

HEMSCOTT PLC

Annual Report 2003

Registered number: 27883 (England & Wales)



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**Hemscott is a leading supplier of
high quality business and financial
information solutions to professional,
retail and corporate customers**

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Hemscott has proved itself in the most demanding trading conditions

I am pleased to present Hemscott's full year results for 2003 and to report that your company is making real progress.

A year ago I said we were emerging from a long and testing economic downturn with our weight firmly on the front foot. That confidence has been justified by our results – an increase in year on year sales of 24%, without incurring any rise in total costs, is a performance of which we are very proud.

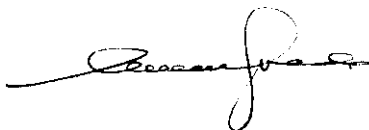
Business Information continues to be the driving force. Improved performances from both data sales and investor relations confirm the strength of Hemscott's core businesses. A first-time contribution from the Directory of Directors acquisition and the continuing success of the Premium subscription website show that the company also has the ability to grow both by acquisition and innovation.

This time last year we reported early signs of a stabilising of the Media side of the business, correctly anticipating that Hemscott would be an early beneficiary of any upturn in marketing budgets. Sales grew during the year as advertisers understood the attraction of reaching our user base of high net worth individuals, many of whom also make important purchasing decisions in their own businesses.

There is growing confidence in financial markets and in the wider business world. Our strategy is to capitalise on this by creating and selling more innovative products to a wider range of blue-chip customers, while continuing to contain our cost base.

Hemscott has proved itself in the most demanding trading conditions. These remain competitive and the hard work and commitment of your company's management and staff remain key as we take the next crucial steps towards a profitable future.

We look forward to 2004 with growing confidence.



Michael Grade

Chairman

20 February 2004

Revenue generating areas

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Hemscott is moving steadily towards sustainable positive cashflow and profitability

Hemscott has continued to make substantial progress in 2003. Again, we achieved strong growth in revenues and contained our costs. As a result the pre-tax loss for the year was reduced by 53%.

Hemscott is moving steadily towards sustainable positive cashflow and profitability. Both divisions of the company – business information and media – contributed to this excellent result.

Pre-tax losses have been reduced from £2.4m in 2002 to £1.1m due to a 24% rise in sales from £5.2m to £6.4m and a 2% reduction in the total cost base. This demonstrates that our scalable business model allows increases in revenues to flow directly to the bottom line. The cost base has been managed without affecting the quality of the services we provide or in any way compromising on investment and development of new products and services.

The EBITDA loss (see note 2 to the accounts) was significantly reduced from £1.9m to £0.5m and we improved our gross margin from 46% to 52%.

There was a material improvement in net cashflow during the year. For the first six months of the year, cash outflow amounted to £947,000 including £258,000 to acquire Directory of Directors from Reed Elsevier. In the second half this outflow had substantially reduced to £234,000, a 76% reduction over the same period last year.

At the year end, your company had net cash of £6.1m compared to £6.3m at 30 June 2003 and £7.2m at the end of 2002.

The Group has the following revenue streams:

Business Information

- Data Sales - The provision of financial and business information.
- Corporate Investor Relations Websites - The provision of financial information and related services for corporate investor relations websites and intranets.

Media

- Advertising
- Online Publishing

An award winning company, McCarthy & Stone designs, builds and sells retirement homes. In 2003, Hemscott developed a new complete corporate website for the company, including hosting and maintenance.

The website was designed specifically to be accessible to the company's target clients, comprising mainly older users of 60 years plus in age. The site includes a full investor relations centre, a content management system to enable the company to control certain content themselves, and an area in which to promote McCarthy & Stone's properties.

"When we initially approached Hemscott our requirements were to gain outside expertise in on-line IR. Once this work had been completed, we were sufficiently impressed with both the quality of work and Hemscott's depth of design knowledge that we asked them to look at our Internet presence in totality. The solution they delivered met our brief very comprehensively and as a result, enquiry levels from the site have increased over 100% year-on-year."

James Poxon, Executive Marketing & Communications Director, McCarthy & Stone

"With Hemscott Guru Academic, The Open University has found a long-term solution which offers a state-of-the art business research resource for both its students and staff alike. The way the service operates is also ideal for distance learning. It provides comprehensive, detailed and accurate company information in an easily accessible and searchable format which can be readily incorporated into their research."

Richard Harris, Director of Resources and Planning, The Open University Business School

Track Data Corporation provides direct access brokerage, real-time financial market data, news, and research for financial institutions and private individuals. Founded in 1981, Track Data is a publicly traded company (Nasdaq: TRAC) based in New York City, with offices around the US and in London.

"Hemscott provides Track Data with up to date and accurate UK company information. We are able to offer this information to traders in a format which makes the data immediately available to them in real time as it is updated. That it is also accurate, clearly displayed and with Hemscott's help, seamlessly integrated into our myTrack and proTrack products, has enhanced the value of the service to our users for whom the importance of current and reliable data is immeasurable."

Ray Foreman, General Manager - European Operations, Track Data

Business Information

2003 was a year of continued progress in Business Information, our largest division. Sales increased by 27% from £4.0m to £5.1m, including a first time contribution from Directory of Directors and a full year of revenue from our Premium subscription website which was launched in July 2002.

This is the third year in a row that Business Information has reported annual sales growth in excess of 25%, an impressive result particularly in testing and competitive markets.

Business Information, which enjoys high levels of annually recurring income, accounted for 79% of group sales in 2003.

Data Sales

A growing recognition of the quality and depth of our data and our innovative range of products has been reflected in a number of important contract wins during 2003. We are delighted to have signed an enterprise-wide agreement with KPMG LLP, one of the UK's largest professional services firms, for the provision of our leading online research tool, Hemscott Company Guru. We now have over 90 Guru customers and the usage of this service has doubled over the past year.

The Guru service with its access to our renowned database and sophisticated searching functionality has now become an essential business tool. We also signed a bespoke data outsourcing contract with Hewitt Bacon & Woodrow, part of the global human resources consulting firm, Hewitt Associates.

The Directory of Directors acquisition, completed in January 2003, includes details of over 12,000 companies and 40,000 directors and confirms Hemscott's position as the leading supplier of UK directors' profiles.

Our suite of data tools continued to be enhanced. During 2003, Guru Academic, a customised version of Company Guru for business schools and universities, was launched. Full biographies from the extensive Directory of Directors database are now available for the first time in Company Guru.

In October 2003, we launched Hemscott Premium Plus, building on the introduction in 2002 of our first subscription website, Hemscott Premium. Premium Plus offers a more extensive range of research tools, access to the Hemscott database and real-time streaming share prices, news and data. The Premium product line has been very successful in its first full year of operation and continues to gain momentum.

Benfield Group is an independent reinsurance intermediary and risk advisory company which floated successfully on the London Stock Exchange in June 2003. Benfield chose Hemscott to develop its first online investor relations centre which adheres to Best Practice guidelines and is incorporated into the company's existing site.

"The transfer from private to public company was assisted by the presence of the online investor relations solution from the day of flotation. In meeting all our deadlines, Hemscott made sure this part of the process of flotation went smoothly. Since then, we're happy to have received positive feedback and increased traffic to our website."

**Julianne Jessup, Head of Investor Relations,
Benfield Group plc**

Corporate Investor Relations Websites

2003 was another exciting year for our online investor relations business. We remain the market leader in this expanding area, with a blue-chip client list that includes more than 35% of the companies in the FTSE 100. New clients include Reed Elsevier and BAA.

We continued to widen the scope of our investor relations offering, now providing a fully outsourced service that includes design, copywriting, building and hosting and maintenance of client websites. Our services also include annual report conversions, providing a more user-friendly service than traditional pdf versions of existing hard copy reports. We have developed considerable expertise in website accessibility for the partially sighted and other disadvantaged groups as legislation on usability is expected to increase demand in this area during 2004.

