to the extensive investigations that were carried out over the preceding 18 months. The total cost to complete modifications to computer hardware and software was £1,135,000 of which £664,000 has been expensed in the 1999 accounts with the remainder incurred in respect of new equipment that has been capitalised.

Fixed assets:
The directors believe the market value of the company's freehold properties is not materially different from the balance sheet value.

Contracts:
The nature of the share ownership of The Press Association means that there are commercial relationships between the company and its shareholders. Some members of the board are also directors of shareholder companies. The board has established rules to deal with conflicts of interest when they arise, and in such situations the director withdraws from the meeting while the particular matter is discussed. In the board's opinion, there are no contracts with customers in which the directors have a personal interest, that require disclosure in the financial statements.

Statement of directors' responsibilities:
Company law requires the directors to prepare financial statements for each financial year, in accordance with applicable United Kingdom Accounting Standards, which give a true and fair view of the affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period.

In preparing these financial statements, the directors have:

- *selected suitable accounting policies and applied them consistently*
- *made judgments and estimates that are reasonable and prudent*
- *followed applicable accounting standards*
- *prepared the financial statements on a going concern basis*

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

Auditors:
The Auditors, PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Approved by the board on 24 March 2000

Richard Marjoribanks Secretary

Auditors' report to the shareholders of The Press Association Ltd:

We have audited the financial statements on pages 16 to 31.

Respective responsibilities of directors and auditors:
The directors are responsible for preparing the Annual Report. As described on page 13, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion:
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. 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 company's circumstances, consistently applied and adequately disclosed.

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

Opinion:
In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 1999 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
24 March 2000

Group profit and loss account:

for the year ended 31 December

	Notes	1999 £000	1999 £000	1998 £000	1998 £000
Turnover: group and share of joint ventures	1		59,789		55,992
Less: share of joint ventures' turnover			(7,411)		(6,317)
Group turnover					
Continuing operations		43,087		37,157	
Discontinued operations		9,291		12,518	
			52,378		49,675
Other operating income	2		433		161
			52,811		49,836
Staff costs	2		(30,150)		(28,567)
Depreciation	2		(3,400)		(3,158)
Other operating charges	2		(16,790)		(17,386)
Operating profit / (loss)	1,3				
Continuing operations		1,528		(64)	
Discontinued operations		943		789	
			2,471		725
Share of operating profits in joint ventures	5		1,693		1,618
Operating profit including joint ventures	1		4,164		2,343
Profit on sale of subsidiaries	6	18,350		-	
Goodwill previously eliminated against reserves		(7,593)		-	
Net profit on sale of subsidiaries			10,757		-
Interest receivable	7		1,030		513
Interest payable			(13)		(10)
Profit on ordinary activities before taxation			15,938		2,846
Tax on profit on ordinary activities	8		(5,422)		(1,529)
Profit for the financial year			10,516		1,317
Dividend	9		(15,000)		-
Retained (loss) / profit for the financial year	18		(4,484)		1,317

Statement of total group recognised gains and losses:

for the year ended 31 December

	Notes	1999 £000	1998 £000
Retained profit / (loss) for the financial year:	18		
Group		(5,258)	470
Share of profit in joint ventures		774	847
		(4,484)	1,317
Goodwill reinstated on sale of subsidiaries		7,593	-
Currency translation difference on investment in joint venture	11	90	(85)
Total recognised gains and losses relating to the year		3,199	1,232

Group balance sheet:

as at 31 December

	Notes	1999 £000	1999 £000	1998 £000	1998 £000
Fixed assets:					
Tangible assets	10		22,303		24,803
Investment in joint ventures	11				
Share of gross assets		2,644		2,269	
Share of gross liabilities		(2,587)		(2,012)	
		57		257	
Loans		1,220		715	
			1,277		972
			23,580		25,775
Current assets:					
Stocks		54		130	
Debtors	13	4,781		12,301	
Short term deposits		32,990		4,106	
Cash		1		221	
		37,826		16,758	
Creditors:					
Amounts falling due within one year	14	(25,860)		(9,564)	
Net current assets			11,966		7,194
Total assets less current liabilities			35,546		32,969
Provisions for liabilities and charges:					
Other provisions	16		(104)		(726)
Net assets			35,442		32,243
Capital and reserves:					
Called up share capital	17		7,965		7,965
Profit and loss account	18		27,477		24,278
Equity shareholders' funds	19		35,442		32,243

