Hemscott plc Annual Report 2005

A leading supplier of global business and financial information and international online investor relations solutions

Registered Number: 27883 (England & Wales)

Hemscott is a leading supplier of global business and financial information and international online investor relations solutions

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Chairman's Statement

I am extremely pleased to introduce Hemscott's 2005 report and accounts.

This was a year in which, in my belief, Hemscott came of age. We began to enjoy the benefit of the two major acquisitions made in 2004, Bigdough and CoreData, which gave the group considerable increased critical mass. Today Hemscott is able to present a range of financial data services and products to a blue chip client base across the globe and the benefits of that scale are demonstrated by our strong financial performance.

Revenues for the year amounted to £20.2 million, more than double the £8.8 million recorded in 2004. This was achieved by organic growth and as a result of our acquisitions. We achieved a positive EBITDA pre-exceptionals figure of £2.4 million compared with a negative £0.1 million (before exceptional costs of £0.3m) in 2004 and positive cash flow from operating activities.

During the year, we signed up numerous new clients and strengthened our relationship with many existing ones. Also in November 2005 we acquired Corporate Fundamentals, Inc. a data collection operation with state of the art proprietary technology and operations in India that is enabling us to improve the efficiency and quality of our data at a lower cost.

For some time now, your board has been considering the value of Hemscott's continued position as a public company, with its shares admitted to trading on AIM. The great majority of our shares are owned by our two largest shareholders, Centerpoint Data, LLC and Financial Media Holdings Limited and so the remaining free float is comparatively small, with the result that our shares are thinly traded. A public quotation is relatively expensive and time-consuming to maintain. The board has concluded that our management resources would be better deployed in growing the business as a private company.

Consequently, in January 2006 we announced a plan to cancel our listing. Before doing so, we resolved to effect a share capital reduction and a tender offer to enable all shareholders to sell their holdings if they did not wish to or could not retain their investment in a private company. We believed this plan had benefits for all shareholders and most importantly gave them choice over the future of their investment.

On 7 February 2006 Hemscott announced it was in exploratory discussions with a third party regarding a transaction that may or may not result in an offer being made for the issued share capital of the Company. These discussions are progressing and we will keep you, our shareholders, informed as to any new developments.

Hemscott has valuable data assets, proprietary software platforms, a global blue chip customer base and a highly talented management team capable of delivering further shareholder value. It only remains for me to thank the chief executive Ros Wilton, her management team and all the employees of Hemscott for their efforts through 2005 and to thank you, our shareholders for your support.

Michael Grade
Chairman
12 May 2006

Chief Executive Officer's Review

2005 was a year of positive change for Hemscott, as we transformed ourselves into a truly global organisation. In our first full year as an international business, the two companies we acquired in late 2004 were successfully integrated. The acquisition of Corporate Fundamentals, Inc. in November 2005 has given us a significant footprint on three continents.

It was a year of sustained growth in both our traditional and recently acquired businesses. In the UK, we enjoyed strong revenue increases and North America contributed impressive results. We have still been able to maintain our track record of cost control and strict cash management throughout this period of expansion.

The acquisition of Corporate Fundamentals has enabled us to significantly reduce the operational cost of data collection whilst enabling us to expand and strengthen our data, products and services.

Results

The group's revenues for the year to 31 December 2005 were £20.2m (2004: £8.8m reported; £18.0m pro forma*).

This strong revenue growth, combined with careful cost management of our underlying business, resulted in a significant improvement in the earnings before interest, tax, depreciation and amortisation pre-exceptional items (EBITDA pre-exceptionals), which increased to £2.4m (2004: LBITDA £0.1m reported; EBITDA £1.7m pro forma*).

The group made an operating loss of £3.5m (2004: £1.8m). This loss is stated after goodwill amortisation of £3.4m (2004: £0.8m), depreciation of £1.0m (2004: 0.5m), exceptional items of £1.5m (2004: £0.4m). After interest the group made a loss before taxation of £4.4m (2004: £1.6m).