The revival of the new issues market helped us win business from newly-floated companies such as Benfield Group, Wolfson Electronics, Kesa Electricals, and Center Parcs. Our webcasting offering was enhanced during the year and we are now able to offer greater interactivity, helping clients gain important feedback on the information needs and preferences of site visitors.

Media

The Media division, which includes advertising on our website, hemscott.com, and Online Publishing, recovered from a soft market in 2002 as our attractive user base was targeted by increasingly confident advertisers. Media sales increased from £1.2m to £1.3m, representing 21% of group turnover.

Advertising

Revenue from campaign advertising rose sharply, as financial advertisers were increasingly supplemented by new areas such as luxury cars and information technology.

Hemscott users are high net worth individuals, making them attractive to advertisers of higher priced consumer goods. We carried advertisements from Jaguar and BMW as well as business-to-business advertising from companies including T-Mobile, Microsoft and Intel.

Online Publishing

The recovery in the stockmarket from the March 2003 low provided an improving backdrop for our online publishing activities. Hemscott Analyst, our share recommendations service, enjoyed rising subscriber numbers in the second half of the year as private investors began to regain their optimism.

Chief Executive Officer's Review

Continued

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"I am very satisfied with the service from Hemscott Premium. It has helped me greatly in choosing suitable shares to invest in. It has been a successful year for my investments, for which I am indebted to Hemscott Premium."

Ms P Vickers, Private Investor

Finmedia Limited

(formerly known as Dairy Brands New Zealand Limited)

As shareholders are aware, in the spring Dairy Brands New Zealand made an offer of 15p per share for the entire share capital of Hemscott plc. The independent directors advised shareholders that 15p materially undervalued the business and that they should take no action. These results support that advice.

Board Change

On 16 January 2004 Natalie Newton, the Chief Financial Officer stepped down from the Board and resigned from the company in order to relocate with her family to South Africa. The Board has instigated a search process to find a permanent replacement.

Current Trading

2004 has started well with a record level of renewals and contracted revenue. We have won a number of new clients in both our Corporate Investor Relations Website and Data Sales divisions. We are benefiting from the upturn in the advertising market and revenue from our retail subscription base continues to grow.

Future

I am pleased to report that Hemscott is making progress in all areas of the business.

We expect demand for our high quality data to continue to grow regardless of stockmarket conditions, but we are happy to note increased stability and optimism in the markets after a long and testing period.

Companies continue to realise the importance of effective communication with their shareholders and their corporate websites will play an increasing role in this area.

2003 was a watershed year for the Media side of the business. We anticipate further progress in 2004 for Advertising sales and Online Publishing as the economic environment improves.

We look forward to the future with confidence and enthusiasm.

Rosalyn Wilton
2

Rosalyn Wilton

Chief Executive Officer

20 February 2004

An extensive, keenly priced resource that offers in-depth research information

Hemscott Company Guru

Hemscott Company Guru is an online company research resource for business. It provides continuously updated financial data and director biographical information with sophisticated powerful search functionality. A variety of modules are available to clients including quoted company, private company and news cuttings. The search engine allows clients to interrogate the data, view detailed company reports and download data for further evaluation or as contact lists.

In 2003, Company Guru underwent a number of major developments. Two notable advances were the launch of Company Guru Academic and the integration of Directory of Directors information into the service.

Company Guru Academic was developed in association with EduServ and the Association of Business Schools, two leading bodies in the academic sector. Company Guru Academic is an extensive, keenly priced resource that offers in-depth research information tailored for student and alumni research. Academic institutions across the UK now offer the service to staff and students alike.

Directory of Directors provides detailed biographical profiles with associated photographs where available of the 40,000 directors from 12,000 leading UK companies. This unique information has been integrated into the Company Guru service. Directory of Directors is also available in print.

The core Company Guru service was also enhanced in 2003 by the addition of new search functionality, a redesign of data screens, the addition of facilities to download profit and loss, balance sheet and cashflow data to Excel and to download search results.

Company Guru clients include AON, Whitehead Mann and KPMG LLP.

Hemscott.com voted 'Best Research & Information Provider' in the Investors Chronicle Awards 2003

Hemscott Premium Services

Launched in 2002, Hemscott Premium is a subscription website service, providing a comprehensive online investment research resource for private and corporate investors. It provides up-to-date information of the highest quality and key tools for evaluation.

Following the successful launch of Hemscott Premium, an enhanced service was launched in October 2003. Hemscott Premium Plus offers an even greater range of sophisticated tools and data. The service was developed in response to customer feedback and offers a number of valuable resources for the sophisticated investor and those managing larger portfolios.

Key features of Hemscott Premium Plus include pdf Company Facts reports, providing a single page c.v. of all key company information, news event graphing to evaluate the effect of news on share price, Excel downloads of data and real-time price, trade and news information.

Bespoke Data Services

The Hemscott proprietary database comprises up to 21 years of uniquely detailed and complete information about the financial activities and directors of UK and Irish listed companies. Hemscott provides to a variety of business clients bespoke sets of this data, which can be used for integration into databases, websites and intranets or developed into products for resale. These fully flexible solutions allow clients to select from detailed company fundamentals, share price information, director's details, share dealings and holdings, broker research and news and analysis. The data is delivered in a variety of ways including raw data files and hosted internet pages in the client's look and feel. Full technical support is provided, including data integration and hosting.

2003 saw the addition of detailed timely interim and preliminary results to the Hemscott database. This data gives clients immediate and detailed information about the financial progress of companies during the financial year and prior to the annual report being released.

Number One provider of corporate investor relations websites in the UK

Corporate Investor Relations Websites

Hemscott provides tailored online investor relations solutions and corporate websites to public companies. It leads the market, with over 315 clients and over 35% of FTSE 100 companies choosing Hemscott to provide these vital services.

2003 was a highly progressive year in terms of the products and services offered to this market, with a number of new tools and resources being made available.

The Hemscott Desktop Analyst was launched in April 2003 to allow investors visiting client sites to compare and contrast key information about a company using a variety of charts and analysis options. Also in April, Hemscott launched its News Publisher resource, enabling clients to selectively publish company news from over 170 key sources on corporate websites or intranets.

Later in the year, Hemscott launched its Interactive Annual Reports service, delivering client reports online in HTML, including intuitive search capabilities, easy navigation and the opportunity to download key data into Excel for further research. Also introduced in 2003 was the Hemscott Total Shareholder Return charting tool, which allows visitors to a client website to view both the change in share price and dividends received over the past five financial years.

In addition, Hemscott also offered the U.S. Securities and Exchange Commission filings data for the first time in May 2003, enabling dual-listed companies, such as Astra Zeneca, to display this information on their websites.

Hemscott One was voted the fourth most popular website in MORI survey of Captains of British Industry

Advertising

Hemscott operates a leading financial website, Hemscott One (www.hemscott.com), which provides information for private investors, business executives and professional investors.

Hemscott One is highly regarded in the investment community and was voted 'Best Research and Information Provider' in the Investors Chronicle Investment Awards, 2003. This is the third year running that the site has won this accolade.

In a recent MORI Survey of Captains of British Industry, Hemscott One was visited by over a third of those polled and was the fourth most popular website used. This demonstrates the site's importance to top business leaders.

This robust platform enables Hemscott to offer a range of managed online advertising and direct marketing programmes to target the Hemscott One audience of high net worth individuals.

Online Publishing

Hemscott provides two highly regarded newsletters for private investors. These are delivered by email and bring subscribers timely share recommendations and analysis several times a week.

Hemscott Analyst delivers share recommendation and analysis by email directly to the desktops of subscribers at least three times a week. The service provides a valuable combination of in-depth fundamental analysis with technical analysis, including exclusive research using the Hemscott database.

Hemscott Chart Insight undertakes technical analysis of shares that subscribers would like to see reviewed. The service delivers analysis of the most requested share price charts by email at least twice a week.