These financial statements were approved by the board on 24 March 2000

Sir Harry Roche Director **Steven Brown** Director

Company balance sheet:
as at 31 December

	Notes	1999 £000	1998 £000
Fixed assets:			
Tangible assets	10	14,877	15,102
Investment in subsidiary undertakings	12	12,342	12,342
		27,219	27,444
Current assets:			
Debtors	13	303	21,700
Short term deposits		32,990	4,106
Cash		307	36
		33,600	25,842
Creditors:			
Amounts falling due within one year	14	(26,817)	(2,646)
Net current assets		6,783	23,196
Total assets less current liabilities		34,002	50,640
Provisions for liabilities and charges:			
Other provisions	16	-	(607)
Net assets		34,002	50,033
Capital and reserves:			
Called up share capital	17	7,965	7,965
Profit and loss account	18	26,037	42,068
Equity shareholders' funds	19	34,002	50,033

These financial statements were approved by the board on 24 March 2000

Sir Harry Roche Director **Steven Brown** Director

Group cash flow statement:

for the year ended 31 December

	Notes	1999 £000	1998 £000
Net cash inflow from operating activities:	21	10,442	612
Dividends from joint ventures		1,065	992
Return on investment and servicing of finance	22	840	352
Taxation paid		(1,996)	(495)
		10,351	1,461
Capital expenditure and financial investment:			
Payments for tangible fixed assets		(3,647)	(4,721)
Receipts from sale of tangible fixed assets		252	62
		(3,395)	(4,659)
Acquisitions and disposals:			
Sale of subsidiaries	24	22,699	-
Net cash sold with subsidiaries		(121)	-
Payment of deferred consideration		(400)	(350)
Payments in respect of joint ventures		(505)	(355)
		21,673	(705)
Financing:			
Issue of loan stock		277	242
Redemption of loan stock		(242)	-
		35	242
Net cash inflow / (outflow) before management of liquid resources		28,664	(3,661)
Management of liquid resources:			
Movement in short term deposits with banks		(28,884)	3,477
Increase / (decrease) in cash		(220)	(184)
Reconciliation of net cash flow to movement in net funds:			
Increase / (decrease) in cash		(220)	(184)
Increase / (decrease) *in short term deposits*		28,884	(3,477)
Increase / (decrease) in net funds		28,664	(3,661)
Net funds at 1 January		4,327	7,988
Net funds at 31 December	23	32,991	4,327

Accounting policies:

Basis of accounting:
The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. Certain comparatives have been restated to comply with revised presentation requirements.

Basis of consolidation:
The group accounts are a consolidation of the audited financial statements of the company and its subsidiaries, the principal ones of which are listed in note 12. Goodwill, representing the excess of cost over the fair value of assets acquired, is capitalised and amortised over its useful life. No profit and loss account is presented for The Press Association Limited as provided by S230 of the Companies Act 1985.

Turnover:
Turnover comprises sales of news and other information, new media services, and communication and distribution services.

Taxation:
The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision is made under the liability method for deferred taxation only to the extent that it is probable that the tax will become payable in the foreseeable future.

