

HEMSCOTT PLC

ANNUAL REPORT 2001



Registered number: 27883 (England & Wales)

**Hemscott is a leading supplier of high
quality business and financial information
and the number one provider of corporate
investor relations websites in the UK**

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Chairman's Statement

We are confident in our ability to continue to increase our revenues and market share

I am delighted to be reporting Hemscott's second full year results as a publicly quoted company.

Your company has made real progress since coming to the market a year and a half ago. In a year in which market conditions have reflected low growth, Hemscott benefited from the depth and breadth of its activities. We have always known that Hemscott is much more than a website. It is gratifying that others are now acknowledging that the majority of our business is in Business Information - high-quality, dependable and renewable revenue.

In Business Information, Hemscott is taking advantage of its position as a leader in the supply of high-quality data on European quoted companies and the provision of corporate investor relations websites. Demand in both areas is buoyant as evidenced by the continuing growth in invoicing which we have seen.

The Media side of the business has felt the advertising squeeze in line with everyone else in the sector, particularly in quarter four. Against that backdrop, to maintain sales year on year is a commendable performance. When the market returns, Hemscott will be well placed with far fewer competitors.

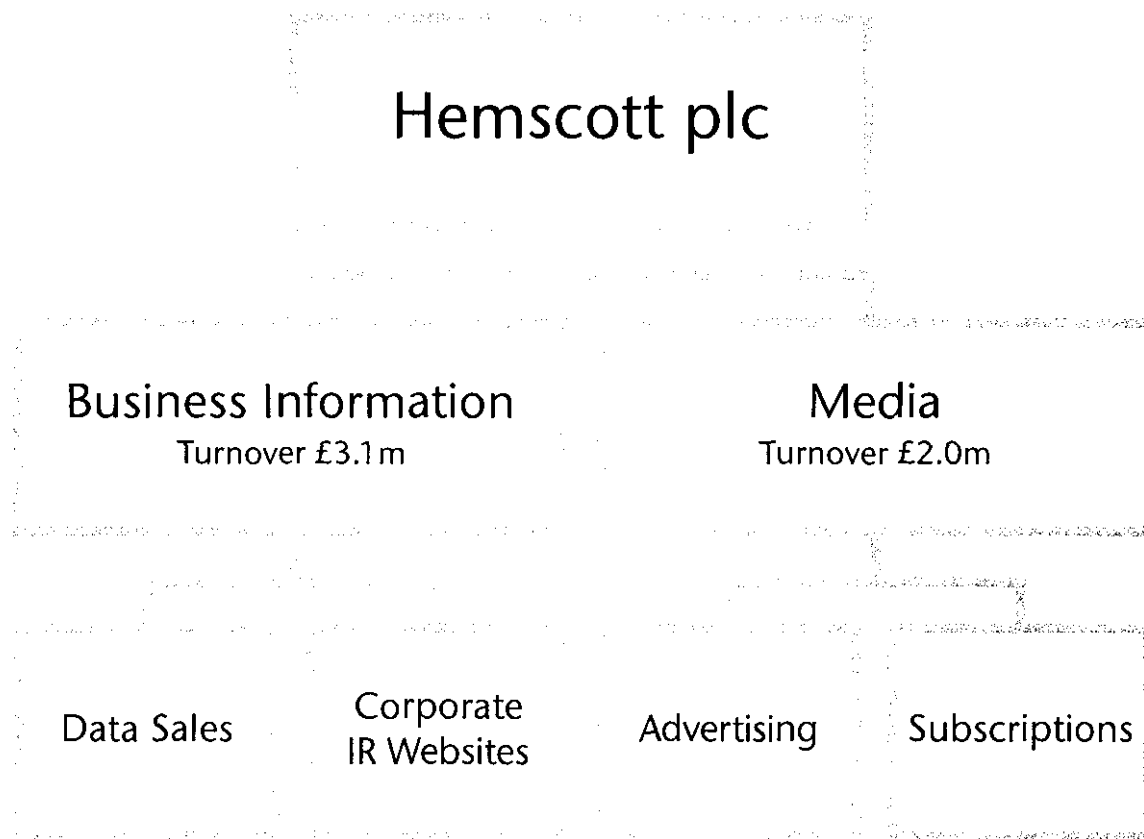
Hemscott has a diverse and robust revenue base. We will continue to drive increased revenues through product innovation and a more effective sales operation whilst controlling costs. The Business Information market in which Hemscott operates offers many opportunities for growth. With our proprietary database and technological capability we are confident in our ability to continue to increase our revenues and market share.

Michael Grade

Chairman

12 February 2002

Revenue Generating Areas



Business Information

- Data Sales - provision of financial and business information to professionals.
- Corporate Investor Relations Websites – provision of financial information for corporates' investor relations websites and intranets.

Media

- Advertising*
- Subscription Revenues*

* Both are generated from our leading business and investment website, www.hemscott.net.

Highlights

Financial highlights

- Turnover up 21% to £5.1m (2000: £4.2m)
- Business Information turnover up 31%
- Business Information invoicing up 48%
- Business Information accounted for over 70% of invoicing in 2nd half of 2001
- Media turnover up 8% - impacted in second half 2001
- Losses reduced by 67% to £3.9m (2000: £11.7m loss)
- Strong cash position of £9.4m at 31 December 2001

Competitive Strengths

- Own, operate and control a comprehensive proprietary database built up over 16 years
- Technological capability to bring new products to market rapidly
- UK market leader in corporate investor relations websites with over 265 clients
- Leading website for investors and professionals with further subscription opportunities in consolidating market

Chief Executive Officer's Review

Our vision is to be the supplier of choice of high-quality business and financial information

I am delighted to report that this year we have made demonstrable progress in establishing your company as a leading business information provider.

In 2001 turnover grew by 21% to £5.1m. Higher invoicing, together with a rigorous attention to cost-containment, led to a 67% reduction in the loss for the year. The company ended the year with a strong cash balance of £9.4m compared with £10.7m at the end of June 2001.

Our vision is to be the supplier of choice of high-quality business and financial information to professional and retail customers. We operate in a growth market estimated to be worth about £300m in the UK alone and over £700m Europe wide (Source: IRN Services). Our key competitive advantage is that we own, operate and control a proprietary database of over 2,700 publicly quoted companies and 35,000 directors and have the technological capability to bring new products to market rapidly. Our products are delivered electronically, so we have a cost efficient and scalable business model.

Turnover is generated from the following business areas:

Business Information

- *Data Sales* - The provision of financial and business information to professionals.
- *Corporate Investor Relations Websites* – We provide financial information for corporates' investor relations websites and intranets.

Media

- *Advertising*
- *Subscription Revenues*

Both are generated from our leading business and investment website, www.hemscott.net.