Acquisitions

In November 2005, we acquired Corporate Fundamentals, Inc., a US financial data company with operations in India for a consideration of £2.8 million.

Based in Boston, Massachusetts, Corporate Fundamentals owns state-of-the-art technology that will provide the platform for the future expansion of our data assets and radically extend our corporate information and data services, particularly in offering customised data collection to our clients. The acquisition has offered us the opportunity for significant cost savings. Based in Delhi, India, Corporate Fundamentals has a highly efficient data collection operation which is in the process of becoming our collection centre.

Strategy

Our powerful proprietary data assets are what will continue to drive our strategy worldwide. Our core asset has always been our unique database, which now spans 15,000 companies, 110,000 directors, 60,000 capital markets professionals and earnings estimates from 65 securities firms in London. We believe that it would be almost impossible for this first-class database to be replicated by any competitor. The high quality and depth of our data differentiates us from other information vendors. It is our principal strategy to continue expanding this database and to look for increasing ways to interpret and exploit it.

Demand for this unique data resource is constantly in demand from an ever-growing audience that includes investment banks, securities houses, asset managers, hedge funds and private investors as well as vertical markets such as law firms, accounting practices, public relations agencies, academics and regulatory and governmental bodies. Growth will not only come from maintaining our strong rate of customer recruitment, but also from cross selling data assets to our existing substantial customer base, in particular Bigdough and the new and innovative products we will continue to develop or acquire.

Global Business Information

Global Business Information made further impressive progress in 2005, with revenues of £18.7m (2004: £7.4m reported; £16.6m pro forma*). Our Global Business Information division enjoys high levels of recurring revenue from a blue chip customer base.

* pro forma unaudited annualised revenue and EBITDA before exceptional items had Hemscott, Inc. (formerly CoreData, Inc.) and bigdough.com.inc. been part of the group for the whole of 2004.

Global Fundamental Data

UK

The quality of our data and the innovative enhancements we continually make to our UK product range have once again been reflected in revenue growth in 2005, particularly for our leading business-to-business online research tool, Hemscott Company Guru.

This product combines up-to-date company financial data and directors' biographies on all 2,300 UK registered quoted companies and 400,000 private companies with powerful search functionality and has now become an essential business tool. By the end of 2005, the total number of customers using the service had risen to 125.

For the private investor, the subscription levels for our advanced investment research products, Hemscott Premium and Premium Plus, have more than held their own validating the Hemscott brand and the quality of our data. As Premium Plus celebrated its second birthday, we saw an impressive increase in subscriber numbers.

North America

Our North American data business has almost 30 years of high quality US and Canadian public company information. We continue to maximise our cross selling opportunities and a number of our existing US clients have already signed deals to purchase our UK Fundamental data.

US & European Capital Markets

Our Global capital markets product offering is Bigdough, a best of breed contact management and communications platform and the market leader in its space. Bigdough has an international customer base that provides a high level of margin and recurring revenue as users re-subscribe on an annual basis. Key clients include the top institutional brokerage firms in the world who use the service for their institutional equity sales desks, as well as hundreds of other brokerage firms and research providers. During 2005, we began to leverage Hemscott's European brand, customer base and infrastructure to expand this unique product into Europe. Our successes included adding thirty new Bigdough accounts in Europe including three Enterprise implementations.

Global Investor Relations

2005 was another good year in our Global Investor Relations division, both in the UK and the US.

UK Corporate Communications & Investor Relations

Hemscott IR remains the market-leading provider of tailored online corporate communications and investor relations solutions in the UK, with a blue-chip customer list. Our customer numbers increased steadily throughout the year as did our average revenue per customer as we provided more value-added services to them.

Our successful product offering has increased further with the introduction of many new and innovative tools, which we believe have raised the bar in our marketplace. With the acquisition of Bigdough, we are now able to offer our customers a uniquely powerful shareholder targeting contact management and CRM platform.