Depreciation:
Depreciation of fixed assets is provided, from the date assets are acquired, on a straight line basis calculated to write off each asset over the term of its useful life, at the following rates:

Freehold premises	2%
Building plant and equipment	5% - 10%
Other equipment and motor vehicles	20% - 33%

Joint ventures:
Joint ventures comprise investments in undertakings where the group holds an interest on a long-term basis and jointly controls the commercial and financial policy of the venture with one or more other venturers under a contractual arrangement. The group share of the result of its investment in a joint venture is included in the consolidated profit and loss account. In the consolidated balance sheet the investment in the joint venture is included at the group share of the net assets of the venture at the year end.
On acquisition, the excess of the cost of the investment over the group share of the net assets attributed to the holding is capitalised as goodwill and amortised over its useful life.

Foreign currencies:
Assets and liabilities denominated in foreign currency are translated into sterling at the rate of exchange at 31 December. Exchange differences arising from the restatement of the net investment in overseas joint ventures are taken directly to reserves. The trading results of overseas joint ventures are translated into sterling using the average exchange rate for the period and the difference in relation to closing rates is taken directly to reserves. All other currency differences are dealt with in the profit and loss account.

Pensions:
The group operates defined benefit schemes available to the majority of its employees, under which contributions are paid by group companies and employees to provide pension and other benefits expressed in terms of percentage of pensionable salary. The contribution payments made by the group are charged against profits on a basis that seeks to spread the cost over the average of the estimated working lives of all its contributing employees. The group also operates defined contribution schemes for a small number of senior employees.

Leasing:
Rentals payable under operating leases are charged to the profit and loss account as incurred.

Notes to the financial statements:

		1999			1998		
		Continuing £000	Dis-continued £000	Total £000	Continuing £000	Dis-continued £000	Total £000
1	**Segmental reporting:**						
	Turnover including joint ventures						
	News and information	46,730	-	46,730	39,946	-	39,946
	Communications, distribution and fulfilment	3,768	9,291	13,059	3,528	12,518	16,046
	Total						
	- Group	43,087	9,291	52,378	37,157	12,518	49,675
	- Joint ventures	7,411	-	7,411	6,317	-	6,317
	Operating profit / (loss) including joint ventures						
	News and information	2,861	-	2,861	1,372	-	1,372
	Communications, distribution and fulfilment	360	943	1,303	182	789	971
	Total						
	- Group	1,528	943	2,471	(64)	789	725
	- Joint ventures	1,693	-	1,693	1,618	-	1,618

The group share of net assets in joint ventures is disclosed in note 11 and relates solely to the news and information segment of the business.

		Continuing £000	Dis-continued £000	Total £000	Continuing £000	Dis-continued £000	Total £000
2	**Staff costs, depreciation and other operating income and charges:**						
	Wages and salaries	22,493	3,883	26,376	18,875	6,193	25,068
	Social security costs	1,761	342	2,103	1,517	485	2,002
	Other pension costs	1,596	75	1,671	1,347	150	1,497
		25,850	4,300	30,150	21,739	6,828	28,567
	Depreciation	2,912	488	3,400	2,372	786	3,158
	Other operating income	433	-	433	161	-	161
	Other operating charges	12,045	4,745	16,790	9,580	7,806	17,386

Notes to the financial statements:

		1999 £000	1998 £000
3	**Profit on ordinary activities before taxation:**		
	Operating profit / (loss) is stated after charging		
	Group audit fee	45	45
	Company audit fee	8	8
	Payments to the auditors for non-audit services	304†	30
	Operating lease rentals		
	- land and buildings	661	534
	- motor vehicles and other equipment	359	383
	Loss on sale of tangible fixed assets	79	55

†£74,000 is included against the profit on sale of subsidiaries.

		1999 £000	1998 £000
4	**Directors and employees:**		
	Group emoluments of the company's directors		
	Aggregate emoluments excluding amounts payable under the long term incentive plan	1,071*	585
	Amounts payable on termination of the long term incentive plan	815	-
	Amounts in respect of the highest paid director		
	Emoluments excluding amounts payable under the long term incentive plan	468*	182
	Amounts payable on termination of the long term incentive plan	310	-

**Amounts include bonuses payable in respect of the gain on sale of subsidiaries.*

At the year end the highest paid director had an accrued pension entitlement of £78,500 pa (1998 £70,000 pa). Retirement benefits are accruing to four directors under defined benefit schemes. Payments totalling £14,000 (1998 £26,300) were made in respect of two directors to a defined contributions scheme.