The group ended the year
in a strong financial position
with cash of £6.1 m

Results

Turnover increased 24% to £6.4m for the year ended 31 December 2003 from £5.2m in 2002. Turnover from Business Information of £5.1m showed a strong growth of 27% over the previous year, whilst the general upturn in the advertising market helped Media to grow by 15% after a downturn of 42% in the previous year.

The first six months of the year saw a healthy increase in turnover compared to the same period in 2002. Turnover of £3.2m for the first half year was up 29% on the same period in 2002 with the fastest growth coming from Business Information. Revenue from Directory of Directors was also included in the first six months. The second half of the year showed a 20% growth over the second half of 2002.

Total costs of £7.8m were 2% lower than in 2002. Continued focus on holding down costs helped to ensure that the revenue increase of £1.2m flowed straight through to the bottom line. Our strategy of reusing data and software enabled additional sales to be delivered without material increases in costs, generating an increase in the gross profit margin to 52% in 2003 from 46% in 2002.

The pre-tax loss for the year of £1.1m showed a 53% improvement on the 2002 loss of £2.4m.

Taxation

As a result of losses in the year, the group has no liability to UK taxation. There are approximately £14.6m of tax losses available to be utilised in future years and under FRS 19, the benefit of these losses has not been provided for in these accounts.

Capital Expenditure

Capital expenditure in the year of £0.4m comprised the purchase of computer hardware and internally built software relating to specific products.

Media
21%

Business
Information
79%

In 2003, Business Information turnover
accounted for 79% of total turnover

Business Information turnover continues to
grow

Cash Flow and Financing

The net cash outflow of £1.2m, which this year included £0.3m relating to the acquisition, was £0.9m better than last year, a 44% improvement, due to reduced losses in the year and good cash management. As a result, the group ended the year in a very strong financial position with cash of £6.1m.

The group's cash is invested in short term deposits and current accounts with major banks and building societies. The treasury strategy is controlled through a treasury committee, comprising the Chief Executive Officer and Chief Financial Officer, and operates in accordance with documented policies and procedures approved by the board.

Going Concern

The directors consider, on the basis of current financial projections, that the group has adequate resources to continue operations for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the financial statements.

20 February 2004

Michael Grade C.B.E. ♦ ■ ◆

Non-Executive Chairman

Chief Executive Channel Four Television Company Limited 1988-1997.
Chief Executive First Leisure Corporation PLC 1998-1999.
Executive Chairman of Pinewood and Shepperton Studios and
Chairman of Camelot Group PLC. A director of Charlton Athletic
Football Club. Age 60.

Rosalyn Wilton

Chief Executive Officer

Director of GNI 1983-1984, Managing Director Drexel Burnham
Lambert 1984-1990 and Non-Executive Director of LIFFE 1985-1990.
Managing Director of Reuters Transaction Services Limited 1992-1998
and a member of Reuters' Executive Committee 1997-1999. Short-listed
for Business Woman of the Year in 1996. Non-executive director of
Scottish Widows' Fund and Life Assurance Society 1997-2000. Age 52.

Stephen Roche

Chief Technology Officer

Began in IT at Standard Telephones & Cables 1974, Computer
Manager for Systems and Strategy at British Gas 1978-1989, Manager
Business Systems Solutions, Legal & General 1990-1995. From 1995,
as a consultant, worked with major UK businesses including RAC,
mmO2, Marks & Spencer, Trafficmaster, Virgin and Norwich Union.
Since March 2000 at Hemscott. Currently responsible for technology,
product development and marketing. Age 52.

Charles Jillings ♦ ■ ◆

Non-Executive Director

Director of Hill Samuel Bank Limited in corporate finance 1994-1995.
Director of The Analysis and Research Company Limited which acts
as a consultant to Finmedia Limited which has a substantial
shareholding in Hemscott Plc. Sits on the board of a number of UK
companies. Age 48.

Winston Fletcher ♦ ■ ◆

Non-Executive Director

Founded Fletcher Shelton Delaney Limited, a marketing and advertising
consultancy, in 1974. Chairman and chief executive of the UK group of
Ted Bates Inc. 1983-1985. Founded Delaney Fletcher Delaney Limited in
1985 which was sold to Bozell Jacobs Kenyon & Eckhart Inc. in 1989.
Chairman of BJKE Holdings Limited 1997-2000. Age 66.

♦ Member of the Audit Committee

■ Member of the Remuneration Committee

◆ Member of the Nomination Committee

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

Principal Activities

The principal activities of the group are:

Business Information

Data Sales - the provision of financial and business information; and

Corporate Investor Relations Websites - the provision of financial information and related services for corporate investor relations websites and intranets.

Media

Advertising and Online Publishing.

Review of Business

The Chairman's Statement on page 1, the Chief Executive Officer's Review on pages 4 to 7 and the Financial Highlights on pages 12 and 13 report on the activities, performance and likely future developments of the group. The results for the year are set out in the Consolidated Profit and Loss Account on page 25 to the Consolidated Balance Sheet is set out on page 26.

Results and Dividends

The audited accounts for the year ended 31 December 2003 are set out on pages 25 to 37. The group's loss for the year was £1,136,000 (2002 : £2,404,000). No interim dividend was paid (2002 : £nil) and the directors do not recommend the payment of a final dividend (2002 : £nil).

Directors

The directors who held office during the year were as follows:

Name	Position	Date of Appointment	Date of Resignation
Michael Grade	Non-Executive Chairman	15 August 2000	
Rosalyn Wilton	Chief Executive Officer	15 August 2000	
Natalie Newton	Chief Financial Officer	22 July 2002	16 January 2004
Stephen Roche	Chief Technology Officer	19 July 2001	
Winston Fletcher	Non-Executive Director	15 August 2000	
Charles Jillings	Non-Executive Director	28 July 1999	

Details of directors' interests are provided in the Remuneration Report on pages 20 to 22.

Election of Directors

The directors who are standing for election at the Annual General Meeting are Stephen Roche and Charles Jillings who, in accordance with the company's Articles of Association, retire by rotation.

Supplier Payment Policy

The group's policy is to pay suppliers within their normal terms of settlement. The average payment period for suppliers at 31 December 2003 was 58 days (2002 : 57 days).

Fixed Assets

Movements in fixed assets are set out in notes 10, 11 and 12 to the financial statements.

Charitable and Political Donations

Charitable donations of £100 were made during in the year (2002 : nil). No political donations were made during the year (2002 : nil).

Research & Development

The group constantly engages in the enhancement of existing and the development of new products and services.

Substantial Shareholdings

As at 20 February 2004 the following substantial shareholdings have been notified to the company:

Name	Ordinary Shares Held	% Held
Finmedia Ltd	17,701,277	55.08
Invesco Asset Management Limited	3,052,198	9.50
Intrinsic Value	1,800,000	5.60
Société Generale Asset Management	1,497,867	4.66

The Analysis and Research Company Limited ("ARC"), a company of which Charles Jillings is a director, acts as a consultant from time to time to Finmedia Ltd.

Employees

The group places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings.

The group operates an equal opportunities policy and is opposed to any form of less favourable treatment afforded on the grounds of, for example, disability, gender, race, sexual orientation or religion.

Auditors

On 1 August 2003, Deloitte & Touche, the Company's auditors, transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor and authorise the directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the board

Nick Sarker

Secretary

20 February 2004



Hemscott is committed to high standards of corporate governance and, although not required to comply under the AIM rules, supports the Principles of Good Governance and the Code of Best Practice ("the Combined Code"). In this section of the report, therefore, Hemscott voluntarily sets out the extent to which the Combined Code has been applied.

The Board

The board currently comprises two executive directors and three non-executive directors including the chairman.

All of the non-executive directors, with the exception of Charles Jillings, are independent and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. Charles Jillings is a director of The Analysis and Research Company Limited which from time to time acts as a consultant to Finmedia Limited, which has a substantial shareholding in the company.