US Corporate Investor Relations

The acquisition of Bigdough has allowed the sales teams to expand our investor relations business internationally. Bigdough IR has a first class US customer base. During the year, we launched new services integrating Bigdough shareholder targeting capabilities with a number of Hemscott traditional online IR products, such as news and share price alerts.

UK Media

Our UK Media division includes advertising on our business and investment research website www.hemscott.com, our Online Publishing division and subscription emails to our highly valuable demographic user base of high net worth individuals.

Advertising revenues rose significantly with the addition of a number of new advertisers. However, overall in Media, this increase has been offset by a drop in revenues from our Online Publishing division which has suffered from a lack of activity in the retail market. Results for the period were therefore flat, at £1.4m (2004: £1.4m).

Chief Executive Officer's Review (continued)

Outlook

The markets in which we operate remain very competitive nevertheless the company has made a very extremely encouraging start to the year. In the first three months to end of March 2006 revenues were up 17% to £6.0m (unaudited) and pre-exceptional EBITDA up 68% to £1.28m (unaudited) compared to the first quarter of 2005 revenues and EBITDA of £5.1m and £0.77m (unaudited). This growth reflects the expansion in the Group's product range and customer base, cross selling opportunities with a continued focus on costs including the savings achieved through our Indian collection operations.

Our flagship Hemscott.com site has been extensively enhanced and redesigned. This relaunch in April 2006 should drive further advertising revenue.

At the same time, we have decided to cease our online publishing service.

We will continue to broaden our product range and expand our data assets, investing further in sales and infrastructure.

We look forward with confidence to the coming year.

Rosalyn Wilton.

Rosalyn Wilton
Chief Executive Officer
12 May 2006

Our Business & Our Customers

[This page contained graphics on the printed Annual report and has been deliberately left blank on the version submitted to Companies House]

Global Products & Services

Hemscott is a leading international supplier of high quality business and financial information and online corporate investor relations solutions to clients in the UK, Europe and North America.

Our group has two distinct revenue generating areas, as defined by the needs of our global customer base:

- **Global Business Information,** which includes Global Data Sales, the sale of data and information services to the financial, professional and sophisticated retail communities, and Global Investor Relations, the sale of data and information services to investor relations professionals.
- **UK Media** - the sale of website advertising for the UK's leading investment research website hemscott.com and subscription services such as Hemscott Premium and Premium Plus.

Global Business Information

UK & North American Fundamental Data

Hemscott's proprietary international database of company information offers nearly 25 years of UK and Irish fundamental and directors' data and 30 years' of US and Canadian data. It holds detailed and comprehensive information on approximately 15,000 UK, Irish and North American publicly traded companies, 215 industry groups, and major equity markets, including directors' biographies and remuneration.

We provide a wide range of innovative business research tools to a corporate and institutional clients, including major financial institutions, public companies and business websites. Our high-quality information can be delivered as bespoke, customised data selections and hosted Internet pages or as highly intuitive off-the-shelf solutions, such as Hemscott Company Guru. Guru is an online business-to-business UK company research resource, which provides continuously updated, highly searchable financial data and directors' biographical information. For the private investor, we also offer Hemscott Premium Services, which includes our subscription-only online investment research websites Hemscott Premium and Hemscott Premium Plus. In North America, we provide packaged company performance metrics and executive compensation products, such as CoreCompensation and CoreReference.

US & European Capital Markets

Hemscott's capital markets product offering is Bigdough, the world's most innovative provider of capital markets contact and ownership data. This online subscription based service contains a detailed and constantly updated database of buy and sell side analysts and financial journalists, including the stock holdings and investment strategies of US and European fund managers. This unique database is integrated with a powerful Client Relationship Management (CRM) and communications software platform. An enormous level of resource is invested in research and database management and Bigdough's data quality and accuracy is unparalleled. Bigdough's user base spans the globe and comprises several hundred major publicly traded companies and hundreds of research providers and brokers, including 45 of the top 50 institutional brokerage firms in the US.