Business Information

Business Information, comprising Data Sales and provision of Corporate Investor Relations Websites, enjoyed accelerating growth during the year as we invested in our sales operation and enhanced product lines.

For Business Information the key measure of performance at this stage in the company's development is invoicing which grew 48% in the year to £3.5m. Growth accelerated in the second half of the year with a 55% increase in invoicing over the same period last year. Business Information represented 63% of total invoicing during the year. In the last six months of the year Business Information accounted for over 70% of invoicing which reflects the growing importance of this area of the business. These sales primarily comprise annual contracts with blue chip customers with very high renewal rates.

Business Information's turnover (the portion of invoicing that relates to the twelve-month financial reporting period) grew 31% in 2001 to £3.1m.

Data Sales

Our proprietary database of European equity fundamentals and associated information now includes over 2,700 companies. The quality of our data and the flexibility of our solutions are evidenced by our customer base, which includes such blue-chip names as Credit Suisse First Boston, Freshfields Bruckhaus Deringer, Scottish Widows, Gerrard, KPMG and Lloyds TSB. Our strong IT infrastructure allows us to deliver our data to customers in fully flexible bespoke packages.

Major enhancements were made to our powerful online research tool, Hemscott Company Guru, which enables business professionals to perform sophisticated searches of our extensive database of corporate and director information.

A major advance this year is the addition of private company data on 200,000 companies to Guru's existing quoted sector information, launched in January 2002. We will continue to use the full breadth of our data and IT capability to develop and launch new products this year.

Hemscott is well positioned to take full commercial advantage of the strong demand for rapid access to high quality financial information.

Stocktrade, established in 1993 and based in Edinburgh, is the execution-only division of Brewin Dolphin Securities Limited, one of the leading private client investment managers and stockbrokers in the United Kingdom. They were also the first to offer an online service in 1998.

We now provide Stocktrade with a set of 20,000 web pages hosted by Hemscott. Hemscott data is seamlessly integrated into the Stocktrade web site providing Stocktrade account holders with a complete resource for effective company research and analysis.

Chief Executive Officer's Review

Continued

British American Tobacco plc (BAT) was nominated for "Best IR website for a FTSE 100 Company" at the IR Website Awards in 2001. Hemscott work closely with BAT on a consultancy basis, guiding them on certain aspects of best practice for their Investor Relations web pages. BAT take a comprehensive Investor Relations solution, including fundamental financial information, leading edge charting and shareholder information sourced from Hemscott. Webcasting, email alerts and promotion on the Hemscott portal further maximise communication to the investor audience.

Corporate Investor Relations Websites

2001 was another excellent year for our investor relations websites business.

Hemscott continues to lead the market with more than 265 clients, including over 30% of the FTSE 100 and 20% of the FTSE 250. These include British American Tobacco, Innogy, Reckitt Benckiser, Sage Group, mmO2 and Richemont. Our success in attracting market-leading companies is testament to the added value provided by the unique combination of our technology and data.

Hemscott provides quoted companies with a cost-effective tailored service for the investor relations component of their website and corporate intranet. Hemscott's customised financial information can be seamlessly integrated with a company's own branding and corporate image while gaining promotion on our leading investment website.

Companies are now recognising that they are disadvantaged by not having a website with comprehensive, reliable financial information, as this reflects their overall corporate image. The increased penetration of the internet among both professional and retail investors means these services are rapidly becoming 'must have'. There are over 2,200 public companies in the UK and almost 6,000 in Continental Europe; we therefore see plenty of opportunity for growth in this market.

Media

Media, which includes Advertising and Subscription Revenues, generated from our website, hemscott.net, enjoyed turnover growth of 8% in the year. Media was impacted in the second half, particularly in the fourth quarter, by the industry-wide slowdown in advertising. In the second half of 2001 Media accounted for 27% of invoicing compared with 37% for the full year.

Hemscott.net

Hemscott operates a leading financial website, Hemscott.net, for professional and private investors and business executives. Despite a sharp downturn in the overall level of the stock market during 2001, and a subsequent fall in the volume of share-dealing, our traffic and user statistics have remained strong.

During the year we received two accolades. A MORI survey of CEOs and Chairmen included Hemscott.net in a list of five leading sites used by them – the others were BBC, Bloomberg, Reuters and ft.com. We were also named as Best Research Provider in the Investors Chronicle UK Investment Awards in September 2001.

The key areas of the site include a Corporate Advisers channel, which is the leading consolidated source of information on advisers to public companies, Hemscott Invest, our regulated equity portal for the investment community, the Information Exchange, a widely accessed bulletin board, and a range of sponsored microsites including ISA World and Broker Directory.

The quality of our user base sets us apart, with more than two thirds coming from the professional sector. Our advertising revenue falls into two categories:

- *Advertising campaigns.* For blue-chip customers who advertise on our website and sponsor various services in order to reach this attractive, high-net-worth group.
- *Professional directory advertising.* Leading professional firms pay for an enhanced entry in our Corporate Advisers channel.

Subscription Revenue

2001 was the first full year for Hemscott Analyst, our first subscription email product launched in November 2000. Hemscott Analyst is an electronic investment newsletter bought by private investors.

During the year, we launched two more electronic newsletters: Hemscott IPO Eye, which focuses on the new issues market, and Hemscott Chart Insight, an interactive technical analysis service. Our in-house research team uses the full extent of our proprietary database and analytical tools to identify undervalued stocks and make investment recommendations. During the year Hemscott Analyst's successful track record was rewarded with a very high level of customer retention.

The technology platform used to distribute these products can be easily re-used for additional subscription products at minimal incremental cost.

Chief Executive Officer's Review

Continued

Current trading

We start 2002 with a solid base of renewals and contracted revenue. The current year has begun well for Business Information with like for like invoicing in January up over 30% on prior year and higher than any month in 2001. The outlook for advertising still remains uncertain.

Future

In Data Sales, part of Business Information, we are competing in a very large and growing market. Our ability to compete in this market has been enhanced in 2001 with our investment in a larger more experienced sales force and product improvements. We are particularly excited about the extension of our product Hemscott Company Guru that now covers around 200,000 private UK companies as well as all UK listed companies. These types of product innovations, combined with more focused marketing, will enable Hemscott to target a broader market. There is also the additional opportunity to do more business with our existing customers. We will continue to build and launch new and enhanced products throughout 2002 and have set demanding targets. We look forward to strong growth in this area of the business.

In Corporate Investor Relations Websites, we continue to be the leading player in the UK market. Demand in this area remains strong, driven by the desire by public companies to comply with "best practice" to keep their investors informed. By creating more innovative products we will keep increasing the value of our investor relations service in the UK and we will continue to explore expansion opportunities overseas.