The company complies with section 1 of the Combined Code except, given the small size of the board and the strength and experience of the non-executive directors, the board does not believe that the appointment of a senior non-executive director is required in addition to the Chairman. The board holds eight meetings a year and arranges to meet at other times as appropriate. There is a formal schedule of matters specifically reserved to the board for decision and approval, and the board is supplied in a timely manner with the necessary information to discharge its duties, including being supplied with regular sales and management accounts information. The directors are aware that if necessary, in the furtherance of their duties, they may seek independent professional advice at the cost of the company, and all directors have access to the advice and services of the company secretary. All directors of the company are subject to retirement, nomination and re-appointment at least every three years. Stephen Roche and Charles Jillings will be retiring by rotation and will be standing for re-election at the Annual General Meeting.

Internal Control

The board is responsible for maintaining a sound system of internal control. The board's measures are designed to manage, not eliminate risk and such a system provides reasonable but not absolute assurance against material misstatement or loss. The board has considered the need for an internal audit function and considers that the requirement can be met through ongoing reviews undertaken by the board, the executive directors and the existing finance, legal and compliance functions within the company.

Some key features of the internal control system are:

- (i) Management accounts information, budgets, forecasts and business risk issues are regularly reviewed by the executive directors who meet every week.
- (ii) The company has operational, accounting and employment policies in place.
- (iii) There is a clearly defined organisational structure and there are well-established financial reporting and control systems.
- (iv) The company prepares comprehensive annual budgets and detailed monthly accounts with review of variances against both budget and prior years, which are reviewed by the board.
- (v) In January 2004 the board undertook a thorough review to identify, evaluate and manage significant risks facing the company. The measures in place to deal with business risks are reviewed regularly.

Board Committees

The board of directors has established the following committees:

(i) Audit Committee

This committee's members are Charles Jillings (Chairman), Winston Fletcher and Michael Grade.

All are non-executive directors. The audit committee is responsible for the co-ordination of the annual audit, monitoring the integrity of the financial statements of the company, and monitoring and reviewing the external auditor's independence, objectivity and effectiveness. The audit committee is also responsible for reviewing the requirement for an internal control function. The committee meets twice a year and reports to the full board.

(ii) Remuneration Committee

This committee's members are Michael Grade (Chairman), Charles Jillings and Winston Fletcher.

All are non-executive directors. It meets as required and at least annually to consider all aspects of the remuneration of the executive directors of the company and its subsidiaries. The remuneration of the non-executive directors is considered by the board following recommendations by the executive directors. No director participates in setting his or her own remuneration. The Directors' Remuneration Report is set out on pages 20 to 22.

(iii) Nomination Committee

This committee's members are Michael Grade (Chairman), Winston Fletcher and Charles Jillings.

All are non-executive directors. The nomination committee is responsible for making recommendations to the board on new board appointments.

The chairmen of the audit, remuneration and nomination committees are available to answer questions at the Annual General Meeting.

Communications and Relationship with Shareholders

The board is accountable to shareholders for the performance and activities of the company. The company encourages two way communication with both its institutional and private investors.

Executive directors met with 24 analysts and institutional investors in 2003. All shareholders have at least twenty one clear days' notice of the Annual General Meeting at which the directors are introduced and are available for questions.

In addition, the company communicates with shareholders in a timely manner by way of interim and preliminary results, annual reports and accounts and the company's website.

The terms of reference and composition of the Remuneration Committee are set out on page 19.

The company's remuneration policy is designed to attract, retain and motivate high calibre individuals. In framing the package for any individual, full consideration is given to the Combined Code.

The report is divided into separate sections for audited and unaudited information.

Audited Information

The emoluments of the directors for the year, charged to the consolidated profit and loss account on page 25, are shown below:

	2003 Salary/Fee/Benefits £'000	2003 Bonuses £'000	2003 Total £'000	2002 Total £'000
Michael Grade	35	-	35	35
Rosalyn Wilton	200	20	220	200
Natalie Newton (2002 : from 22 July 2002)	77	9	86	40
Stephen Roche	150	15	165	150
Winston Fletcher	18	-	18	18
Charles Jillings	18	-	18	18
Kevin O'Byrne (2002 : to 31 August 2002)	-	-	-	76
Christopher Stainforth (2002 : to 31 August 2002)	-	-	-	20
	498	44	542	557

Rosalyn Wilton, Natalie Newton and Stephen Roche received private health insurance cover during the year.

Natalie Newton resigned as a director on 16 January 2004.

Directors' Interests

The interests of the directors and their immediate families in the ordinary shares of 5p each of the company, including options granted but not yet exercised under the Executive Share Option Scheme and by separate agreement were as shown in the following tables. There were no changes in the interests of the directors or their immediate families in the issued share capital of the Company between 1 January 2004 and 20 February 2004.

Shareholdings:	At 31 December 2003	At 31 December 2002
Michael Grade	35,000	-
Rosalyn Wilton	112,222	62,222
Stephen Roche	38,888	8,888
Winston Fletcher	200,000	100,000

Options:

	At 1 Jan 2003 or Subsequent Date of Appointment	Lapsed	Granted 29 Sep 2003	At 31 Dec 2003	Exercise Price (p)	Date at Which First Exercisable	Expiry Date
Michael Grade	68,140	(68,140)	-	-	112.5	15/08/2001 ¹	21/03/2010
Rosalyn Wilton	60,000	(60,000)	-	-	50.0	15/08/2001	23/07/2011
	153,343	(153,343)	-	-	50.0	15/08/2001	17/06/2011
	853,371	(853,371)	-	-	50.0	28/02/2002 ²	17/06/2011
	1,574,612	(1,574,612)	-	-	82.5	15/08/2001 ³	17/06/2011
	97,344	(97,344)	-	-	112.5	15/08/2001 ³	17/06/2011
			216,667	216,667	26.5	⁵	28/09/2013
			216,667	216,667	26.5	⁵	28/09/2013
			216,666	216,666	26.5	29/09/2005	28/09/2013
			66,667	66,667	27.5	⁵	28/09/2013
			66,667	66,667	27.5	⁵	28/09/2013
			66,666	66,666	27.5	29/09/2005	28/09/2013
			41,667	41,667	35.5	⁵	28/09/2013
			41,667	41,667	35.5	⁵	28/09/2013
			41,666	41,666	35.5	29/09/2005	28/09/2013
Natalie Newton	40,000	(40,000)	-	-	50.0	15/08/2001 ³	23/07/2011
	20,000	(20,000)	-	-	82.5	15/08/2001 ³	23/07/2011
			33,334	33,334	26.5	⁵	28/09/2013
			33,334	33,334	26.5	⁵	28/09/2013
			33,332	33,332	26.5	29/09/2005	28/09/2013
			16,667	16,667	27.5	⁵	28/09/2013
			16,667	16,667	27.5	⁵	28/09/2013
			16,666	16,666	27.5	29/09/2005	28/09/2013
Stephen Roche	52,566	(52,566)	-	-	50.0	15/08/2001	23/07/2011
	7,434	(7,434)	-	-	50.0	28/02/2002	23/07/2011
	45,132	(45,132)	-	-	50.0	28/02/2002	17/06/2011
	157,696	(157,696)	-	-	50.0	28/02/2003 ⁴	17/06/2011
	282,297	(282,297)	-	-	82.5	15/08/2001 ³	17/06/2011
	97,344	(97,344)	-	-	112.5	15/08/2001 ³	17/06/2011
			83,334	83,334	26.5	⁵	28/09/2013
			83,334	83,334	26.5	⁵	28/09/2013
			83,332	83,332	26.5	29/09/2005	28/09/2013
			33,334	33,334	27.5	⁵	28/09/2013
			33,334	33,334	27.5	⁵	28/09/2013
			33,332	33,332	27.5	29/09/2005	28/09/2013
Winston Fletcher	34,070	(34,070)	-	-	112.5	15/08/2001 ¹	31/05/2010

¹ Exercisable in three equal tranches on 15 August 2001, 15 August 2002 and 15 August 2003

² Exercisable in four equal tranches on 28 February 2002, 28 February 2003, 28 February 2004 and 28 February 2005

³ Exercisable in five equal tranches on 15 August 2001, 28 February 2002, 28 February 2003, 28 February 2004 and 28 February 2005

⁴ Exercisable in three equal tranches on 28 February 2003, 28 February 2004 and 28 February 2005

⁵ Exercisable based on the achievement of certain performance criteria

Directors' Remuneration Report

Continued

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Under the terms of the Executive Share Option Scheme, all options lapse six months after a change in control of the company. As Finmedia Ltd obtained effective control of the company on 16 May 2003, the outstanding options from the Executive Share Option Scheme would have lapsed on 16 November 2003. The company granted new share options on 29 September 2003 to the executive directors and certain employees who surrendered their old options which would have lapsed pursuant to the change of control.