In the last twelve months, we have joined forces with BlueMatrix, a leading capital markets research platform to provide a state of the art solution for information sharing, research distribution and data management, and with banking communications specialists Client Instant Access to integrate their voice messaging and telephone technology with the functionality offered by the Bigdough platform, creating massive improvements in the workflow and productivity of our users. Both these product enhancements are indicative of our determination to stay at the leading edge.

Global Investor Relations

Hemscott IR provides tailored online corporate communications and investor relations solutions to UK, European and North American publicly listed companies. In the UK, Hemscott IR leads the market, including more than 330 clients and over 35% of FTSE 100 companies as clients.

In North America, we supply over 750 clients with an investor relations product range that includes Bigdough Shareholder Targeting, our powerful capital markets contact and ownership database and CRM platform and Corporate Performance Graphs, high quality, customisable, SEC-mandated company reports.

In the last year, Hemscott IR has developed WebSync, which links a user's IR website with Bigdough. All the contact and communication details received through the IR website are automatically updated directly into Bigdough's powerful CRM and communications platform. We have also formed alliances with third parties to produce cutting edge add-ons to our product, BusinessWire for media distribution and Morrow for Surveillance data integrated within the powerful Bigdough application.

UK Media

Hemscott media services are based around our flagship website, www.hemscott.com, which provides investment research for the private and professional investor. With a major redesign and the addition of many new features, visitor numbers have continued to grow and now average 300,000 high net worth registered users every month.

This presents a prime advertising opportunity to media buyers and blue chip advertisers seeking to reach such a uniquely attractive audience. We offer a range of managed online advertising and direct marketing programmes, from simple banners through to innovative bespoke solutions to The Week, a free weekly round-up and market commentary email, with in depth analysis of companies in the news and the editor's own unique reporting, sent free of charge to all registered users. In addition, the professional financial advisors to UK quoted companies place advertisements and enhanced entries in the trusted and comprehensive Hemscott corporate advisor guides and directories.

Financial Review

Results

2005 has been an excellent year for Hemscott with strong organic growth across the business, the successful integration of the two US corporations acquired in the second half of 2004 and a further acquisition complementing the business and offering the opportunity for significant cost savings and earnings enhancement.

Hemscott delivered revenues of £20.2m, up 130% on reported and 12% on pro forma* (2004: reported £8.8m, pro forma* £18.0m) and an EBITDA pre-exceptionals of £2.4m (2004: reported LBITDA £0.1m, pro forma* EBITDA £1.7m).

Global Business Information

Global Business Information includes sales of services to the professional and financial communities including all revenue from our two US acquisitions. In 2005 we made major strides in both Europe and the US in this most significant area of our business. Global Business Information's turnover for the year was £18.7m (2004: reported £7.4m, pro forma* £16.6m), representing an increase of 253% over reported and 13% over pro forma.

UK and North American Fundamental Data

Our international fundamental data business continued to perform well, with excellent levels of repeat business and important new deals with key partners on both sides of the Atlantic. We continue to focus on growing our business and leveraging every opportunity to cross sell our products.

Bigdough Capital Markets

Bigdough, our contact management and communication platform which we acquired in November 2004, has performed exceptionally well with new customer wins, increased number of seats from existing customers as well as upgrades to our Enterprise platform.

Investor Relations Services

Our UK online corporate investor relations business performed extremely well adding a number of high quality companies to an already impressive client list. Our market leading position as supplier of choice has been further enhanced by the addition of Bigdough's corporate IR shareholder targeting platform, which we have begun to cross sell into the UK and Europe. In the US, sales of Bigdough to Corporate IR officers have performed in line with our plan.