Our website, Hemscott.net, with more than 250,000 registered users, is a powerful platform from which to generate advertising revenues and launch further subscription services. The growing number of players withdrawing from this sector increases the attractiveness of our website to blue-chip advertisers and users.

Our subscription products have enjoyed a high level of success in their first full year. We now have three email newsletters and because of the scalable technology underpinning these products additional subscribers can be serviced at minimal additional cost. We are able to leverage our enormous registered user base to drive circulation.

Summary

2001 was a year of significant achievement. We have built on the foundations laid in 2000 and taken important steps forward towards our goal of creating a profitable business and greater value for our shareholders. It is now more widely understood that Hemscott is a great deal more than just a financial website. We look forward with enthusiasm and confidence to the coming year.

Finally, I would like to thank all the Hemscott staff. Their skill and dedication to the task are key to Hemscott's ongoing success.

Rosalyn Wilton

Chief Executive Officer

12 February 2002

Products & Services

Business Information

Company fundamentals and director information on the UK quoted sector and leading European companies

As a leading supplier of company fundamentals and director information on the UK quoted sector and leading European companies we provide data tools to a wide range of corporate and institutional users. Our products and services are designed to meet a wide range of needs and offer outstanding functionality for effective company research and analysis. Continuing product innovation and the addition of non-quoted company data has led to many professional organisations signing up to our competitive quality products on annual contracts.

Hemscott Company Guru

Hemscott Company Guru is a powerful online company research tool for business professionals providing in-depth and extensive search capability. Additional functionality, launched in January 2002, allows Hemscott Company Guru users to access company fundamentals and director information on more than 200,000 private UK companies in addition to information on all UK quoted companies. Real time share prices are also available as an additional service.

As well as providing fully searchable on-screen data for instant access, Hemscott Company Guru provides up to date, pre-formatted downloadable company tearsheets. For extra flexibility data can be downloaded into an excel spreadsheet, and manipulated to create tailored reports.

Corporate Investor Relations Websites

Our corporate investor relations website business provides quoted companies with a cost-effective, tailored service for the investor relations component of their website and corporate intranet. Hemscott leads the market in the UK with over 265 clients including over 30% of the FTSE 100 and 20% of the FTSE 250.

Our customised financial information can be seamlessly integrated with a client's own branding and website. The combination of our high quality proprietary data, in-house design and technology team and the ability to drive traffic to a client's website from our leading financial website, www.hemscott.net, sets us apart.

Independent analysis and unrivalled data - the complete investment service

Hemscott.net

Hemscott operates a leading financial website, www.hemscott.net, for professional investors, business executives and private investors. On average the site attracts over 400,000 users each month, generating over 9 million page impressions. Blue-chip customers advertise on the website and sponsor various services in order to reach our high-net-worth group of users. These advertisers include brokers, financial institutions, corporate advisers and professional firms as well as non-financial advertisers. In September 2001, hemscott.net was named Best Research Provider in the Investors Chronicle UK Investment Awards.

The service is available on WAP from our site and can also be accessed from a personal digital assistant (PDA) such as a Palm or Psion.

Subscription Revenue

Hemscott Analyst - our first subscription product was launched in November 2000. This electronic investment newsletter and microsite has attracted a strong and loyal following with its combination of fundamental and technical analysis and successful share recommendations.

Hemscott IPO Eye - launched in March 2001, focuses on the new issues market. Like Analyst, IPO Eye is a regular electronic investment newsletter with an associated microsite.

Hemscott Chart Insight - launched in October 2001, offers subscribers an interactive service through which they can request technical analysis of any share of their choice. Like the other subscription products, Chart Insight is a regular electronic investment newsletter with an associated microsite.

You can find out more about our subscription products on <http://www.hemscott.net>.

Turnover from Business Information grew by 31% to £3,046,000 and Media grew by 8% to £2,020,000.

Results

Turnover in the year of £5.1m increased by 21% over the previous year. Turnover from Business Information grew by 31% to £3.1m and Media grew by 8% to £2.0m.

Total costs of £9.5m were £6.7m lower than in 2000, a significant achievement whilst continuing to invest in product development and sales resource.

The operating loss for the year of £4.5m compares to £12.0m in 2000, a 63% improvement.

Capital expenditure

Capital expenditure in the year of £0.1m principally comprised the continuing investment in computer hardware.

Website development costs are capitalised as a tangible fixed asset to the extent that they lead to the creation of an enduring asset, which delivers benefits at least as great as the amount capitalised (in accordance with UITF Abstract 29). To date, all website development costs have been written off as incurred, as the directors consider that this is appropriate in the early stage of the development of the business.

Disposals

In April 2001, the group successfully completed the disposal of its subsidiary Kingavon Limited ("Kingavon") for £0.8m. Kingavon was a subsidiary of Bridgend Group PLC prior to the reverse acquisition by Hemscott in August 2000. At 31 December 2000, Kingavon was held as a current asset investment in the consolidated balance sheet at £0.8m, hence no gain or loss arose on the disposal.

The consideration of £0.8m is payable in cash in three tranches - £0.6m was received in April 2001, a further £0.1m is payable in April 2002 and £0.1m in April 2003.

Capital reorganisation

As a result of a number of steps undertaken in the year, the 1,606,820,989 ordinary shares of 1p each in issue at 31 December 2000 became 32,136,419 ordinary shares of 5p each. Details of changes in share capital during the year are set out in note 16 to the consolidated financial statements on page 34.

Cash flow and financing

The net cash outflow from operating activities of £3.6m compares to £7.7m in the prior year. This improvement of £4.1m reflects growth in invoiced sales and continuing tight control over costs which has resulted in the group having a very strong financial position at the year end with cash of £9.4m (2000: £12.5m).

The cash outflow on capital expenditure was £0.5m, £0.4m primarily relating to computer hardware purchased towards the end of the year to 31 December 2000.

During the year the group paid the balance of the exceptional costs of the reverse acquisition of Bridgend Group PLC and the share issue which both took place in August 2000. The cost paid in 2001 of £0.3m consisted of compensation for loss of office to directors of Bridgend Group PLC of £0.1m and transaction fees of £0.2m.

The group's cash is invested in short term deposits with major banks and building societies. The treasury strategy is controlled through a treasury committee 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.

Kevin O'Byrne

Chief Financial Officer

12 February 2002

Directors

(top row l-r: Michael Grade, Rosalyn Wilton, Kevin O’Byrne, Stephen Roche.
bottom row l-r: Winston Fletcher, Charles Jillings, Christopher Stainforth)

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 Camelot Group PLC. A director of Charlton Athletic Football Club. Age 58.

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 50.

Kevin O'Byrne
Chief Financial Officer

Manager at Arthur Andersen Corporate Financial Services Division 1987-1995. European Finance Director of Quaker Oats 1995-2000. Age 37.

