



LANDMARK INFORMATION GROUP LIMITED

Report and Financial Statements

30 September 1999

**Deloitte & Touche
Queen Anne House
69-71 Queen Square
Bristol
BS1 4JP**



REPORT AND FINANCIAL STATEMENTS 1999

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**OFFICERS AND PROFESSIONAL ADVISERS****DIRECTORS**

M W H Morgan (Chairman)
R H Barnes (appointed 29 June 1999)
A J Buonicore (appointed 3 March 1999)
J W Cadoux-Hudson
R D Cockrell (appointed 29 June 1999)
R W Fairchild
C Roper
P Sykes
M J I Ter-Berg (appointed 9 October 1998)
A J Wrigley (appointed 29 June 1999)

SECRETARY

G R Terry

REGISTERED OFFICE

7 Abbey Court
Eagle Way
Sowton
Exeter
EX2 7HY

BANKERS

National Westminster Bank plc
15 Bishopsgate
London
EC2P 2AP

SOLICITORS

Michelmores
18 Cathedral Yard
Exeter
EX1 1HE

AUDITORS

Deloitte & Touche
Queen Anne House
69-71 Queen Square
Bristol
BS1 4JP

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 30 September 1999.

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £882,122 (1998: £376,800). The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company continued to grow the business during the past year and in March, acquired the trade and assets of a key rival ICC Sitesearch Limited. These businesses were successfully integrated during the year.

With the acquisition by Landmark's parent company of Prodat Systems Plc in June, Landmark is currently developing a new suite of products based around the 'Promap' technology. All research and development costs are charged to the profit and loss account as incurred.

FIXED ASSETS

The company purchased office equipment, computers, motor vehicles and office machines during the period at a cost of £369,031 (1998: £271,296).

DIRECTORS AND THEIR INTERESTS

The directors at 30 September 1999 are shown on page 1. Directors' interests in the share capital of the company were as follows:

	10p Ordinary shares fully paid	
	1999	1998
J W Cadoux-Hudson	-	164,878
R W Fairchild	-	526,316
C Roper	-	421,402

The purchase of the directors' shares by DMG Information Limited was completed on 2 November 1998. Consideration for these shares and the share options held by the directors prior to the reorganisation was paid according to the agreement of 30 September 1998.

The interests of Messrs M W H Morgan and P Sykes in shares of group companies are disclosed in the accounts of DMG Information Limited.

The interests of Mr M J I Ter-Berg in shares of group companies are disclosed in the accounts of EDR Landmark Information Limited.

None of the other directors have any interest in the share capital of the company.

Share options in the 10p ordinary shares of the company are held by directors as follows:

	No. of shares
J W Cadoux-Hudson	150,000
R W Fairchild	200,000
C Roper	150,000

None of these options have been exercised.

DIRECTORS' REPORT (continued)**DIRECTORS AND OFFICERS' LIABILITY INSURANCE**

During the period the company purchased and maintained liability insurance for its directors and officers as permitted by section 310(3) of the Companies Act 1985.

YEAR 2000

The company has carried out a full IT audit of its hardware, operating systems and purchased and internally-produced software. All problems that were found have been remedied, and in the opinion of the directors, no further work is necessary to ensure year 2000 compliance.

The company is in possession of statements from many major suppliers that no service discontinuity due to year 2000 non-compliance is likely. Some statements are yet to be received on non-business critical equipment.

AUDITORS

Pursuant to s386 Companies Act 1985, an elective resolution has been passed dispensing with the requirement to appoint auditors annually. Therefore, Deloitte and Touche are deemed to continue as auditors.

Approved by the Board of Directors and
signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'G Terry'.