UK Media

Our Media division includes advertising revenues from our investment research website www.hemscott.com and our Online Publishing division which is a retail subscription newsletter. Our user base has continued to grow with an increase in registrations and a corresponding (or similar) increase in advertising revenues in the period with the addition of a number of new advertisers. However, this increase has been offset by a drop in revenues from our Online Publishing division, which suffered from a lack of activity in the retail market. The turnover from the Media division was £1.4m (2004: reported and pro forma* £1.4m).

The strong revenue growth combined with tight control over costs resulted in the company reporting an EBITDA pre-exceptionals of £2.4m (2004: reported LBITDA £0.1m, pro forma* EBITDA £1.7m). Included in the current year EBITDA pre-exceptionals is a £0.1m loss from our acquired business Corporate Fundamentals, Inc. exceptional items of £1.5m are broken down in Note 3 to the accounts.

Goodwill for acquired businesses is being amortised in accordance with FRS 10 over 10 years being the determined economic useful life. After amortisation and fixed asset depreciation the group produced an operating loss of £3.5m for the year (2004: £1.8m) and a loss before taxation of £4.4m (2004: £1.6m)

Acquisitions

On 21 November 2005 the company acquired Corporate Fundamentals, Inc. a US financial data company with operations in India for a consideration of up to £2.8 million.

Based in Boston, Massachusetts, Corporate Fundamentals has state-of-the-art proprietary technology that will radically enhance and extend Hemscott's corporate information and data services and provide the platform for future expansion of its data assets. The acquisition also offers Hemscott the opportunity for significant cost savings. Corporate Fundamentals' highly efficient data collection operations are based in Delhi, India, and it is intended that this facility will be used to collect our financial data, currently being collected in London, UK and Richmond Virginia, USA.

The acquisition was satisfied by an initial payment of £1.5 million in cash, 2,442,973 Hemscott plc ordinary shares to be issued on the anniversary of the acquisition date (£0.9 million) and a further 1,221,486 Hemscott plc ordinary shares (£0.5 million) payable once certain conditions are satisfied.

Taxation

As a result of losses in the year, the group has no liability to UK taxation. In the UK there are approximately £14.6m (2004: £14.8m) of tax losses available to be utilised in future years, the benefit of these losses has not been provided for in these accounts.

The acquisition of Hemscott Americas, Inc. and its subsidiary Hemscott, Inc. (formerly CoreData, Inc.) and bigdough.com.inc. has created a US tax group allowing the group to recognise a £857,000 (2004: £289,000) deferred tax asset in Hemscott, Inc.

Capital expenditure

Capital expenditure in the year of £1.0m (2004: £0.7m) comprised the purchase of computer hardware and internally built software relating to specific products.

Cash flow and financing

A positive EBITDA for year combined with good working capital management resulted in a net cash inflow from operating activities for the year totalling £3.3m (2004: £0.7m net cash outflow)

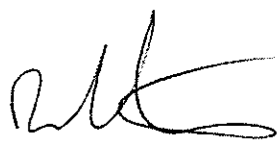
Net cash outflows before management of liquid resources and financing consisted primarily of capital expenditure of £1.0m (2005: £0.7m) and the cash outflow relating to the acquisition of Corporate Fundamentals, Inc. of £1.5m. Partially offsetting these outflows was a tax refund relating to overseas corporation taxation paid in 2004 but recovered in 2005 following submission of the 2004 US tax returns.

The group's cash is invested in short-term deposits and current accounts with major banks and building societies. The treasury strategy is controlled through a treasury committee, comprising the Chief Executive Officer and Chief Financial Officer, and operates in accordance with documented policies and procedures approved by the board. During the year interest was received on funds placed on short-term deposits of £180,000 (2004: £234,000).

Cash inflows from financing related to the issue of new ordinary shares to satisfy the exercise of share options.

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.



