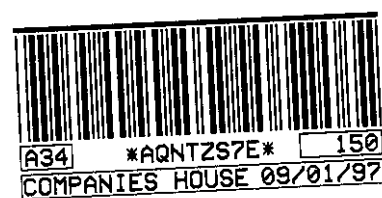


HALI PUBLICATIONS LIMITED
(Registered Number 1391142)

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 1996



HALI PUBLICATIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1996

The directors have pleasure in presenting their report and accounts for the year ended 30 June 1996.

ACTIVITIES

The principal activities of the company during the year were those of publishing and distributing magazines and books. It is intended to continue to develop these activities.

TRADING RESULTS AND DIVIDENDS

The loss after taxation for the year was £45,207 (1995 - £122,327) which, when added to the retained loss brought forward of £587,691 gives a retained loss of £632,898 to be carried forward on the profit and loss account.

The directors do not recommend the payment of a dividend.

TANGIBLE ASSETS

Details of changes in tangible assets are shown in note 9 to the accounts.

DIRECTORS

The directors who have served during the year are as follows:

GV Sherren	(Chairman)
JW Raw	
FS Ghandchi	
DL Shaffer	
H Sharman	

DIRECTORS' INTERESTS

Messrs Sherren and Raw are also directors of the ultimate parent undertaking, Centaur Communications Limited, and their interests in the shares of group undertakings are given in that company's annual report.

None of the other directors had any interest in the shares of the company during the year.

HALI PUBLICATIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1996 (CONTINUED)

DIRECTORS' RESPONSIBILITIES

The directors are required by company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit and loss of the company for that period.

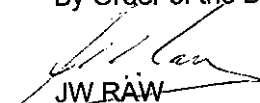
The directors confirm that suitable accounting policies supported by reasonable and prudent judgements and estimates have been used and consistently applied in the preparation of the financial statements for the year ended 30 June 1996. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Price Waterhouse have indicated their willingness to be re-appointed as auditors to the company.

By Order of the Board



JW RAW

Secretary

18 December 1996

Registered office
St Giles House
49/50 Poland Street
London W1V 4AX

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF HALI PUBLICATIONS LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements 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 the company's affairs as at 30 June 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors
London

18 December 1996

HALI PUBLICATIONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1996

	Continuing operations 1996 £	Continuing operations 1995 as restated £
TURNOVER (Notes 2(1) and 3)	1,416,163	1,328,120
Cost of sales	<u>(1,023,276)</u>	<u>(983,498)</u>
GROSS PROFIT	392,887	344,622
Distribution costs	<u>(118,143)</u>	<u>(110,345)</u>
Administrative expenses	<u>(341,533)</u>	<u>(410,300)</u>
OPERATING LOSS	(66,789)	(176,023)
Interest receivable (Note 5)	16	1,098
Interest payable (Note 6)	<u>(1,358)</u>	<u>(409)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 4)	(68,131)	(175,334)
Taxation (Note 8)	<u>22,924</u>	<u>53,007</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	(45,207)	(122,327)
RETAINED LOSS BROUGHT FORWARD	<u>(587,691)</u>	<u>(465,364)</u>
RETAINED LOSS CARRIED FORWARD	<u>(632,898)</u>	<u>(587,691)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains and losses other than those included in the losses above, and therefore no separate statement of total recognised gains and losses has been presented.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The reported losses for 1996 and 1995 are stated under the historical cost convention and therefore represent the true historical losses without the need for any adjustment.

The notes on pages 6 to 11 form part of these accounts.

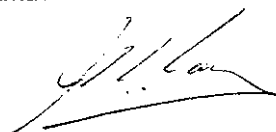
HALI PUBLICATIONS LIMITED

BALANCE SHEET - 30 JUNE 1996

	1996		1995 as restated	
	£	£	£	£
FIXED ASSETS				
Tangible assets (Note 9)		178,274		178,104
CURRENT ASSETS				
Stock (Note 10)		32,288		42,772
Debtors:				
Trade debtors		258,057		362,340
Other debtors		19,744		7,609
Prepayments		45,270		30,198
Amounts owed by group undertakings		203,118		183,319
Cash at bank and in hand		<u>5,041</u>		<u>3,910</u>
		<u>563,518</u>		<u>630,148</u>
CREDITORS (amounts falling due within one year)				
Bank overdraft (Note 15)		(9,320)		(90,553)
Trade creditors		(69,325)		(20,478)
Other creditors		(448)		-
Accruals and deferred income		(432,393)		(441,772)
Taxation and social security		(120)		(3,995)
Amounts owed to group undertakings		<u>(438,708)</u>		<u>(414,769)</u>
		<u>(950,314)</u>		<u>(971,567)</u>
NET CURRENT LIABILITIES		<u>(386,796)</u>		<u>(341,419)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(208,522)</u>		<u>(163,315)</u>
CAPITAL AND RESERVES				
Equity share capital (Note 11)		41,031		41,031
Non-equity share capital (Note 11)		<u>127</u>		<u>127</u>
Called up share capital (Note 11)		41,158		41,158
Share premium account		383,218		383,218
Profit and loss account (Note 12)		<u>(632,898)</u>		<u>(587,691)</u>
		<u>(208,522)</u>		<u>(163,315)</u>