No options were exercised in 2003.

Natalie Newton gave up all her options when she resigned from the company on 16 January 2004.

The market price of the ordinary shares at 31 December 2003 was 45.0p and the range during the year was 15.5p to 45.0p

Unaudited Information

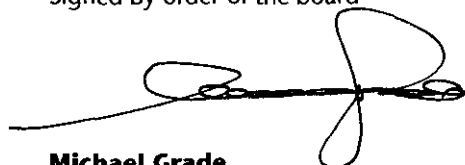
Service Agreements

The executive directors have service agreements that can be terminated by either party giving not less than six months' written notice. Where the company is subject to a change of control, the company must give the executive directors 12 months notice of termination, and any payment in lieu of notice in such circumstances will be no less than the aggregate of all salary, bonuses and other benefits received by the relevant director in the 12 months prior to the notice of termination.

The company has a letter of appointment with Michael Grade as non-executive chairman for an annual fee of £35,000 terminable by either party and with Winston Fletcher as a non-executive director for an annual fee of £18,000 terminable by either party.

The company has a letter of appointment with The Analysis and Research Company Limited ("ARC"), a company of which Charles Jillings is a director, the principal terms of which are that ARC agrees to provide the services of Charles Jillings as a non-executive director of Hemscott plc for an annual fee of £18,000 for an indefinite period terminable by notice by either party or if Charles Jillings ceases to be a director.

Signed by order of the board

A handwritten signature in black ink, appearing to be 'Michael Grade', written over a horizontal line.

Michael Grade

Director

20 February 2004

Financial Statements including Adoption of Going Concern Basis

United Kingdom Company Law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

In preparing the financial statements, the directors are required to:

- *select suitable accounting policies and apply them consistently;*
- *make judgements and estimates that are reasonable and prudent and state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.*

Other Matters

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

To the Members of Hemscott plc

We have audited the financial statements of Hemscott plc for the year ended 31 December 2003 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the parts of the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 with the company and other members of the group is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section including the unaudited part of the directors' remuneration 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 Opinion

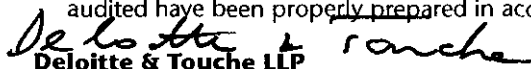
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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 and the parts of the directors' remuneration report described as having been audited.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2003 and of the loss of the group for the year then ended;
- the financial statements and part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

20 February 2004

Consolidated Profit & Loss Account

For the year ended 31 December 2003

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	Note	2003 £'000	2002 £'000
Turnover	2	6,419	5,157
Cost of sales		(3,053)	(2,809)
Gross profit		3,366	2,348
Operating expenses including goodwill amortisation	3	(4,745)	(5,115)
Operating loss		(1,379)	(2,767)
Interest receivable and similar income	4	243	363
Loss on ordinary activities before taxation	5	(1,136)	(2,404)
Taxation on ordinary activities	8	-	-
Retained loss for the financial year	19	(1,136)	(2,404)

	Note	2003	2002
Loss per ordinary share – basic & diluted	9	(3.5p)	(7.5p)
Loss per ordinary share – adjusted	9	(2.7p)	(6.7p)

The group's results are derived from continuing operations.

There are no recognised gains or losses other than those shown above for both the current and preceding year.

Consolidated Balance Sheet

At 31 December 2003

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	Note	2003 £'000	2002 £'000
Fixed assets			
Goodwill	10	1,683	1,692
Tangible assets	11	1,033	1,232
		2,716	2,924
Current assets			
Debtors - amounts falling due within one year	13	1,059	976
Debtors - amounts falling due after more than one year	13	502	502
Cash at bank and in hand	14	6,061	7,242
		7,622	8,720
Creditors: amounts falling due within one year	15	(4,138)	(4,308)
Net current assets		3,484	4,412
Net assets		6,200	7,336
Capital and reserves			
Called-up share capital	17	1,607	1,607
Share premium account	19	9,606	9,606
Capital redemption reserve	19	186	186
Other reserve	19	(2,596)	(2,596)
Profit and loss account	19	(2,603)	(1,467)
Shareholders' funds - equity	19	6,200	7,336

Approved by the board on 20 February 2004 and signed on its behalf by:

Rosalyn Wilton - Chief Executive Officer



Company Balance Sheet

At 31 December 2003

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	Note	2003 £'000	2002 £'000
Fixed Assets			
Investments	12	20,195	17,973
		20,195	17,973
Current assets			
Debtors - amounts falling due within one year	13	-	110
Debtors - amounts falling due after more than one year	13	-	-
Cash at bank	14	6	2,849
		6	2,959
Creditors: amounts falling due within one year	15	(476)	(471)
Net current assets		(470)	2,488
Total assets less current liabilities		19,725	20,461
Creditors: amounts falling due after more than one year	16	(7,190)	(7,746)
Net assets		12,535	12,715
Capital and reserves			
Called-up share capital	17	1,607	1,607
Share premium account	19	9,606	9,606
Capital redemption reserve	19	186	186
Other reserve	19	1,534	1,534
Profit and loss account	19	(398)	(218)
Shareholders' funds - equity	19	12,535	12,715

Approved by the board on 20 February 2004 and signed on its behalf by:

Rosalyn Wilton - Chief Executive Officer



Consolidated Cash Flow Statement

For the year ended 31 December 2003

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	Note	2003 £'000	2002 £'000
Net cash outflow from operating activities		(926)	(2,154)
Returns on investments and servicing of finance			
Interest received		278	369
Net cash inflow from returns on investments and servicing of finance		278	369
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(375)	(429)
Net cash outflow from capital expenditure and financial investment		(375)	(429)
Acquisitions and disposals			
Acquisition of business		(258)	
Disposal of investments held for resale	20	100	100
Net cash (outflow)/inflow from acquisitions and disposals		(158)	100
Net cash outflow before management of liquid resources		(1,181)	(2,114)
Management of liquid resources			
(Increase)/reduction in short term cash deposits		(722)	3,852
Net cash (outflow)/inflow from management of liquid resources		(722)	3,852
(Decrease)/increase in cash		(1,903)	1,738

Reconciliation of operating loss to net cash outflow from operations

	2003 £'000	2002 £'000
Operating loss	(1,379)	(2,767)
Goodwill amortisation	267	242
Depreciation	594	633
Increase in debtors	(218)	(111)
Decrease in creditors	(193)	(151)
Loss on disposal of fixed assets	3	-
Net cash outflow from operating activities	(926)	(2,154)

Reconciliation of net cash flow to movement in net funds

	Note	2003 £'000	2002 £'000
(Decrease)/increase in cash	21	(1,903)	1,738
Increase/(decrease) in liquid resources	21	722	(3,852)
Movement in net funds	21	(1,181)	(2,114)
Opening net funds	21	7,242	9,356
Closing net funds	21	6,061	7,242

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the principal group accounting policies adopted by the directors which have been applied consistently throughout the year and the preceding year is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Basis of consolidation

With effect from 15 August 2000, the company, then named Bridgend Group PLC, became the legal parent company of Hemscott Holdings Limited and its subsidiary undertakings in a share for share transaction. Due to the relative values of the companies, reverse acquisition accounting was adopted as the basis of consolidation. Bridgend Group PLC has been brought into the consolidation from 15 August 2000, the date of the reverse acquisition, at fair values at that date and the reserves of the group are based on the pre-combination reserves of the Hemscott Holdings Limited group.