G Terry
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



AUDITORS' REPORT TO THE MEMBERS OF LANDMARK INFORMATION GROUP LIMITED

We have audited the financial statements on pages 6 to 16, which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4, 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 affairs of the company as at 30 September 1999 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte + Touche

Chartered Accountants and
Registered Auditors

2 February 2000

PROFIT AND LOSS ACCOUNT
Year ended 30 September 1999

		Continuing operations	
	Notes	Year ended 30 September 1999 £	1 April 1998 to 30 September 1998 £
TURNOVER	3	2,620,528	1,544,075
Cost of sales		(769,879)	(497,654)
GROSS PROFIT		<u>1,850,649</u>	<u>1,046,421</u>
Distribution costs		591,216	170,015
Administrative expenses		2,080,680	1,236,582
		<u>(2,671,896)</u>	<u>(1,406,597)</u>
OPERATING LOSS	4	(821,247)	(360,176)
Interest receivable		5,484	23,158
Interest payable	7	(66,359)	(39,782)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(882,122)</u>	<u>(376,800)</u>
Taxation	8	-	-
RETAINED LOSS FOR THE FINANCIAL YEAR	18	<u>(882,122)</u>	<u>(376,800)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 30 September 1999

	Year ended 30 September 1999 £	1 April 1998 to 30 September 1998 £
Loss for the financial year	(882,122)	(376,800)
Total recognised gains and losses relating to the year/period	(882,122)	(376,800)
Prior year adjustment	-	(386,670)
Total gains and losses recognised since last annual report	<u>(882,122)</u>	<u>(763,470)</u>

BALANCE SHEET
At 30 September 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Intangible assets	9	330,785	-
Tangible assets	10	552,789	541,468
Investments	11	4	4
		<u>883,578</u>	<u>541,472</u>
CURRENT ASSETS			
Debtors	12	657,465	540,135
Cash at bank and in hand		131,477	285,517
		<u>788,942</u>	<u>825,652</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(818,873)	(877,983)
NET CURRENT LIABILITIES		<u>(29,931)</u>	<u>(52,331)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>853,647</u>	<u>489,141</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Loans	14	2,722,602	1,350,271
Obligations under finance leases and hire purchase contracts	15	78,851	209,554
		<u>(2,801,453)</u>	<u>(1,559,825)</u>
NET LIABILITIES		<u>(1,947,806)</u>	<u>(1,070,684)</u>
CAPITAL AND RESERVES			
Called up share capital	17	596,747	595,747
Share premium account	18	3,280,120	3,276,120
Profit and loss account	18	(5,824,673)	(4,942,551)
TOTAL SHAREHOLDERS' FUNDS	18	<u>(1,947,806)</u>	<u>(1,070,684)</u>
Attributable to equity shareholders		(1,973,172)	(1,096,050)
Attributable to non equity shareholders		<u>25,366</u>	<u>25,366</u>

These financial statements were approved by the Board of Directors on *1st December 1999*
Signed on behalf of the Board

R W Fairchild

R W Fairchild
Director

NOTES TO THE ACCOUNTS
Year ended 30 September 1999

1. FUNDAMENTAL ACCOUNTING CONCEPT

The accounts have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The company has the financial support of its parent company, and accordingly the directors consider it is appropriate to prepare the accounts on a going concern basis.

2. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Goodwill

On the acquisition of a business fair values are attributed to the Group's share of net tangible assets. Where the cost of acquisition exceeds the value attributable to such net assets, the difference is treated as purchased goodwill, is capitalised and amortised over the directors' estimate of its useful economic life.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life at the following rates:

Leasehold improvements	Over remaining life to the earlier of the next rent review or termination option.
Office equipment	3 years
Computer software and equipment	3 years
Motor vehicles	4 years
Database	3 years

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences, which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their expected useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight-line basis over the lease term.

NOTES TO THE ACCOUNTS
Year ended 30 September 1999

2. ACCOUNTING POLICIES (continued)

Research and development expenditure

Expenditure on research and development incurred in the year other than on fixed assets is charged to the profit and loss account.

Group accounts

The company has taken advantage of the exemption conferred by Section 228 of the Companies Act 1985 from the requirement to prepare group accounts. Group accounts are prepared by the immediate parent company. The information presented in the financial statements relates to the company as an individual entity.