APPROVED BY THE BOARD
ON 18 DECEMBER 1996

JW Raw
DIRECTOR



The notes on pages 6 to 11 form part of these accounts.

HALI PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1996

1 ULTIMATE PARENT UNDERTAKING AND BASIS OF ACCOUNTING

The ultimate parent undertaking, Centaur Communications Limited, which is registered in England, has confirmed that it intends to support the company to enable it to continue its activities and pay its third party liabilities, in full, as and when they fall due. Consequently these accounts have been prepared on a going concern basis.

The only consolidated accounts which include the results of the company are the consolidated accounts prepared by the ultimate parent undertaking. Copies of the consolidated accounts can be obtained from the registered office, the address of which is shown in the directors' report.

Under Financial Reporting Standard 1 - Cash Flow Statements, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a company registered in England.

2 ACCOUNTING POLICIES

The accounts, which have been drawn up under the historical cost convention in accordance with applicable accounting standards, have been prepared using the following accounting policies:

(1) Turnover

Turnover represents sales of magazines, advertising space and other revenue, excluding Value Added Tax.

(2) Depreciation

Depreciation of tangible assets is provided on a straight line basis at the following rates based on the estimated useful lives of the assets:

Leasehold improvements	10% or the length of the lease if shorter
Fixtures and fittings	10%
Computer equipment	20%
Plant and machinery	20%
Motor vehicles	25%

Depreciation is not provided on the library as the directors are of the opinion that the value of the assets concerned do not diminish with time.

(3) Stock

Stocks of finished goods are valued at the lower of cost and net realisable value. Cost comprises expenditure directly incurred in production of the stock and bringing it to its current condition and location.

Work in progress is valued as the translation, designing and production costs of books to be printed plus attributable profit to the extent that this is reasonably certain after making provision for contingencies.

HALI PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1996 (CONTINUED)

2 ACCOUNTING POLICIES (CONTINUED)

(4) Foreign currencies

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

(5) Deferred taxation

Provision is made for deferred taxation to the extent that timing differences are expected to reverse in the foreseeable future.

(6) Operating leases

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

3 SEGMENTAL REPORTING

Turnover and operating loss is attributable to the one principal activity of the company.

An analysis of turnover by market is given below:

	<u>1996</u> £	<u>1995</u> £
United Kingdom	171,356	227,892
Overseas	<u>1,244,807</u>	<u>1,100,228</u>
	1,416,163	1,328,120
	<u> </u>	<u> </u>

All net assets are located in the United Kingdom.

HALI PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1996 (CONTINUED)

4 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging/(crediting) the following amounts:

	<u>1996</u> £	<u>1995</u> £
Leasehold property rent	19,000	19,000
Hire of equipment	10,204	15,248
Depreciation of tangible assets	34,059	36,777
Wages and salaries	400,995	387,866
Social security costs	39,788	38,481
Other pension costs	7,915	11,255
Auditors' remuneration		
- Audit	4,200	4,000
- Non audit	1,750	4,200
Profit on disposal of fixed assets	<u>(5,362)</u>	<u>-</u>

The average number of employees during the year was 22 (1995: 21).

5 INTEREST RECEIVABLE

	<u>1996</u> £	<u>1995</u> £
Interest on bank accounts	<u>16</u>	<u>1,098</u>

6 INTEREST PAYABLE

	<u>1996</u> £	<u>1995</u> £
Bank loans and overdrafts	<u>1,358</u>	<u>409</u>

7 DIRECTORS' EMOLUMENTS

The aggregate emoluments, including pension contributions, of the directors were £91,386 (1995 - £89,776).

No emoluments were received by the Chairman (1995 - £Nil).

The emoluments, excluding pension contributions, of the highest paid director were £47,051 (1995 - £42,196).