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, independently and within Knowledge Brokers and TC Solutions, 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 50.

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 BJK&E Holdings Limited 1997-2000. Age 64.

Charles Jillings ◆■◆
Non-Executive Director

Director of Hill Samuel Bank Limited in corporate finance 1994-1995. Through The Analysis and Research Company Limited advises Co-operation Retirement Benefit Fund (L) Limited (the principal shareholder in Hemscott plc) and Kanawa Limited (a major shareholder in Hemscott plc). In this capacity sits on the board of a number of UK companies. Age 46.

Christopher Stainforth ◆
Non-Executive Director

Director of Ermgassen & Co Limited, a specialist mergers and acquisitions business. Non-Executive Director of Expomedia Group PLC and Medal Entertainment and Media PLC. Deputy Chairman of Lombard Medical PLC. Has also worked with Phillips & Drew and Guinness Mahon Henderson Crosthwaite as Head of Corporate Finance. Age 48.

- ◆ Member of the Audit Committee
- Member of the Remuneration Committee
- ◆ Member of the Nomination Committee

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

Principal activities

The principal activities of the group are:

Business information

Data Sales - the provision of financial and business information to professionals.

Corporate Investor Relations Websites - the provision of financial information for corporates' investor relations websites and intranets.

Media

Advertising and Subscription Revenues generated from our leading business and investment website, Hemscott.net.

Review of business

On 24 April 2001 the company changed its name to Hemscott plc. The Chairman's Statement on page 1, the Chief Executive Officer's Review on pages 4 to 9 and the Financial Review on pages 12 to 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 and the Consolidated Balance Sheet is set out on page 26.

As a result of a number of steps undertaken in the year, the 1,606,820,989 ordinary shares of 1p each in issue at 31 December 2000 became 32,136,419 ordinary shares of 5p each. Details of changes in share capital during the year are set out in note 16 on page 34.

Results and dividends

The audited accounts for the year ended 31 December 2001 are set out on pages 25 to 41. The Group's loss for the year was £3,903,000 (2000 : £11,691,000). No interim dividend was paid (2000 : £nil) and the directors do not recommend the payment of a final dividend (2000 : £nil).

Directors

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

Name	Position
Michael Grade	Non-Executive Chairman
Rosalyn Wilton	Chief Executive Officer
Kevin O'Byrne	Chief Financial Officer
Stephen Roche	Chief Technology Officer
Winston Fletcher	Non-Executive Director
Christopher Stainforth	Non-Executive Director
Charles Jillings	Non-Executive Director

Stephen Roche was appointed to the board on 19 July 2001.

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

Supplier payment policy

The group's policy is to pay suppliers within their normal terms of settlement. The average payment year for suppliers at 31 December 2001 was 60 days (2000 : 64 days).

Fixed assets

Movements in fixed assets are set out in notes 10, 11 and 30 to the financial statements.

Charitable and political donations

No charitable or political donations were made during the year

Substantial shareholdings

As at 12 February 2002 the following substantial shareholdings have been notified to the company:

Name	Ordinary shares held	% held
Co-operation Retirement Benefit Fund (L) Limited ("CRBF")	10,216,714	31.79
Amvescap plc	4,002,198	12.45
J Meiring	2,282,339	7.10
P N Scott	2,236,932	6.96
Kanawa Limited	1,158,592	3.61
UBS Asset Management	1,037,362	3.23

CRBF and Kanawa Limited are both controlled by the trustees of the same family trust and are advised by The Analysis and Research Company Limited ("ARC"), a company of which Charles Jillings is a director.

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.

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitudes and abilities. Training and career development opportunities are available to all employees, where these are in mutual best interest.

Auditors

A resolution to reappoint the auditors, Arthur Andersen and to authorise the directors to fix their remuneration, will be proposed at the annual general meeting.



By order of the board

Kevin O'Byrne

Secretary

12 February 2002

Corporate Governance

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"). This section of the report sets out how the Combined Code has been applied.

The board

The board currently comprises three executive directors and four non-executive directors including the chairman. Stephen Roche was appointed as an executive director to the board on 19 July 2001. His biography appears on page 15. Stephen Roche is standing for election at the Annual General Meeting.

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 advises CRBF and Kanawa Limited, which both have substantial shareholdings 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. In addition to Stephen Roche standing for election at the Annual General Meeting, Charles Jillings and Michael Grade will be retiring by rotation and will be standing for re-election at the Annual General Meeting.

The board is responsible for maintaining a sound system of internal control. The directors consider that the company's system of internal financial control provides reasonable but not absolute assurance against material misstatement or loss. It has considered the need for an internal audit function and considers that the requirement can be met through ongoing reviews undertaken by existing departments within the company.

As anticipated in the Annual Report for 2000, the Board has undertaken a review to identify, evaluate and manage significant risks faced by the company. The measures in place to deal with business risks will be reviewed regularly and at least annually.

Board committees

The board of directors has established the following committees (the audit and remuneration committees have written terms of reference setting out their authority and duties):

(i) Audit committee

This committee's members are Christopher Stainforth (Chairman), Winston Fletcher and Charles Jillings. All are non-executive directors. The audit committee is responsible for the co-ordination of the annual audit and the review of the systems of internal control. 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), Winston Fletcher and Charles Jillings. 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. It met twice in 2001 to discuss and formulate the restructuring of the share option scheme. Its report to shareholders is set out on pages 20 to 22 which contain details of the share option scheme restructuring. 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 committee is directly accountable to shareholders and reports to them annually in accordance with the guidelines of the Combined Code.

(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 all new board appointments. The nomination committee met on 19 June 2001 to nominate the appointment of Stephen Roche to the Board as an executive director.

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 attended meetings with 24 analysts and institutional investors in 2001. All shareholders have at least twenty working 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.

Remuneration Report

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

	Salary/Fee £'000	Bonus £'000	2001 Total £'000	2000 Total £'000
Michael Grade (2000 : from 27 March 2000)	35	-	35	35
Rosalyn Wilton	200	-	200	200
Kevin O'Byrne (2000 : from 21 March 2000)	120	30	150	94
Stephen Roche (2001 : from 19 July 2001)	68	-	68	-
Winston Fletcher (2000 : from 1 June 2000)	18	-	18	11
Christopher Stainforth (2000 : from 15 August 2000)	30	-	30	11
Charles Jillings (2000 : from 21 March 2000)	18	-	18	22
Michael Bretherton	-	-	-	180
Clive Whiley	-	-	-	205
	489	30	519	758

Rosalyn Wilton, Kevin O'Byrne and Stephen Roche received private health insurance cover during the year.

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 Schemes, 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 2002 and 12 February 2002.