Turnover

Turnover, the portion of invoicing that relates to the financial reporting period, represents amounts receivable from customers for goods and services provided in the normal course of business, net of VAT and other sales-related taxes. Sales under contracts covering future periods, which are invoiced quarterly or annually in advance, are deferred and credited to the profit and loss account over the period to which they relate.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life of ten years. Provision is made for any impairment. Goodwill arising on the reverse acquisition of Bridgend Group PLC was written off to the profit and loss account in the year ended 31 December 2000.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, as follows:

- *Short leasehold properties - over the term of the lease*
- *Computer equipment and software - three years*
- *Fixtures and fittings - three years*

Investments

Fixed asset investments are shown at cost less provision for any impairment.

Taxation

UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

There is no effect on either the current year's results or the previous year's results on the adoption of FRS 19 'Deferred taxation'.

Foreign currency

Transactions in foreign currency are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange at that date. These translation differences are dealt with in the profit and loss account.

Leases

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received or receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Website development costs

Design and content development costs are capitalised to the extent that they lead to the creation of an enduring asset, which delivers benefits at least as great as the amount capitalised. If there is insufficient evidence upon which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the costs of developing the design and content are charged to the profit and loss account as incurred.

2. Segmental information and reconciliation of financial measures

Turnover	2003 £'000	2002 £'000
Business Information	5,080	3,990
Media	1,339	1,167
	6,419	5,157

Business information includes turnover from Data Sales and Corporate Investor Relations Websites. Media includes turnover from Advertising and Online Publishing. Business Information turnover for the year included £200,000 relating to the Directory of Directors, a business acquired in January 2003.

In the opinion of the directors it is not practicable to determine the operating loss and net assets by business class principally because of the significant amount of costs shared across all areas of the business.

Geographical analysis

All net assets are owned by, and the turnover and operating losses are made by, companies located in the United Kingdom. No significant overseas sales are made.

EBITDA	2003 £'000	2002 £'000
Pre-tax loss	(1,136)	(2,404)
Interest receivable	(243)	(363)
Depreciation	594	633
Amortisation of goodwill	267	242
EBITDA	(518)	(1,892)

EBITDA has been calculated and disclosed as the directors consider it gives a more comparable indication of the underlying trading performance of the group.

3. Operating expenses

	2003 £'000	2002 £'000
Selling and marketing costs	1,874	2,289
Administrative expenses	2,871	2,826
	4,745	5,115

Administrative expenses include goodwill amortisation of £267,000 (2002: £242,000).

4. Interest receivable and similar income

	2003 £'000	2002 £'000
Bank interest receivable	223	321
Other interest receivable	20	42
	243	363

5. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:	2003 £'000	2002 £'000
Depreciation on owned assets	594	633
Amortisation of goodwill	267	242
Research and development	121	122
Hire of plant and machinery	12	14
Other operating lease rentals	467	467
Fees paid to auditors – audit fees	32	34
– non audit fees	3	-

Audit fees paid to auditors include £6,000 (2002: £6,000) relating to the audit of the Company.

6. Staff costs

The average number of persons (including directors) employed:	2003 number	2002 number
Sales and marketing	32	35
Content and editorial	32	28
Information technology	38	41
Administration	15	19
	117	123

Staff costs (including directors):	2003 £'000	2002 £'000
Wages and salaries	3,889	4,540
Social security costs	444	464
	4,333	5,004

7. Directors

Directors' emoluments included within staff costs:	2003 £'000	2002 £'000
Emoluments	542	557

Information in respect of directors' remuneration and share interests is contained within the directors' report on remuneration on pages 20 to 22.

8. Taxation

(a) Taxation liability

As a result of losses in the year, the group has no liability to UK taxation (2002 : £nil). At 31 December 2003, the group had losses available for carry forward of approximately £14,624,000 (2002 : £12,890,000) and the benefit of future capital allowances in excess of depreciation of £2,000,000 (2002: £1,600,000). A deferred tax asset amounting to £4,640,000 (2002 : £4,347,000) has not been recognised in the accounts.

(b) Factors affecting tax charge for period

	2003 £'000	2002 £'000
Loss on ordinary activities before taxation	(1,136)	(2,404)
Tax at the standard rate of UK corporation tax at 30%	(341)	(721)
Effects of:		
Depreciation in excess of capital allowances	132	155
Amortisation of goodwill	80	72
Permanent differences	7	9
Losses utilised	-	(2)
Losses not utilised	122	487
Current tax charge for period	NIL	NIL

9. Loss per share

The basic loss per share is calculated by dividing the losses attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Reconciliation of losses and weighted average number of shares used in the calculations are set out in the following table:

	Losses £'000	2003 Weighted average no. shares (000)	Loss per share (pence)	Losses £'000	2002 Weighted average no. shares (000)	Loss per share (pence)
Basic and diluted	1,136	32,136	3.5	2,404	32,136	7.5
Goodwill amortisation	(267)	-	(0.8)	(242)	-	(0.8)
Adjusted	869	32,136	2.7	2,162	32,136	6.7

The adjusted loss per share excludes the effect of goodwill amortisation to give a fairer presentation of trading performance.

10. Goodwill

	£'000
Cost	
At 1 January 2003	2,418
Additions	258
As of 31 December 2003	2,676
Amortisation	
At 1 January 2003	726
Charge for year	267
At 31 December 2003	993
Net book value at 31 December 2003	1,683
Net book value at 31 December 2002	1,692

Notes to the Accounts

Continued

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11. Tangible fixed assets

	Short leasehold property £'000	Computer equipment & software £'000	Fixtures & fittings £'000	Total £'000
Cost				
At 1 January 2003	745	2,042	194	2,981
Additions	-	398	-	398
Disposals	-	(133)	(27)	(160)
At 31 December 2003	745	2,307	167	3,219
Depreciation				
At 1 January 2003	187	1,398	164	1,749
Charge for the year	74	491	29	594
Disposals	-	(130)	(27)	(157)
At 31 December 2003	261	1,759	166	2,186
Net book value at 31 December 2003	484	548	1	1,033
Net book value at 31 December 2002	558	644	30	1,232

Additions to computer equipment and software includes identifiable direct wage costs incurred developing the software supporting certain products of £282,000 (2002: £331,000).

12. Investments

Company fixed asset investments:

	Shares in group undertakings £'000	Loans to group undertakings £'000	Total £'000
Cost			
At 1 January 2003	19,178	21,971	41,149
Additions	-	3,033	3,033
Disposals/Repayments	(2,699)	(2,146)	(4,845)
At 31 December 2003	16,479	22,858	39,337
Provisions for impairment			
At 1 January 2003	(4,591)	(18,585)	(23,176)
Disposals/Repayments	2,142	1,892	4,034
At 31 December 2003	(2,449)	(16,693)	(19,142)
Net book value at 31 December 2003	14,030	6,165	20,195
Net book value at 31 December 2002	14,587	3,386	17,973

The company's principal trading subsidiaries at 31 December 2003 were:

	Country of incorporation	Principal activity	Holding %
Hemscott Group Limited*	England and Wales	Sale of business information, provision of corporate investor relations websites and media services	100
Hemscott Investment Analysis Limited*	England and Wales	Regulated under the Financial Services and Markets Act 2000 to provide investment advice and related services	100

* indirectly held by Hemscott plc

13. Debtors

	2003 £'000	Group 2002 £'000	2003 £'000	Company 2002 £'000
Amounts falling due within one year				
Trade debtors	814	551	-	-
Other debtors	39	142	-	100
Prepayments and accrued income	206	283	-	10
	1,059	976	-	110

Amounts falling due after more than one year

Other debtors	502	502	-	-
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Other debtors consists of a rent deposit on the head office property, returnable at the end of the lease term.