Daryl Paton

Chief Financial Officer

12 May 2006

* pro forma unaudited annualised revenue and EBITDA before exceptional items had Hemscott, Inc. (formerly CoreData, Inc.) and bigdough.com.inc. been part of the group for the whole of 2004.

Michael Grade C.B.E. ❖■◆
Non-Executive Chairman
Chief Executive Channel Four Television Company Limited 1988-1997. Chief Executive First Leisure Corporation PLC 1998-1999. Chairman of Camelot Group PLC from 2002 to 2004. Chairman of Pinewood Studios, and the Chairman of the BBC since April 2004. A director of Charlton Athletic Football Club. Age 63.

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 54.

Daryl Paton
Chief Financial Officer
Joined Admiral plc 1990, becoming Company Secretary, 1994 and CFO of Admiral Computing, the largest global division of Admiral plc, in 1999. CFO of CMG UK Ltd and Country Chairman for the Asia Pacific region. CFO Eyretel plc, the UK-listed global software provider 2001-2003 and CFO and Commercial Director of Telco Global Group, a £230 million revenue telecoms group, 2003-2005. Joined Hemscott January 2005. Age 41.

Charles Jillings ❖■◆
Non-Executive Director
Director of Hill Samuel Bank Limited in corporate finance 1994-1995. Director of Financial Media Holdings Limited, which has a substantial shareholding in Hemscott plc. Sits on the board of a number of UK companies. Age 50.

Marco Sodi ❖■◆
Non-Executive Director
At Exxon Enterprises, the venture capital arm of ExxonMobil, and a partner at Salem Solutions, before joining Veronis Suhler Stevenson in 1988. Heads VSS's London-based affiliate, Veronis Suhler Stevenson International, and has led investments in Mediatel (Austria), De Telefoongids (Neth.), Pepcom (Germany), Centaur Communications (UK) and Fonecta (Finland). Age 47.

Scott J. Troeller ❖■◆
Non-Executive Director
Began his career as an investment banker with JP Morgan & Co., before joining Veronis Suhler Stevenson in 1996. Managing member of VSS since 2000 and actively involved in all aspects of VSS's fund-related activities. Has led investments in several VSS private equity platforms, including The Official Information Company and its separate subsidiaries Total Information Services (TISI), CoreSearch, Atwood Publishing, ExpoExchange, and GEM Communications, as well as Ascend Media, Golden State Towers and CoreData. Currently a member of the managing board of Centerpoint Data, LLC and Ascend Media, LLC. Age 37.

❖ Member of the Audit Committee
■ Member of the Remuneration Committee
◆ Member of the Nomination Committee

Directors' Report

The directors present their annual report on the affairs of the group and the audited financial statements for the year ended 31 December 2005.

Principal Activities
The principal activities of the group are:

Global Business Information - the provision of financial and business information;

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

Media - Advertising and Online Publishing.

Review of Business
The Chairman's Statement on page 1, the Chief Executive Officer's Review on pages 2 to 4 and the Financial Review on pages 8 and 9 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 20.

Results and Dividends
The audited accounts for the year ended 31 December 2005 are set out on pages 20 to 40. The group's retained loss for the year was £4,054,000 (2004 : £1,319,000). No interim dividend was paid (2004 : £nil) and the directors do not recommend the payment of a final dividend (2004 : £nil).

Directors
The directors who held office during the year and to the date of this report were as follows:

Name	Position	Date of Appointment	Date of Resignation
Michael Grade	Non-Executive Chairman	15 August 2000	
Rosalyn Wilton	Chief Executive Officer	15 August 2000	
Simon Ashdown	Chief Financial Officer	19 April 2004	11 January 2005
Daryl Paton	Chief Financial Officer	12 January 2005	
Charles Jillings	Non-Executive Director	28 July 1999	
Scott Troeller	Non-Executive Director	1 October 2004	
Marco Sodi	Non-Executive Director	1 October 2004	

Details of directors' interests are provided in the Directors' Remuneration Report on pages 15 to 17.