	1999 Number	1998 Number
Average number of directors and staff employed by the group during the year		
News and information	905	833
Communications, distribution and fulfilment	364	373
	1,269	1,206

4 **Directors and employees** (continued):

The group operates a main and an executive pension scheme for its employees. Both schemes are of the defined benefit type and have assets in separate trustee administered funds. The group also operates defined contribution schemes for a small number of senior executives and directors.

Formal actuarial valuations of the main pension scheme are carried out triennially by Lane Clark & Peacock, consulting actuaries, using the projected unit method. The most recent investigation was carried out as at 31 December 1996. The principal assumptions adopted in the valuation were that, over the long term:

- the annual rate of return on investments would be 8.25% pa;
- the growth in pensionable pay would be 6.5% pa;
- inflation would be 4% pa;
- increases in pensions would be 4% pa;
- expenses of management would be 1% of pensionable pay;
- assets would be notionally re-invested wholly in UK equities; and
- increases in dividends, taken net to reflect the removal of ACT credits, would be 4.75% pa.

The market value of the fund's assets at 31 December 1996 was £69.5 million, and the actuarial value of those assets represented 117.8% of the value of the benefits accrued to members allowing for expected future increases in earnings and pensions.

The regular pension cost that the 1996 investigation revealed as being needed from the group companies and members was 19.15% of the pensionable pay of members. Members contribute at a rate of 6% of pensionable pay. The pension costs included in note 2, equivalent to 9% of such pay, are net of the group's share of the surplus amortised on the percentage-of-payroll spreading method. The contributions paid by the group to the fund have always equalled pension costs, so there is no prepayment or provision under the main scheme in regard to pensions to be included in the balance sheet.

Formal actuarial valuations of the executive scheme are carried out triennially by Legal & General Actuarial Services using the projected unit method. The most recent valuation was carried out at 1 January 1997. At that date the market value of the assets of the scheme was £970,000 and this represented 70% of the assessed accrued liabilities. The valuation assumed investment yields of 8% pa, growth in pensionable earnings of 6% pa and inflation of 4% pa. Following further informal actuarial advice received since that time, basic contributions are being made at the rate of 23.4% of pensionable earnings. Additional contributions are being made in order to ensure that the scheme will satisfy the minimum funding requirement which was introduced by the Pensions Act 1995.

The main assumptions used to calculate the 1999 pension cost were investment yields of 7.5% pa before retirement and 6% pa after retirement, salary increases of 6% pa and pension increases of 4% pa. Assets were assessed at market value. The deficit has been spread over the assumed average remaining service life of members using a straight-line write-down method. The assessed pension cost for the year was £434,000 of which £108,000 was accrued at the year end.

Contributions to defined contribution arrangements totalled £32,200 (1998 £26,300) of which £18,200 (1998 nil) was accrued at the year end.

The group has no material liability for post-retirement benefits other than pensions.

Notes to the financial statements:

			1999 £000	1998 £000
5	**Income from interest in joint ventures:**			
	Share of profit before taxation in joint ventures		1,693	1,618
	Canada NewsWire results included above			
	Turnover		6,232	5,342
	Profit before tax		2,133	1,882
	Taxation		(952)	(840)
	Profit after tax		1,181	1,042

		Two-Ten Communi-cations £000	Tellex Monitors £000	Total £000
6	**Profit on sale of subsidiaries:**			
	Gain on sale of subsidiary net of tangible assets sold (note 24)	13,874	4,476	18,350
	Goodwill previously written off against reserves	(6,293)	(1,300)	(7,593)
		7,581	3,176	10,757
	Tax	2,437	1,044	3,481