14. Financial instruments

	2003 £'000	Group 2002 £'000	2003 £'000	Company 2002 £'000
Floating rate financial assets	6,061	7,242	6	2,849

Floating rate financial assets comprise sterling cash balances. There are no fixed rate financial assets. There are no borrowings. Financial assets denominated in foreign currency are not material.

The group does not enter into derivative transactions and does not trade in financial instruments. As permitted, short term debtors and creditors arising as a result of normal operations have been excluded from these disclosures.

The fair value of the group's financial assets are equal to their book values.

15. Creditors: amounts falling due within one year

	2003 £'000	Group 2002 £'000	2003 £'000	Company 2002 £'000
Trade creditors	559	590	-	-
Other taxes and social security	334	295	-	-
Accruals and deferred income	3,245	3,423	476	471
	4,138	4,308	476	471

16. Creditors: amounts falling due after more than one year

	2003 £'000	Group 2002 £'000	2003 £'000	Company 2002 £'000
Amounts owed to subsidiaries	-	-	7,190	7,746

17. Called-up share capital

	2003 £'000	2002 £'000
Authorised		
49,637,410 Ordinary shares of 5p each (2002 : 49,637,410)	2,482	2,482
Allotted, called up and fully paid		
32,136,419 Ordinary shares of 5p each (2002 : 32,136,419)	1,607	1,607

18. Share options

Options have been granted under the Hemscott Executive Share Option Scheme and by separate agreements to subscribe for shares in the company. At 31 December 2003, the following options were outstanding:

	Number of ordinary shares	Option price
Hemscott plc Executive Share Option Scheme	1,058,000	26.5p
Hemscott plc Executive Share Option Scheme	350,000	27.5p
Hemscott plc Executive Share Option Scheme	125,000	35.0p
	1,533,000	

No options were exercised during the year ended 31 December 2003.

Natalie Newton gave up all her options when she resigned from the company on 16 January 2004.

19. Movement in shareholders' funds

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve £'000	Profit and loss account £'000	2003 £'000	2002 £'000
Group							
Opening shareholders' funds	1,607	9,606	186	(2,596)	(1,467)	7,336	9,740
Retained loss for the financial year	-	-	-	-	(1,136)	(1,136)	(2,404)
Closing shareholders' funds	1,607	9,606	186	(2,596)	(2,603)	6,200	7,336
Company							
Opening shareholders' funds	1,607	9,606	186	1,534	(218)	12,715	12,780
Retained loss for the financial year	-	-	-	-	(180)	(180)	(65)
Closing shareholders' funds	1,607	9,606	186	1,534	(398)	12,535	12,715

No separate profit and loss account is prepared for the company as permitted by Section 230 of the Companies Act 1985.

20. Notes to the cash flow statement

The net cash inflow from acquisitions and disposals of £100,000 is deferred consideration received from the disposal of a subsidiary in April 2001, Kingavon Limited.

21. Reconciliation of movement in net funds

	At 1 January 2003 £'000	Cash flow £'000	At 31 December 2003 £'000
Cash at bank and in hand	2,059	(1,903)	156
Cash on short term deposit	5,183	722	5,905
Net funds	7,242	(1,181)	6,061

22. Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

Group	2003		2002	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date				
Within one year	-	1	-	7
Between two and five years	-	10	-	-
After five years	502	-	502	-
	502	11	502	7

23. Contingent liabilities

Hemscott plc has guaranteed against the non payment of rent amounting to £19,248 per annum for a property leased by a subsidiary. This guarantee was made by Bridgend Group PLC prior to the reverse acquisition which occurred in August 2000.

Hemscott plc has warranted a claim for £750,000 received by a former subsidiary company. The directors have taken advice and have concluded that such a claim is most unlikely to succeed and therefore provision has not been made for this sum.

Notice is hereby given that the Annual General Meeting of Hemscott plc will be held at the offices of KBC Peel Hunt Limited at 111 Old Broad Street, London EC2N 1PH on Tuesday, 20 April 2004 at 10.00a.m. to transact the following business:

Ordinary business

1. To receive the report of the directors, the accounts for the year ended 31 December 2003 and the report of the auditors there on.
2. To re-appoint Stephen Roche (who is retiring by rotation) as a director of the company.
3. To re-appoint Charles Jillings (who is retiring by rotation) as a director of the company.
4. To re-appoint Deloitte & Touche LLP as auditors of the company and to authorise the directors to fix the remuneration of the auditors.

By order of the board
Nick Sarker
Secretary
10 March 2004

Registered office:
Finsbury Tower
103-105 Bunhill Row
London EC1Y 8TY

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies (who need not be a member of the company) to attend and, on a poll, vote in his place. A form of proxy is enclosed for this purpose.
2. To be valid, the form of proxy duly signed, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of such power or authority or a copy certified in accordance with the Powers of Attorney Act 1971 or in some other way approved by the directors of the company), must be deposited at the office of the company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TH not less than 48 hours before the time fixed for the meeting. Completion of a form of proxy will not preclude a member from attending and voting at the meeting if he wishes so to do.
3. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders who are registered on the register of members of the company as at close of business on 18 April 2004 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after that time shall be disregarded in determining the right of any person to attend and vote at the meeting.

Resolution 1: Accounts

The directors must lay the company's accounts, the directors' report and the auditors' report before the members at a general meeting. This is a legal requirement once the directors have approved the accounts and the directors and auditors have prepared their report.

Resolutions 2 and 3: Re-appointment of directors retiring by rotation

Articles 88 and 89 of the company's Articles of Association require that one-third of the directors subject to retirement by rotation shall retire from office. The directors to retire are those who have been longest in office since their last appointment or re-appointment. Accordingly, Stephen Roche and Charles Jillings shall retire and, being eligible, offer themselves for re-appointment. Biographical details are set out in the report and accounts.

Resolution 4: Re-appointment of auditors

Deloitte & Touche LLP have expressed their willingness to continue in office. Resolution 4 proposes the re-appointment of Deloitte & Touche LLP as auditors and in accordance with normal practice, the directors should be authorised to agree the remuneration of the auditors.

Four Year Summary

For the year ended 31 December

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	2003 £'000	2002 £'000	2001 £'000	2000 £'000
Results				
Turnover	6,419	5,157	5,066	4,203
Operating loss before goodwill and exceptional items	(1,112)	(2,525)	(4,222)	(9,536)
Goodwill and exceptional items	(267)	(242)	(242)	(2,435)
Operating loss	(1,379)	(2,767)	(4,464)	(11,971)
Net interest receivable	243	363	561	280
Loss on ordinary activities before taxation	(1,136)	(2,404)	(3,903)	(11,691)
Taxation on ordinary activities	-	-	-	-
Retained loss	(1,136)	(2,404)	(3,903)	(11,691)
Loss per share *				
Basic loss per share	(3.5p)	(7.5p)	(12.1p)	(66.3p)
Add back goodwill and exceptional items	0.8p	0.8p	0.7p	13.8p
Adjusted loss per share	(2.7p)	(6.7p)	(11.4p)	(52.5p)
Net assets				
Goodwill	1,683	1,692	1,934	2,176
Tangible fixed assets	1,033	1,232	1,412	1,881
Current assets	7,622	8,720	10,829	14,972
Creditors: amounts falling due within one year	(4,138)	(4,308)	(4,435)	(5,386)
	6,200	7,336	9,740	13,643
Capital & reserves				
Share capital and share premium	11,213	11,213	11,213	29,278
Other reserves	(5,013)	(3,877)	(1,473)	(15,635)
	6,200	7,336	9,740	13,643
Net funds				
Cash at bank and in hand	6,061	7,242	9,356	12,502

* the loss per share for the year ended 31 December 2000 has been restated to take account of the 1 for 50 share consolidation which took place on 30 April 2001.