Shareholdings:	At 1 Jan 2001 or subsequent date of appointment	At 31 December 2001
Rosalyn Wilton	22,222	62,222
Kevin O'Byrne	8,888	8,888
Stephen Roche	8,888	8,888
Christopher Stainforth	66,755	66,755
Charles Jillings*	30,274	30,274
Winston Fletcher	-	100,000

* The interests of Charles Jillings includes 15,137 shares held by the trustee of a trust in which Charles Jillings and his family are interested. He is a director of The Analysis & Research Company Limited which acts as a consultant to CRBF and Kanawa Limited. CRBF's shareholding is shown as 31.79% and Kanawa Limited's shareholding is shown as 3.61% in the substantial shareholdings disclosure on page 17.

Options:	At 1 Jan 2001 or subsequent date of appointment	Surrendered	Granted	At 31 Dec 2001	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	2,370,475	(2,370,475)	-	-	112.5	15/08/2000	27/10/2009
	389,374	(389,374)	-	-	187.5	15/08/2001 ¹	27/10/2009
	97,344	(97,344)	-	-	250.0	15/08/2001 ¹	27/10/2009
	-	-	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
Kevin O'Byrne	292,031	(292,031)	-	-	112.5	21/03/2001 ⁴	15/08/2010
	282,297	(282,297)	-	-	187.5	15/08/2001 ¹	15/08/2010
	97,344	(97,344)	-	-	250.0	15/08/2001 ¹	15/08/2010
	-	-	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 ⁵	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
Stephen Roche	292,031	(292,031)	-	-	112.5	15/08/2001 ¹	15/08/2010
	282,297	(282,297)	-	-	187.5	15/08/2001 ¹	15/08/2010
	97,344	(97,344)	-	-	250.0	15/08/2001 ¹	15/08/2010
	-	-	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 ⁵	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
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 21 March 2001, 21 March 2002 and 21 March 2003

⁵ Exercisable in three equal tranches on 28 February 2003, 28 February 2004 and 28 February 2005

Remuneration Report

Continued

The number of ordinary shares and option prices of the options at 1 January 2001 or subsequent date of appointment have been adjusted to reflect the 1 for 50 share consolidation which took place on 30 April 2001.

On 11 July 2001 at an extraordinary general meeting shareholders approved the restructuring of the company's share option scheme as fully explained in the Circular sent to shareholders on 18 June 2001. The main changes to the option arrangements can be summarised as follows:

- *a reduction in exercise prices;*
- *an extended vesting period;*
- *a reduction in the number of shares subject to options; and*
- *the introduction of performance criteria.*

Optionholders who were current employees and executive directors were given the choice to keep their old options with the original vesting dates and exercise prices or, if they had surrendered their old options, to be granted new options under the new arrangements. As shown in the above table, the executive directors surrendered their old options and chose to be granted new options under the new arrangements.

The market price of the ordinary shares at 31 December 2001 was 25.0p and the range during the year was 22.5p to 88.9p.

No options were exercised during the year. Details of related party transactions are given in note 29 on page 38.

Service agreements

The Executive Directors have service agreements that can be terminated by either party giving not less than six months written notice.

The company has entered into 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 consultancy agreement with Denfurlong (Consultants) Limited, a company of which Christopher Stainforth is a director, the principal terms of which are that Denfurlong (Consultants) Limited agrees to provide the services of Christopher Stainforth to act as a non-executive director of Hemscott plc and Hemscott plc undertakes to pay Denfurlong (Consultants) Limited an annual fee. The agreement is for a rolling period of two years notice on either side at an annual fee of £30,000. In October 2001 the parties agreed that Christopher Stainforth would be paid directly by the company for his services under the same terms as the consultancy agreement other than the change in the payment provisions. Notice was given in August 2000 under the consultancy agreement.

The company has entered into 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.

Election of directors

The directors who are standing for election at the Annual General Meeting are Stephen Roche, it being the first Annual General Meeting after his appointment, together with Charles Jillings and Michael Grade who, in accordance with the company's Articles of Association, retire by rotation.

Statement of Directors' Responsibilities

Financial statements including adoption of going concern basis

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 safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report

To the shareholders of Hemscott plc

We have audited the financial statements of Hemscott plc for the year ended 31 December 2001, which comprise the profit and loss account, balance sheet, cash flow statement and the related notes numbered 1 to 30. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 other information contained in the annual report; and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Chief Executive Officer's Review, the Financial Review, Director's Report, Corporate Governance Statements, Remuneration Report and Statement of Directors' Responsibilities. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 judgments 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, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group at 31 December 2001 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Arthur Andersen

Chartered Accountants and Registered Auditors

180 Strand, London WC2R 1BL

12 February 2002

Consolidated Profit & Loss Account

For the year ended 31 December 2001

	Note	2001 £'000	2000 £'000
Turnover	2	5,066	4,203
Cost of sales	3	(3,781)	(5,807)
Gross profit/(loss)		1,285	(1,604)
Net operating expenses inc. goodwill amortisation & exceptional items	3	(5,749)	(10,367)
Operating loss		(4,464)	(11,971)
Net interest receivable	4	561	280
Loss on ordinary activities before taxation	5-7	(3,903)	(11,691)
Taxation on ordinary activities	8	-	-
Retained loss for the year	18	(3,903)	(11,691)

	Note	2001	2000
Loss per ordinary share – basic *	9	(12.1p)	(66.3)
Loss per ordinary share – diluted *	9	(12.1p)	(66.3)
Loss per ordinary share – adjusted *	9	(11.4p)	(52.5)

* 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.

The group's results are derived from continuing operations.

There are no recognised gains or losses other than those shown above.

Consolidated Balance Sheet

At 31 December 2001

	Notes	2001 £'000	2000 £'000
Fixed assets			
Goodwill	10	1,934	2,176
Tangible assets	11	1,412	1,881
		3,346	4,057
Current assets			
Debtors	12	1,473	1,670
Investments – businesses held for resale	13	-	800
Cash at bank and in hand	14	9,356	12,502
		10,829	14,972
Creditors: amounts falling due within one year	15	(4,435)	(5,386)
Net current assets		6,394	9,586
Net assets		9,740	13,643
Capital and reserves			
Share capital	16	1,607	19,672
Share premium account	18	9,606	9,606
Capital redemption reserve	18	186	186
Other reserve	18	(2,596)	(4,130)
Profit and loss account	18	937	(11,691)
Shareholders' funds	18	9,740	13,643
Shareholders' funds may be analysed as:			
Equity interests		9,740	10,039
Non-equity interests		-	3,604
		9,740	13,643

Approved by the board on 12 February 2002 and signed on its behalf by:

Rosalyn Wilton - Chief Executive Officer

Kevin O'Byrne - Chief Financial Officer




30. Company balance sheet

At 31 December 2001

	Notes	2001 £'000	2000 £'000
Fixed Assets			
Investments	a	18,759	33,411
		18,759	33,411
Current assets			
Debtors	b	210	48
Cash at bank	c	2,036	83
		2,246	131
Creditors: amounts falling due within one year	d	(479)	(785)
Net current assets/(liabilities)		1,767	(654)
Total assets less current liabilities		20,526	32,757
Creditors: amounts falling due after more than one year	e	(7,746)	(7,979)
Net assets		12,780	24,778
Capital and reserves			
Share capital	16	1,607	19,672
Share premium account	g	9,606	9,606
Capital redemption reserve	g	186	186
Other reserve	g	1,534	-
Profit and loss account	g	(153)	(4,686)
Shareholders' funds		12,780	24,778
Shareholders' funds may be analysed as:			
Equity interests		12,780	21,174
Non-equity interests		-	3,604
		12,780	24,778

Approved by the board on 12 February 2002 and signed on its behalf by:

Rosalyn Wilton - Chief Executive Officer

Kevin O'Byrne - Chief Financial Officer




Consolidated Cash Flow Statement

For the year ended 31 December 2001

	Note	2001 £'000	2000 £'000
Net cash outflow from operating activities	19	(3,591)	(7,660)
Returns on investments and servicing of finance	20	566	214
Capital expenditure and financial investment	21	(524)	(1,521)
Acquisitions and disposals	22	600	1,798
Net cash outflow before management of liquid resources and financing		(2,949)	(7,169)
Management of liquid resources		3,165	(12,200)
Financing	23	(197)	19,671
Increase in cash		19	302

Reconciliation of Net Cash Flow to Movement in Net Funds

	Note	2001 £'000	2000 £'000
Increase in cash	24	19	302
Decrease in debt		-	1,350
(Decrease)/increase in liquid resources	24	(3,165)	12,200
Movement in net funds	24	(3,146)	13,852
Opening net funds	24	12,502	(1,350)
Closing net funds	24	9,356	12,502

Notes to the Accounts

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 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 its 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*
- *Fixtures and fittings - three years*
- *Computer equipment - three years*

Investments

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

Businesses held for resale

Businesses held for resale are shown as current asset investments at the estimated proceeds of sale and for this reason have not been consolidated in the group financial statements.

Taxation

Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

Pension costs

Pension costs relate to defined contribution schemes. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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.

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 on 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.

Research and Development Costs

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the group is expected to benefit. This period is between three and five years. Provision is made for any impairment.

2. Segment information

Turnover	2001 £'000	2000 £'000
Business Information	3,046	2,325
Media	2,020	1,878
	5,066	4,203

Business information includes turnover from Data Sales and Corporate Investor Relations Websites.

Media includes turnover from Advertising and Subscription Revenues.

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.

Notes to the Accounts

Continued

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.

3. Cost of sales and net operating expenses

	2001 £'000	2000 £'000
Cost of sales	3,781	5,807
Selling and marketing costs	2,044	3,045
Administration expenses	3,705	7,322
Net operating expenses	5,749	10,367

Administration expenses include goodwill amortisation and exceptional items as follows:

	2001 £'000	2000 £'000
Exceptional items and goodwill amortisation		
Compensation for loss of office paid to former Bridgend Group PLC directors	-	385
Transaction fees	-	686
Goodwill written off on the reverse acquisition of Bridgend Group PLC	-	1,122
Exceptional items	-	2,193
Amortisation of goodwill	242	242
	242	2,435

4. Net interest receivable

	2001 £'000	2000 £'000
Interest receivable		
Bank interest receivable	561	321
Interest payable		
Other loans	-	(41)
Net interest receivable	561	280

5. Loss on ordinary activities before taxation

	2001 £'000	2000 £'000
Loss on ordinary activities before taxation is stated after charging:		
Depreciation	582	408
Hire of machinery	14	8
Other operating lease rentals	467	328
Fees paid to auditors		
- audit fees	38	60
- non audit fees	9	59

In addition, in 2000, £355,000 was paid to Arthur Andersen in relation to the placing, open offer and acquisition of Bridgend Group PLC.

6. Staff costs

The average number of persons (including directors) employed:	2001 number	2000 number
Sales and marketing	30	26
Content and editorial	29	26
Information technology	37	23
Administration	21	23
	117	98

Staff costs (including directors):	2001 £'000	2000 £'000
Wages and salaries	4,546	3,904
Compensation for loss of office paid to former Bridgend Group PLC directors	-	385
Social security costs	464	453
Other pension costs	-	19
	5,010	4,761

7. Directors

Directors' emoluments included within staff costs:	2001 £'000	2000 £'000
Emoluments	519	373
Compensation for loss of office paid to former Bridgend Group PLC directors	-	385
	519	758

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

8. Taxation

As a result of losses in the year, the group has no liability to UK taxation (2000: £nil). The tax benefit of these losses has not been recognised in the accounts.

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:

Notes to the Accounts

Continued

9. Loss per share (cont.)

	Losses £'000	2001 Weighted average no. shares (000)	Loss per share (pence)	Losses £'000	2000 Weighted average no. shares (000)	Loss per share (pence)
Basic and diluted	3,903	32,136	12.1	11,691	17,643	66.3
Exceptional items & goodwill amortisation						
Compensation for loss of office	-	-	-	(385)	-	(2.2)
Transaction fees	-	-	-	(686)	-	(3.9)
Goodwill written off	-	-	-	(1,122)	-	(6.4)
Goodwill amortisation	(242)	-	(0.7)	(242)	-	(1.3)
Adjusted	3,661	32,136	11.4	9,256	17,643	52.5

The weighted average number of shares 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, in accordance with FRS14 "earnings per share". The adjusted loss per share excludes the effect of exceptional items and goodwill amortisation to give a fairer presentation of trading performance.

10. Goodwill

	£'000
Cost	
At 31 December 2001 and 1 January 2001	2,418
Amortisation	
At 1 January 2001	242
Charge for year	242
At 31 December 2001	484
Net book value at 31 December 2001	1,934
Net book value at 1 January 2001	2,176

11. Tangible fixed assets

	Short leasehold £'000	Computer equipment £'000	Fixtures & fittings £'000	Total £'000
Cost				
At 1 January 2001	740	1,486	195	2,421
Additions	5	103	5	113
Disposals	-	-	(6)	(6)
At 31 December 2001	745	1,589	194	2,528
Depreciation				
At 1 January 2001	39	441	60	540
Charge for the year	74	454	54	582
Disposals	-	-	(6)	(6)
At 31 December 2001	113	895	108	1,116
Net book value at 31 December 2001	632	694	86	1,412
Net book value at 1 January 2001	701	1,045	135	1,881

12. Debtors

	2001 £'000	2000 £'000
Amounts falling due within one year		
Trade debtors	514	746
Other debtors	148	178
Prepayments and accrued income	209	244
	871	1,168
Amounts falling due after more than one year		
Other debtors	602	502
	1,473	1,670

13. Investments – businesses held for resale

Businesses held for resale at 31 December 2000 were the trading subsidiaries of Bridgend Group PLC shown at the estimated sale proceeds of £800,000. Kingavon Limited, the principal trading subsidiary, was sold on 19 April 2001 (see note 25).