Cash flow statement

The company is exempt from the requirement of FRS1 to produce a cash flow statement since it is a wholly controlled subsidiary of a parent company which produces group accounts incorporating a consolidated cash flow statement.

3. TURNOVER

Turnover which is stated net of value added tax represents amounts invoiced to third parties.

	Year ended 30 September 1999 £	1 April 1998 to 30 September 1998 £
<i>Geographical analysis</i>		
Turnover		
UK	2,616,039	1,541,637
Rest of Europe	-	563
North America	4,489	1,875
	<u>2,620,528</u>	<u>1,544,075</u>
	£	£
Operating loss		
UK	(819,840)	(359,545)
Rest of Europe	-	(146)
North America	(1,407)	(485)
	<u>(821,247)</u>	<u>(360,176)</u>


NOTES TO THE ACCOUNTS
Year ended 30 September 1999

4. OPERATING LOSS	Year ended 30 September 1999	1 April 1998 to 30 September 1998
	£	£
This is stated after charging:		
Operating lease payments - land and buildings	64,229	27,940
Auditors' remuneration:		
- audit fees	10,350	7,500
- other services	-	1,500
Depreciation of owned fixed assets (note 10)	204,783	170,794
Depreciation of assets held under finance leases and hire purchase contracts (note 10)	152,927	266,414
Profit on disposal of tangible fixed assets	379	-
Amortisation of goodwill	17,410	-
	<u> </u>	<u> </u>
5. DIRECTORS' EMOLUMENTS	Year ended 30 September 1999	1 April 1998 to 30 September 1998
	£	£
Fees	1,904	3,000
Other emoluments	195,306	101,455
	<u> </u>	<u> </u>
	197,210	104,455
	<u> </u>	<u> </u>
	£	£
Amounts in respect of highest paid director	<u> </u> 67,986	<u> </u> 33,100
6. STAFF COSTS	Year ended 30 September 1999	1 April 1998 to 30 September 1998
	£	£
Wages and salaries	1,455,193	573,865
Social security costs	130,842	53,901
Agency staff	-	1,894
	<u> </u>	<u> </u>
	1,586,035	629,660
	<u> </u>	<u> </u>
Average monthly number employed including executive directors:	No.	No.
Management	3	3
Technical staff	48	55
Administration	21	10
	<u> </u>	<u> </u>
	72	68
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 30 September 1999

7. INTEREST PAYABLE

	Year ended 30 September 1999 £	1 April 1998 to 30 September 1998 £
Finance charges	1,321	1,397
Other loans payable within five years	27,737	13,869
Finance charges payable under finance leases and hire purchase contracts	37,301	24,516
	<u>66,359</u>	<u>39,782</u>

8. TAXATION

No charge to taxation arises on the result for the year due to the extent of tax losses.

9. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 1 October 1998	-
Additions	348,195
	<u>348,195</u>
At 30 September 1999	348,195
Amortisation	
At 1 October 1998	-
Charge for the year	17,410
	<u>17,410</u>
At 30 September 1999	17,410
Net book value	
At 30 September 1999	<u>330,785</u>
At 30 September 1998	<u>-</u>

Goodwill arose during the year on the acquisition of the business and assets of ICC Site Search Limited and JMB (UK) Limited. The fair value of the assets acquired was not material. Goodwill in respect of this acquisition is being amortised over its useful economic life of 10 years.

NOTES TO THE ACCOUNTS
Year ended 30 September 1999

10. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Office equipment £	Computer software and equipment £	Motor vehicles £	Database £	Total £
Cost						
At 1 October 1998	6,085	134,263	1,224,372	61,667	-	1,426,387
Additions	750	31,531	189,542	46,388	100,820	369,031
Disposals	-	-	-	(12,666)	-	(12,666)
At 30 September 1999	6,835	165,794	1,413,914	95,389	100,820	1,782,752
Depreciation						
At 1 October 1998	89	87,059	782,052	15,719	-	884,919
Charge for the year	598	33,443	274,528	23,936	25,205	357,710
Disposals	-	-	-	(12,666)	-	(12,666)
At 30 September 1999	687	120,502	1,056,580	26,989	25,205	1,229,963
Net book value						
At 30 September 1999	6,148	45,292	357,334	68,400	75,615	552,789
At 30 September 1998	5,996	47,204	442,320	45,948	-	541,468

The net book value of fixed assets includes an amount of £147,734 (30 September 1998: £242,811) in respect of assets held under finance lease and hire purchase contracts.