		1999 £000	1998 £000
7	**Interest receivable:**		
	Interest on deposits	1,030	513
8	**Tax on profits on ordinary activities:**		
	Corporation tax		
	Current year at 30.25% (1998 31%)	4,780	890
	Payments in respect of losses claimed from joint ventures	139	195
	Double tax relief	(533)	(508)
	Underprovision in respect of previous years	19	74
	Tax credits on franked investment income	-	17
		4,405	668
	Overseas tax	98	90
	Share of joint ventures' taxation	919	771
		5,422	1,529
9	***Dividend:***		
	Equity dividend		
	Final dividend proposed 188.32 pence per share (1998 nil)	15,000	-

	Freehold Property £000	Long Leasehold Property £000	Computers and Other Equipment £000	Total £000
10 **Tangible assets:**				
GROUP				
Cost				
At 1 January 1999	16,080	304	23,651	40,035
Additions during the year	-	139	3,508	3,647
On sale of subsidiaries	-	(37)	(6,555)	(6,592)
Disposals during the year	-	-	(656)	(656)
At 31 December 1999	16,080	406	19,948	36,434
Depreciation				
At 1 January 1999	997	44	14,191	15,232
Provided during the year	216	11	3,173	3,400
On sale of subsidiaries	-	(20)	(4,156)	(4,176)
Adjustments for disposals	-	-	(325)	(325)
At 31 December 1999	1,213	35	12,883	14,131
Net book value				
At 31 December 1999	14,867	371	7,065	22,303
At 31 December 1998	15,083	260	9,460	24,803
COMPANY				
Cost				
At 1 January 1999 and 31 December 1999	16,080	-	88	16,168
Depreciation				
At 1 January 1999	997	-	69	1,066
Provided during the year	216	-	9	225
At 31 December 1999	1,213	-	78	1,291
Net book value				
At 31 December 1999	14,867	-	10	14,877
At 31 December 1998	15,083	-	19	15,102

Notes to the financial statements:

		1999 £000	1998 £000
11	**Investment in joint ventures:**		
	Share of net assets		
	At 1 January	257	487
	Profit / (loss) on exchange	90	(85)
	Share of retained net losses after dividends paid of £1,064,000 (1998 £992,000)	*(290)*	*(145)*
	At 31 December	57	257
	Loans		
	At 1 January	715	410
	Movement in the year	505	305
	At 31 December	1,220	715
	Total investment in joint ventures	1,277	972

The joint ventures are as follows

Company	Activity	Parent and Group Interest in Ordinary Shares and Voting Rights
Canada NewsWire Ltd *(incorporated in Canada)*	Communications and distribution	50%
PA Sporting Life Ltd	On-line sports information	50%
Racing Pages Ltd	Horse racing data and information	44%
PA WeatherCentre Ltd	Meteorological data and information	50%

During the year group companies provided services to the joint ventures amounting to *£568,000* (1998 £640,000), and incurred cost of sales of £39,000 (1998 £32,000). Amounts due from, and to, joint ventures at the year-end are included in debtors and creditors (see notes 13 and 14).

	1999 £000	1998 £000
Analysis of group share of net assets in Canada NewsWire		
Fixed assets	507	356
Current assets	1,477	1,225
Liabilities due within less than one year	(774)	(666)
	1,210	915

		1999 £000	1998 £000
12	**Investment in subsidiary undertakings:**		
	Cost		
	At 1 January and 31 December	12,342	12,342

The principal trading subsidiary undertakings are as follows

Company	Activity	Parent and Group Interest in Ordinary Shares and Voting Rights
PA News Ltd	News	100%
Two-Ten Communications Ltd	Response and fulfilment	100%