HALI PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1996 (CONTINUED)

7 DIRECTORS' EMOLUMENTS (Continued)

The emoluments, excluding pension contributions, of the other directors were within the following ranges:

	1996 <u>Number</u>	1995 <u>Number</u>
Nil	2	2
£5,001 - £10,000	-	1
£35,001 - £40,000	-	1
£40,001 - £45,000	<u>1</u>	<u>=</u>

8 TAXATION

The credit for taxation comprises:

	1996 <u>£</u>	1995 <u>£</u>
Group tax relief receivable	<u>22,924</u>	<u>53,007</u>

9 TANGIBLE ASSETS

	<u>Leasehold improvements</u> £	<u>Plant and machinery</u> £	<u>Fixtures & fittings</u> £	<u>Library</u> £	<u>Computer equipment</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
<u>Cost</u>							
At 1 July 1995	30,604	5,016	136,720	76,661	158,131	16,901	424,033
Additions	-	-	3,133	3,066	10,530	17,500	34,229
Disposals	-	-	-	-	-	(16,901)	(16,901)
At 30 June 1996	<u>30,604</u>	<u>5,016</u>	<u>139,853</u>	<u>79,727</u>	<u>168,661</u>	<u>17,500</u>	<u>441,361</u>
<u>Depreciation</u>							
At 1 July 1995	19,511	5,016	97,305	6,022	101,174	16,901	245,929
Charge for the year	1,968	-	7,672	-	22,606	1,813	34,059
Disposals	-	-	-	-	-	(16,901)	(16,901)
At 30 June 1996	<u>21,479</u>	<u>5,016</u>	<u>104,977</u>	<u>6,022</u>	<u>123,780</u>	<u>1,813</u>	<u>263,087</u>
<u>Net book amount</u>							
At 30 June 1996	<u>9,125</u>	<u>-</u>	<u>34,876</u>	<u>73,705</u>	<u>44,881</u>	<u>15,687</u>	<u>178,274</u>
At 30 June 1995	<u>11,093</u>	<u>-</u>	<u>39,415</u>	<u>70,639</u>	<u>56,957</u>	<u>-</u>	<u>178,104</u>

HALI PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1996 (CONTINUED)

10 STOCK

	<u>1996</u> £	<u>1995</u> £
Finished goods	23,269	18,298
Work in progress	9,019	18,340
Consumables	<u>-</u>	<u>6,134</u>
	<u>32,288</u>	<u>42,772</u>

11 CALLED UP SHARE CAPITAL

	Ordinary shares of £1 each £	Non-redeemable preference shares of £1 each £	Total £
Authorised	<u>99,500</u>	<u>500</u>	<u>100,000</u>
Allotted and fully paid	<u>41,031</u>	<u>127</u>	<u>41,158</u>

The preference shares have the following rights:

- i) No voting rights except on the winding up of the company at which time they have voting rights equivalent to ordinary shares.
- ii) No right to a dividend
- iii) On the winding up of the company a right to the payment of £1,810 followed by a share of the remaining net assets in proportion to the total number of shares, both ordinary and preference, in issue at that time.

12 PROFIT AND LOSS ACCOUNT

	<u>1996</u> £	<u>1995</u> £
Opening balance as previously stated	(587,691)	(383,580)
Prior years adjustment	<u>-</u>	<u>(81,784)</u>
Opening balance as restated	(587,691)	(465,364)
Retained loss for the year	<u>(45,207)</u>	<u>(122,327)</u>
Closing balance	<u>(632,898)</u>	<u>(587,691)</u>

The prior year adjustment in the company's profit and loss account has been made in order to correct the accounting for subscription revenue in prior years.

HALI PUBLICATIONS LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1996 (CONTINUED)

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1996</u> £	<u>1995</u> <u>as restated</u> £
Opening shareholders' funds as previously stated	-	40,796
Prior years adjustment (see note 12)	-	(81,784)
Opening shareholders' funds as restated	(163,315)	(40,988)
Loss for the year attributable to shareholders	<u>(45,207)</u>	<u>(122,327)</u>
Closing shareholders' funds	<u>(208,522)</u>	<u>(163,315)</u>

14 FINANCIAL COMMITMENTS

(1) Capital commitments

The capital commitments at the year end were as follows:

	<u>1996</u> £	<u>1995</u> £
Contracted	<u>740</u>	<u>4,844</u>

(2) Operating lease commitments

The operating lease rentals which are payable within one year of the balance sheet date are as follows:

	<u>Land and buildings</u>		<u>Equipment</u>	
	<u>1996</u> £	<u>1995</u> £	<u>1996</u> £	<u>1995</u> £
Leases expiring				
- within two to five years	<u>29,000</u>	<u>19,000</u>	<u>10,007</u>	<u>10,007</u>

15 GUARANTEES AND BANK OVERDRAFT

The company has granted a cross guarantee in favour of National Westminster Bank PLC in respect of the bank borrowings of the ultimate parent undertaking and of its fellow subsidiary undertakings. The guarantee is secured by specific and floating charges over the company's assets.