14. Financial instruments

Floating rate financial assets of £9,356,000 (2000 : £12,502,000) comprise sterling cash balances. There are no fixed rate financial assets. There are no borrowings and no exposure to foreign currency.

15. Creditors: amounts falling due within one year

	2001 £'000	2000 £'000
Trade creditors	808	1,837
Other taxes and social security	320	150
Accruals and deferred income	3,307	3,399
	4,435	5,386

Notes to the Accounts

Continued

16. Share capital

	2001 £'000	2000 £'000
Authorised		
49,637,410 Ordinary shares of 5p each	2,482	-
2,481,870,500 Ordinary shares of 1p each	-	24,819
45,016,667 Deferred shares of 9p each	-	4,052
	2,482	28,871
Allotted, called up and fully paid		
32,136,419 Ordinary shares of 5p each	1,607	-
1,606,820,989 Ordinary shares of 1p each	-	16,068
40,044,092 Deferred shares of 9p each	-	3,604
	1,607	19,672

On 24 April 2001 at the annual general meeting, shareholders approved the consolidation of every 50 ordinary shares of 1p each in the capital of the company (whether issued or unissued) into one ordinary share of 50p each with effect from close of business on 27 April 2001. As a result the 1,606,820,989 ordinary shares of 1p each in issue became 32,136,419 ordinary shares of 50p each.

On 11 July 2001 at an extraordinary general meeting, shareholders approved the subdivision of every ordinary share of 50p each in the capital of the company (whether issued or unissued) into one new ordinary share of 5p each and one 'A' deferred share of 45p each with effect from 12 July 2001. As a result the 32,136,419 ordinary shares of 50p each were subdivided into 32,136,419 ordinary shares of 5p each and 32,136,419 'A' deferred shares of 45p each.

At the extraordinary general meeting on 11 July 2001, shareholders also approved the cancellation of the deferred shares of 9p each created in a subdivision of capital in 1999 and the 'A' deferred shares of 45p each created on the subdivision described above, subject to approval by the High Court. The appropriate order was made on 5 September 2001 and the cancellation took effect on 11 September 2001. This had the effect of reducing the issued share capital by £18,065,000 which was transferred to reserves.

17. Share options

During the year ended 31 December 2001, the following options were granted:

	Number of ordinary shares	Option price	Date exercisable
Hemscott plc Executive Share Option Scheme	2,318,608	50.0p	Aug 2001-Jul 2011
Hemscott plc Executive Share Option Scheme	23,700	65.0p	Sept 2001-Jul 2011
Hemscott plc Executive Share Option Scheme	2,864,802	82.5p	Aug 2001 - Jul 2011
Hemscott plc Executive Share Option Scheme	546,720	112.5p	Aug 2001 - Jul 2011
	5,753,830		

At 31 December 2001, the following options were outstanding:

	Number of ordinary shares	Option price	Date exercisable
Hemscott plc Executive Share Option Scheme	2,026,620	50.0p	Aug 2001 - Jul 2011
Hemscott plc Executive Share Option Scheme	23,700	65.0p	Sept 2001 - Jul 2011
Hemscott plc Executive Share Option Scheme	2,552,606	82.5p	Aug 2001 - Jul 2011
Hemscott plc Executive Share Option Scheme	352,032	112.5p	Aug 2001 - Jul 2011
Granted by agreements dated 12 July 2000	102,210	112.5p	Aug 2001 - May 2010
	5,057,168		

The number of ordinary shares and option price of the options granted by agreements dated 12 July 2000 have been adjusted to reflect the 1 for 50 share consolidation which took place on 30 April 2001.

On 11 July 2001 at an extraordinary general meeting, shareholders approved the restructuring of the company's share option scheme as set out in the Circular dated 18 June 2001. At the same time, the Bridgend Group PLC Executive Share Option Scheme was renamed the Hemscott plc Executive Share Option Scheme. The main changes to the option arrangements can be summarised as follows:

- *a reduction in exercise prices;*
- *an extended vesting period;*
- *a reduction in the number of shares subject to options; and*
- *the introduction of performance criteria.*

Optionholders who were current employees and executive directors were given the choice to keep their old options with the original vesting dates and exercise prices or, if they had surrendered their old options, to be granted new options under the new arrangements.

Notes to the Accounts

Continued

18. Movement in shareholders' funds

	Ordinary shares £'000	Deferred shares £'000	Share redemption premium £'000	Capital redemption reserve £'000	Other reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2001	16,068	3,604	9,606	186	(4,130)	(11,691)	13,643
Creation of 'A' deferred shares (see note 16)	(14,461)	14,461	-	-	-	-	-
Share capital reduction (see note 16)	-	(18,065)	-	-	18,065	-	-
Transfer to profit and loss account	-	-	-	-	(16,531)	16,531	-
Retained loss for the financial year	-	-	-	-	-	(3,903)	(3,903)
At 31 December 2001	1,607	-	9,606	186	(2,596)	937	9,740

19. Reconciliation of operating loss to net cash flow from operating activities

	2001 £'000	2000 £'000
Operating loss	(4,464)	(11,971)
Exceptional items and goodwill amortisation	242	2,435
Operating loss before exceptional items and goodwill amortisation	(4,222)	(9,536)
Depreciation	582	408
Decrease/(increase) in debtors	392	(1,204)
(Decrease)/increase in creditors	(203)	2,917
	(3,451)	(7,415)
Cash outflow on exceptional items	(140)	(245)
Net cash outflow from operating activities	(3,591)	(7,660)

In addition to the exceptional cash outflow of £140,000 (2000 : £245,000) above which relates to compensation for loss of office paid to former directors of Bridgend Group PLC, the cash outflow of £197,000 (2000 : £1,979,000) relating to the exceptional costs of the placing, open offer, retail offer and reverse acquisition which took place on 15 August 2000 are shown in note 23.