		Group 1999 £000	Group 1998 £000	Company 1999 £000	Company 1998 £000
13	**Debtors:**				
	Trade debtors	3,177	10,059	12	-
	Amount owed by subsidiary undertakings	-	-	1	21,541
	Amount owed by joint ventures	83	598	-	-
	Other debtors	348	338	92	-
	Prepayments and accrued income	1,173	1,306	198	159
		4,781	12,301	303	21,700
14	**Creditors: amounts falling due within one year:**				
	Trade creditors	431	810	2	1
	Amount owed to subsidiary undertakings	-	-	7,617	1,046
	Amount owed to joint ventures	-	88	-	-
	Corporation tax	2,608	547	80	335
	Other taxes and social security	1,503	2,366	431	70
	Other creditors	3,064	643	3,186	414
	Accruals and deferred income	2,977	4,468	224	138
	Loan stock	277	242	277	242
	Dividend proposed	15,000	-	15,000	-
	Deferred consideration	-	400	-	400
		25,860	9,564	26,817	2,646

Notes to the financial statements:

		Group 1999 £000	Group 1998 £000	Company 1999 £000	Company 1998 £000
15	**Deferred taxation:**				
	At 1 January and 31 December	-	-	-	-
	Deferred tax asset not recognised in the accounts calculated on the full provision method				
	Fixed asset timing differences	250	146	85	112
	Other timing differences	513	304	482	238
		763	450	567	350

A potential liability of £382,000 (1998 £395,000) exists in respect of taxation arising on the disposal of a group property deferred indefinitely due to the acquisition of a replacement property.

		Long-term Incentive Plan £000	Insurance £000	Total £000
16	**Other provisions:**			
	GROUP			
	At 1 January 1999	607	119	726
	Transfer from profit and loss account	911	-	911
	Utilised in the year	-	(15)	(15)
	Transferred to creditors	(1,518)	-	(1,518)
	At 31 December 1999	-	104	104
	COMPANY			
	At 1 January 1999	607	-	607
	Transfer from profit and loss account	911	-	911
	Transferred to creditors	(1,518)	-	(1,518)
	At 31 December 1999	-	-	-

The long-term incentive plan was wound up as at 31 December 1999. The total payments due to be made under the scheme in 2000 are included in creditors. The insurance provision is in respect of potential claims against the group concerning libel or other error or misstatement to the extent that these are not covered by insurance policies.

		1999 £000	*1998* £000
17	**Called up share capital:**		
	7,965,000 (8,000,000 authorised) ordinary shares of £1 each fully paid	7,965	7,965

		Group £000	Company £000
18	**Profit and loss account:**		
	At 1 January 1999	24,278	42,068
	Currency translation	90	-
	Goodwill reinstated on sale of subsidiaries	7,593	-
	Retained profit / (loss) for the year	(4,484)	(16,031)
	At 31 December 1999	27,477	26,037

Included in the group profit and loss account is a retained loss of £106,000 (1998 profit of £94,000) in respect of retained earnings of the joint ventures. Cumulative goodwill written off against group reserves is £12,967,000 (1998 £20,560,000).

		Group 1999 £000	Group 1998 £000	Company 1999 £000	Company 1998 £000
19	**Reconciliation of movements in equity shareholders' funds:**				
	Profit for the financial year	(4,484)	1,317	(16,031)	710
	Goodwill reinstated on sale of subsidiaries	7,593	-	-	-
	Currency translation difference on investment in joint venture	90	(85)	-	-
	Net addition / (reduction) to equity shareholders' funds	3,199	1,232	(16,031)	710
	Opening equity shareholders' funds	32,243	31,011	50,033	49,323
	Closing equity shareholders' funds	35,442	32,243	34,002	50,033

		1999 £000	1998 £000
20	***Financial commitments:***		
	Operating lease commitments		
	The group is committed to make the following payments next year under operating leases		
	Land and buildings, leases expiring		
	Within one year	-	14
	One to five years	-	20
	Beyond five years	575	502
		575	536
	Motor vehicles and equipment, leases expiring		
	Within one year	67	25
	One to five years	256	262
		323	287

Notes to the financial statements:

		1999 £000	1998 £000
21	**Reconciliation of group operating profit to net cash flow from operating activities:**		
	Continuing operations		
	Operating profit / (loss)	1,528	(64)
	Depreciation charge	2,913	2,372
	(Decrease) / increase in provisions	(622)	134
	Loss on sale of tangible fixed assets	79	55
	(Increase) / decrease in stocks	(37)	4
	Decrease / (increase) in debtors	2,608	(3,056)
	Increase in creditors (note 16)	2,071	790
		8,540	235
	Discontinued operations		
	Operating profit	943	789
	Depreciation charge	487	786
	Decrease in stocks	69	13
	Decrease / (increase) in debtors	606	(1,751)
	(Decrease) / increase in creditors	(203)	540
		1,902	377
		10,442	612
22	**Return on investment and servicing of finance:**		
	Interest received	853	362
	Interest paid	(13)	(10)
		840	352

		1 January 1999 £000	Cash flow £000	31 December 1999 £000
23	**Analysis of net funds:**			
	Cash	221	(220)	1
	Short term deposits	4,106	28,884	32,990
	Net funds	4,327	28,664	32,991

At 31 December 1999 short term deposits include £14 million (1998 £1.1 million) that matures within 4 weeks. The remainder matures within five (1998 seven) months. Short term deposits include all funds that are not immediately available to the group without interest penalty.

24 **Sale of subsidiaries:**

a) On 7 June 1999, the group sold Two-Ten Communications Ltd, a wholly-owned subsidiary, for £17.5 million in cash. Prior to the sale, Two-Ten's response and fulfilment business was transferred out of the company into a new wholly-owned subsidiary that continues to operate under the same name.

b) On 16 December 1999, the group sold Tellex Monitors Ltd, a wholly-owned subsidiary, for £6.2 million in cash. An amount of £450,000 is receivable in 2000.

	Two-Ten Communi-cations £000	Tellex Monitors £000	Total £000
Net assets disposed of			
Tangible fixed assets	1,693	723	2,416
Stocks	17	27	44
Debtors	1,932	2,464	4,396
Cash / (overdraft) sold with subsidiaries	475	(354)	121
Corporation tax	(335)	(133)	(468)
Creditors	(1,522)	(1,791)	(3,313)
	2,260	936	3,196
Net profit on sale of subsidiaries	7,581	3,176	10,757
Goodwill previously written off to reserves	6,293	1,300	7,593
	16,134	5,412	21,546
Satisfied by			
Cash consideration	17,456	5,750	23,206
Disposal costs	(490)	(17)	(507)
Cash inflow on sale of subsidiaries	16,966	5,733	22,699
Accrued disposal costs net of deferred consideration	(832)	(321)	(1,153)
	16,134	5,412	21,546

Other cash movements in the period prior to sale			
Payments for tangible fixed assets	514	194	708
Taxation paid	-	44	44

25 **Post balance sheet event**

On 1 February 2000 the group structure was reorganised in order to prepare the customer-orientated new media business for sale by competitive tender.

Five year financial summary:

for the year ended 31 December

	1999 £000	1998 £000	1997 £000	1996 £000	1995 £000
Results:					
Turnover including group share of joint ventures	59,789	55,992	48,383	42,421	41,620
Operating profit / (loss) including joint ventures	4,164	2,343	1,439	(1,692)	1,966
Profit before taxation*	5,181	2,846	2,605	119	2,445
Profit attributable to ordinary shareholders*	3,240	1,317	1,363	203	2,135
Net assets:					
Fixed assets	23,580	25,775	24,254	28,653	31,983
Net current assets	11,966	7,194	7,749	3,164	1,841
Long term creditors	-	-	(400)	(800)	(105)
Provisions	(104)	(726)	(592)	(490)	(1,180)
	35,442	32,243	31,011	30,527	32,539
Profit before tax as a percentage of turnover*	8.7%	5.1%	5.4%	0.3%	5.9%
Earnings per ordinary share*	40.7p	16.5p	17.1p	2.6p	26.8p

**These figures exclude the 1999 capital gains and the 1995 income earned on special reserve funds.*

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