11. INVESTMENTS

	1999 £	1998 £
Cost and net book value	4	4

Details of the investments in which the company holds more than 10% of the nominal value of any class of share capital are as follows:

Subsidiary undertakings Name of company	Country of registration (or incorporation and operation)	Holding	Proportion of voting shares held	Nature of business
Sitecheck Limited	England and Wales	2 Ordinary shares	100%	Dormant
Envirocheck Limited	England and Wales	2 Ordinary shares	100%	Dormant

NOTES TO THE ACCOUNTS
Year ended 30 September 1999

12. DEBTORS	30 September 1999 £	30 September 1998 £
Trade debtors	554,679	379,699
Other debtors	14,249	37,469
Prepayments and accrued income	88,537	122,967
	<u>657,465</u>	<u>540,135</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	30 September 1999 £	30 September 1998 £
Other loans (note 14)	48,947	97,863
Obligations under finance leases and hire purchase contracts (note 15)	171,975	224,528
Trade creditors	245,555	296,163
Other taxes and social security costs	97,926	75,777
Accruals	254,470	183,652
	<u>818,873</u>	<u>877,983</u>

The other loan is unsecured and attracts an interest rate of 8.75%.

14. LOANS	30 September 1999 £	30 September 1998 £
Wholly repayable within five years:		
Parent company loan	2,722,602	1,301,324
IBM loan	48,947	114,210
Directors' loans	-	32,600
	<u>2,771,549</u>	<u>1,448,134</u>

The loan from the parent company is unsecured and interest free.

Analysis of changes in loan financing during the current and previous periods:	£	£
At 1 October	1,448,134	3,503,417
New loans raised	1,421,278	1,301,324
Converted to preference shares	-	(2,186,589)
Converted to ordinary shares	-	(153,679)
Issue expenses amortised	-	34,118
Amounts repaid	(97,863)	(1,050,457)
At 30 September	<u>2,771,549</u>	<u>1,448,134</u>

NOTES TO THE ACCOUNTS
Year ended 30 September 1999

14. LOANS (continued)	30 September 1999	30 September 1998
	£	£
Amounts repayable by instalments:		
Within one year	48,947	97,863
Between one and two years	-	48,947
Between two and five years	2,722,602	1,301,324
	<hr/>	<hr/>
	2,771,549	1,448,134
Included in creditors: amounts falling due within one year	(48,947)	(97,863)
	<hr/>	<hr/>
	2,722,602	1,350,271
	<hr/>	<hr/>

Under the terms of the sale agreement with DMG Information Limited, the loans from directors were repaid by the company upon completion of the sale on 2 November 1998.

There are no repayment terms or interest charges attached to the loan from the parent company.

15. OBLIGATIONS UNDER FINANCE LEASE AND HIRE PURCHASE CONTRACTS

	30 September 1999	30 September 1998
	£	£
The maturity of these amounts is as follows:		
Amounts payable:		
- within one year	204,642	256,467
- within two to five years	85,444	242,801
	<hr/>	<hr/>
	290,086	499,268
Less: finance charges allocated to future periods	(39,260)	(65,186)
	<hr/>	<hr/>
	250,826	434,082
	<hr/>	<hr/>
Finance leases and hire purchase contracts are analysed as follows:	£	£
Amounts falling due within one year	171,975	224,528
Amounts falling due after more than one year	78,851	209,554
	<hr/>	<hr/>
	250,826	434,082
	<hr/>	<hr/>

16. PROVISIONS FOR LIABILITIES AND CHARGES

There was no unprovided deferred taxation liability at 30 September 1999 or 30 September 1998.