20. Returns on investments and servicing of finance

	2001 £'000	2000 £'000
Interest received	566	255
Interest paid	-	(41)
Net cash inflow	566	214

21. Capital expenditure and financial investment

	2001 £'000	2000 £'000
Cash outflow on the purchase of tangible fixed assets	524	1,521

22. Acquisitions and disposals

	2001 £'000	2000 £'000
Disposal of investments held for resale (see note 25)	600	-
Cash acquired on the reverse acquisition of Bridgend Group PLC	-	1,798
Cash inflow	600	1,798

23. Financing

	2001 £'000	2000 £'000
Proceeds of issue of shares by the Hemscott Holdings group prior to 15 August 2000	-	5,000
Repayment of loans prior to 15 August 2000	-	(1,350)
	-	3,650
New loans	-	2,550
Loan repayments	-	(2,550)
Proceeds of issue of shares on 15 August 2000	-	18,000
Cash costs of placing, open offer, retail offer and reverse acquisition	(197)	(1,979)
Net cash (outflow)/inflow	(197)	19,671

24. Reconciliation of movement in net funds

	At 1 January 2001 £'000	Cash flow £'000	At 31 December 2001 £'000
Cash at bank, in hand and overnight deposit	302	19	321
Short term investments	12,200	(3,165)	9,035
	12,502	(3,146)	9,356

25. Disposals

On 19 April 2001, the group sold its subsidiary Kingavon Limited ("Kingavon") for £800,000. Kingavon was a subsidiary of Bridgend Group PLC prior to the reverse acquisition in August 2000. Kingavon was held in Hemscott's consolidated balance sheet at 31 December 2000 as a current asset investment at £800,000 and hence no gain or loss arose on the disposal.

The consideration of £800,000 is payable in cash in three tranches, £600,000 was received in April 2001, a further £100,000 is due in April 2002 and £100,000 in April 2003.

Notes to the Accounts

Continued

26. Financial commitments

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

	2001		2000	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date				
Between two and five years	-	14	11	14
After five years	502	-	502	-
	502	14	513	14

27. 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.

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.

28. Pension arrangements

In 2000, the group made contributions to the personal pension plans of two employees who left during that year. The total contributions paid were as follows:

	2001 £'000	2000 £'000
Contributions paid in the year	-	19

29. Related party transactions

Until 7 February 2001 Charles Jillings was a director of HS Publishing Group Limited, the holding company of HS Financial Publishing Limited ("HSFP"), the company which previously carried on the Hemscott business. Hemscott Group Limited ("HG"), the group's principal trading subsidiary, entered into a number of agreements with HSFP prior to 7 February 2001, which included:

- to provide HSFP access to HG's database; to store, use and reproduce information from the database for which an index-linked annual fee of £500,000 (before VAT) is received.
- to maintain certain HSFP information on HG's computers and to provide other IT services for an annual fee of £110,000 (before VAT). This contract terminated in September 2001.

There were no amounts outstanding at 31 December 2001 in respect of these items.

Notes to the Accounts

Continued

30. Company balance sheet (cont.)

a) Investments

	Shares £'000	Company loans £'000	Total £'000
Cost			
At 1 January 2001	22,996	25,109	48,105
Additions	537	6	543
Repayments	-	(2,358)	(2,358)
Disposals	(4,355)	-	(4,355)
At 31 December 2001	19,178	22,757	41,935
Provisions for impairment			
At 1 January 2001	(7,710)	(6,984)	(14,694)
Movement in year	3,119	(11,601)	(8,482)
At 31 December 2001	(4,591)	(18,585)	(23,176)
Net book value			
At 31 December 2001	14,587	4,172	18,759
At 1 January 2001	15,286	18,125	33,411

The company's principal trading subsidiaries at 31 December 2001 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

b) Debtors

	2001 £'000	2000 £'000
Amounts falling due within one year		
Other debtors	100	48
Prepayments and accrued income	10	-
	110	48
Amounts falling due after more than one year		
Other debtors	100	-
	210	48

30. Company balance sheet (cont.)

c) Financial instruments

Floating rate financial assets of £2,036,000 (2000 : £83,000) comprise sterling cash balances. There are no fixed rate financial assets. There are no borrowings and no exposure to foreign currency.

d) Creditors - amounts falling due within one year

	2001 £'000	2000 £'000
Trade creditors	-	175
Accruals and deferred income	479	610
	479	785

e) Creditors - amounts falling due after more than one year

	2001 £'000	2000 £'000
Amounts owed to subsidiaries	7,746	7,979
	7,746	7,979

f) Loss for the financial year

No separate profit and loss account is prepared for the company as permitted by Section 230 of the Companies Act 1985. The company made a loss for the financial year of £11,998,000 (2000 : £2,676,000).

g) Reserves

	Share premium £'000	Capital redemption reserve £'000	Other reserve £'000	Profit and loss account £'000
At 1 January 2001	9,606	186	-	(4,686)
Share capital reduction (see note 16)	-	-	18,065	-
Transfer to profit and loss account	-	-	(16,531)	16,531
Retained loss for the financial year	-	-	-	(11,998)
At 31 December 2001	9,606	186	1,534	(153)

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Hemscott plc will be held at the offices of KBC Peel Hunt Limited at 62 Threadneedle Street, London on Tuesday, 23 April 2002 at 9.00a.m. to transact the following business:

Ordinary business

1. To receive the report of the directors, the accounts for the year ended 31 December 2001 and the report of the auditors there on.
2. To re-appoint Stephen Roche 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 Michael Grade (who is retiring by rotation) as a director of the company.
5. To re-appoint Arthur Andersen as auditors of the company and to authorise the directors to fix the remuneration of the auditors.

By order of the board,
Kevin O'Byrne
Secretary
11 March 2002

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 IRG Plc, Bourne House, 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 34 of the Uncertificated Securities Regulations 1995, only those shareholders who are registered on the register of members of the company as at close of business on 21 April 2002 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.

Explanatory Notes

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.

Resolution 2: Re-appointment of director

Article 81 of the company's Articles of Association states that a director appointed since the previous Annual General Meeting shall hold office only until the end of the next following Annual General Meeting unless he is re-appointed during that meeting. Stephen Roche has been appointed by the board since the last Annual General Meeting. He therefore retires and, being eligible, offers himself for re-appointment. Biographical details are set out in the report and accounts.

Resolutions 3 and 4: 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, Charles Jillings and Michael Grade shall retire and, being eligible, offer themselves for re-appointment. Biographical details are set out in the report and accounts.

Resolution 5: Re-appointment of auditors

Resolution 5 proposes the re-appointment of Arthur Andersen as auditors and that, in accordance with normal practice, the directors should be authorised to agree their remuneration.

Registered Office and Advisers

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Web: www.hemscott.net
Email: corpcomms@hemscott.co.uk

Registered number

27883 (England & Wales)

Company Secretary

Kevin O'Byrne

Registered auditors

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Principal clearing bank

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Registrars

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