Registered office

Finsbury Tower
103-105 Bunhill Row
London EC1Y 8TY
Telephone: +44 (0)20 7496 0055
Fax: +44 (0)20 7847 1719
Corporate website: www.hemscottplc.com
Email: corpcomms@hemscott.co.uk

Registered number

27883 (England & Wales)

Company secretary

Nick Sarker

Registered auditors

Deloitte & Touche LLP
Hill House
1 Little New Street
London EC4A 3TR

Principal clearing bank

HSBC
70 Pall Mall
London SW1Y 4EY

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TH
Share registration queries: 0870 162 3100

Solicitors

Richards Butler
Beaufort House
15 St. Botolph Street
London EC3A 7EE

AIM nominated adviser and broker

KBC Peel Hunt Ltd
111 Old Broad Street
London EC2R 1PN

The terms of reference and composition of the Remuneration Committee are set out on page 19.

The company's remuneration policy is designed to attract, retain and motivate high calibre individuals. In framing the package for any individual, full consideration is given to the Combined Code.

The report is divided into separate sections for audited and unaudited information.

Audited Information

The emoluments of the directors for the year, charged to the consolidated profit and loss account on page 25, are shown below:

	2003 Salary/Fee/Benefits £'000	2003 Bonuses £'000	2003 Total £'000	2002 Total £'000
Michael Grade	35	-	35	35
Rosalyn Wilton	200	20	220	200
Natalie Newton (2002 : from 22 July 2002)	77	9	86	40
Stephen Roche	150	15	165	150
Winston Fletcher	18	-	18	18
Charles Jillings	18	-	18	18
Kevin O'Byrne (2002 : to 31 August 2002)	-	-	-	76
Christopher Stainforth (2002 : to 31 August 2002)	-	-	-	20
	498	44	542	557

Rosalyn Wilton, Natalie Newton and Stephen Roche received private health insurance cover during the year.

Natalie Newton resigned as a director on 16 January 2004.

Directors' Interests

The interests of the directors and their immediate families in the ordinary shares of 5p each of the company, including options granted but not yet exercised under the Executive Share Option Scheme and by separate agreement were as shown in the following tables. There were no changes in the interests of the directors or their immediate families in the issued share capital of the Company between 1 January 2004 and 20 February 2004.

Shareholdings:	At 31 December 2003	At 31 December 2002
Michael Grade	35,000	-
Rosalyn Wilton	112,222	62,222
Stephen Roche	38,888	8,888
Winston Fletcher	200,000	100,000

Options:

	At 1 Jan 2003 or Subsequent Date of Appointment	Lapsed	Granted 29 Sep 2003	At 31 Dec 2003	Exercise Price (p)	Date at Which First Exercisable	Expiry Date
Michael Grade	68,140	(68,140)	-	-	112.5	15/08/2001 ¹	21/03/2010
Rosalyn Wilton	60,000	(60,000)	-	-	50.0	15/08/2001	23/07/2011
	153,343	(153,343)	-	-	50.0	15/08/2001	17/06/2011
	853,371	(853,371)	-	-	50.0	28/02/2002 ²	17/06/2011
	1,574,612	(1,574,612)	-	-	82.5	15/08/2001 ³	17/06/2011
	97,344	(97,344)	-	-	112.5	15/08/2001 ³	17/06/2011
			216,667	216,667	26.5	⁵	28/09/2013
			216,667	216,667	26.5	⁵	28/09/2013
			216,666	216,666	26.5	29/09/2005	28/09/2013
			66,667	66,667	27.5	⁵	28/09/2013
			66,667	66,667	27.5	⁵	28/09/2013
			66,666	66,666	27.5	29/09/2005	28/09/2013
			41,667	41,667	35.5	⁵	28/09/2013
			41,667	41,667	35.5	⁵	28/09/2013
			41,666	41,666	35.5	29/09/2005	28/09/2013
Natalie Newton	40,000	(40,000)	-	-	50.0	15/08/2001 ³	23/07/2011
	20,000	(20,000)	-	-	82.5	15/08/2001 ³	23/07/2011
			33,334	33,334	26.5	⁵	28/09/2013
			33,334	33,334	26.5	⁵	28/09/2013
			33,332	33,332	26.5	29/09/2005	28/09/2013
			16,667	16,667	27.5	⁵	28/09/2013
			16,667	16,667	27.5	⁵	28/09/2013
			16,666	16,666	27.5	29/09/2005	28/09/2013
Stephen Roche	52,566	(52,566)	-	-	50.0	15/08/2001	23/07/2011
	7,434	(7,434)	-	-	50.0	28/02/2002	23/07/2011
	45,132	(45,132)	-	-	50.0	28/02/2002	17/06/2011
	157,696	(157,696)	-	-	50.0	28/02/2003 ⁴	17/06/2011
	282,297	(282,297)	-	-	82.5	15/08/2001 ³	17/06/2011
	97,344	(97,344)	-	-	112.5	15/08/2001 ³	17/06/2011
			83,334	83,334	26.5	⁵	28/09/2013
			83,334	83,334	26.5	⁵	28/09/2013
			83,332	83,332	26.5	29/09/2005	28/09/2013
			33,334	33,334	27.5	⁵	28/09/2013
			33,334	33,334	27.5	⁵	28/09/2013
			33,332	33,332	27.5	29/09/2005	28/09/2013
Winston Fletcher	34,070	(34,070)	-	-	112.5	15/08/2001 ¹	31/05/2010

¹ Exercisable in three equal tranches on 15 August 2001, 15 August 2002 and 15 August 2003² Exercisable in four equal tranches on 28 February 2002, 28 February 2003, 28 February 2004 and 28 February 2005³ Exercisable in five equal tranches on 15 August 2001, 28 February 2002, 28 February 2003, 28 February 2004 and 28 February 2005⁴ Exercisable in three equal tranches on 28 February 2003, 28 February 2004 and 28 February 2005⁵ Exercisable based on the achievement of certain performance criteria

Directors' Remuneration Report

Continued

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Under the terms of the Executive Share Option Scheme, all options lapse six months after a change in control of the company. As Finmedia Ltd obtained effective control of the company on 16 May 2003, the outstanding options from the Executive Share Option Scheme would have lapsed on 16 November 2003. The company granted new share options on 29 September 2003 to the executive directors and certain employees who surrendered their old options which would have lapsed pursuant to the change of control.

No options were exercised in 2003.

Natalie Newton gave up all her options when she resigned from the company on 16 January 2004.

The market price of the ordinary shares at 31 December 2003 was 45.0p and the range during the year was 15.5p to 45.0p

Unaudited Information

Service Agreements

The executive directors have service agreements that can be terminated by either party giving not less than six months' written notice. Where the company is subject to a change of control, the company must give the executive directors 12 months notice of termination, and any payment in lieu of notice in such circumstances will be no less than the aggregate of all salary, bonuses and other benefits received by the relevant director in the 12 months prior to the notice of termination.

The company has a letter of appointment with Michael Grade as non-executive chairman for an annual fee of £35,000 terminable by either party and with Winston Fletcher as a non-executive director for an annual fee of £18,000 terminable by either party.

The company has a letter of appointment with The Analysis and Research Company Limited ("ARC"), a company of which Charles Jillings is a director, the principal terms of which are that ARC agrees to provide the services of Charles Jillings as a non-executive director of Hemscott plc for an annual fee of £18,000 for an indefinite period terminable by notice by either party or if Charles Jillings ceases to be a director.

Signed by order of the board



Michael Grade

Director

20 February 2004