NOTES TO THE ACCOUNTS
Year ended 30 September 1999

17. CALLED UP SHARE CAPITAL	30 September 1999	30 September 1998
	£	£
Authorised		
2,536,589 Cumulative redeemable preference shares of 0.1p each	2,536	2,536
2,536,589 Redeemable preference shares of 1p each	25,366	25,366
4,957,742 Ordinary shares of 10p each	495,774	495,774
1,546,068 'A' ordinary shares of 10p each	154,607	154,607
	<u>678,283</u>	<u>678,283</u>
 Allotted, called up and fully paid	 £	 £
2,536,589 Redeemable preference shares of 1p each	25,366	25,366
4,167,742 (1998: 4,157,742) Ordinary shares of 10p each	416,774	415,774
1,546,068 'A' ordinary shares of 10p each	154,607	154,607
	<u>596,747</u>	<u>595,747</u>

On 16 August 1999, the company issued 10,000 ordinary shares of 10p each at a premium of 40p per share.

Rights of shares

Income

The redeemable preference shares shall become redeemable at the instance of the holder on or at any time after 30 September 2001, for an amount equal to the subscription price paid plus any premium. There are no dividend rights attached to the redeemable preference shares.

For 'A' ordinary shares a cumulative net cash preferential dividend totalling one third of the net profit of the company and its subsidiaries for the relevant financial period is payable.

No dividends shall be declared or paid to the holders of ordinary shares until the loans have been paid in full.

Priority on winding up

First in paying to the holders of the redeemable preference shares the subscription price per share plus any premium paid on them.

Second in paying to the holders of 'A' ordinary shares the subscription price per share plus any arrears of dividends.

The last in paying the holders of the ordinary shares the subscription price of each 'A' ordinary share.

The balance shall be distributed between 'A' ordinary shares and ordinary shares in proportion to the amount paid up in each class.

Voting rights

One vote for every 10 pence in nominal value of the 'A' ordinary shares and ordinary shares held. Save as specifically noted in the Articles there are no voting rights attached to the redeemable preference shares.

NOTES TO THE ACCOUNTS
Year ended 30 September 1999

18. COMBINED RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Share premium account £	Profit and loss account £	Total £	Total 1998 £
At 1 October 1998	595,747	3,276,120	(4,942,551)	(1,070,684)	(2,999,541)
Prior period adjustment	-	-	-	-	(386,670)
Company restructuring	-	-	-	-	2,692,327
As restated	595,747	3,276,120	(4,942,551)	(1,070,684)	(693,884)
Share issue	1,000	4,000	-	5,000	-
Loss for the period	-	-	(882,122)	(882,122)	(376,800)
At 30 September 1999	596,747	3,280,120	(5,824,673)	(1,947,806)	(1,070,684)

19. OTHER FINANCIAL COMMITMENTS

At 30 September 1999 the company had annual commitments under non-cancellable operating leases as set out below:

	30 September 1999 £	30 September 1998 £
Land and buildings		
Operating lease which expire:		
- within one year	10,433	-
- between two and five years	22,160	70,653

20. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption contained in Financial Reporting Standard No 8 from the requirement to disclose related party transactions within the group.

21. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The directors regard the ultimate parent company as Rothermere Continuation Limited which is incorporated in Bermuda. The largest group of which the company is a member and for which group financial statements are drawn up is that of DMGT plc registered in England and Wales. Copies of the reports and financial statements are available from the Company Secretary of DMGT plc, Northcliffe House, 2 Derry Street, Kensington, London, W8 5TT. According to the register kept by the company EDR Landmark Information Limited a company incorporated in England and Wales had a 100% interest in the equity capital of the company at 30 September 1999. The directors regard the ultimate controlling party as the Viscount Rothermere of Rothermere Continuation Limited.