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

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

The Group's financial instruments and financial risk management are disclosed in Note 14 to the accounts.

Supplier Payment Policy
The group's policy is to pay suppliers within their normal terms of settlement. The average payment period for suppliers at 31 December 2005 was 79 days (2004: 50 days).

Fixed Assets
Movements in fixed assets are set out in Notes 9, 10 and 11 to the financial statements.

Charitable and Political Donations
Charitable donations of £5,000 were made during in the year (2004: £nil). No political donations were made during the year (2004: £nil).

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

Substantial Shareholdings

As at 11 May 2006, the following substantial shareholdings have been notified to the company:

Name	Ordinary Shares Held	% Held
Centerpoint Data, LLC	31,457,298	54.24
Financial Media Holdings Limited and its associated parties	14,089,193	24.29
Societe Generale Asset Management	4,225,095	7.28

Scott Troeller and Marco Sodi are both managing members of the general partner (VS&A Equities III, LLC) of VS&A Communications Partners III, LP, which is the majority shareholder of Centerpoint Data, LLC, the latter being the majority shareholder in the company. Charles Jillings is a director of Financial Media Holdings Limited, which is a significant shareholder in the company.

Employees

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

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

Auditors

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor and authorise the directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the board
Nick Sarker
Company Secretary
12 May 2006

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"). In this section of the report, therefore, Hemscott voluntarily sets out the extent to which the Combined Code has been applied.

The Board

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

Michael Grade, the chairman, is independent and free from any business or other relationship that could materially interfere with the exercise of his independent judgement (save for the shares he holds, as declared on page 15 of the Directors' Remuneration Report). Scott Troeller and Marco Sodi are both managing members of the general partner (VS&A Equities III, LLC) of VS&A Communications Partners III, LP, which is the majority shareholder of Centerpoint Data, LLC, the latter being the majority shareholder in the company. Charles Jillings is a director of Financial Media Holdings Limited, which has a substantial shareholding in the company.

The company complies with section 1 of the Combined Code except it does not currently have a senior non-executive director 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. Rosalyn Wilton and Charles Jillings will be retiring by rotation and will be standing for re-election at the Annual General Meeting.

Internal Control

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

Some key features of the internal control system are:

(i) Management accounts information, budgets, forecasts and business risk issues are regularly reviewed by the executive directors who meet every week.

(ii) The company has operational, accounting and employment policies in place.

(iii) There is a clearly defined organisational structure and there are well-established financial reporting and control systems.

(iv) The company prepares comprehensive annual budgets and detailed monthly accounts with review of variances against both budget and prior years, which are reviewed by the board.

(v) The board regularly reviews significant risks facing the company.

Board Committees

The board of directors has established the following committees:

(i) Audit Committee

This committee's members are Charles Jillings (Chairman), Michael Grade, Scott Troeller and Marco Sodi.
All are non-executive directors. The audit committee is responsible for the co-ordination of the annual audit, monitoring the integrity of the financial statements of the company, and monitoring and reviewing the external auditors' independence, objectivity and effectiveness. The audit committee is also responsible for reviewing the requirement for an internal control function. The committee meets twice a year and reports to the full board.

(ii) Remuneration Committee

This committee's members are Michael Grade (Chairman), Charles Jillings, Scott Troeller and Marco Sodi.

All are non-executive directors. It meets as required and at least annually to consider all aspects of the remuneration of the executive directors of the company and its subsidiaries. The remuneration of the non-executive directors is considered by the board following recommendations by the executive directors. No director participates in setting his or her own remuneration. The Directors' Remuneration Report is set out on pages 15 to 17.

(iii) Nomination Committee

This committee's members are Michael Grade (Chairman), Scott Troeller, Marco Sodi and Charles Jillings.
All are non-executive directors. The nomination committee is responsible for making recommendations to the board on new board appointments.

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

Communications and Relationship with Shareholders

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

All shareholders have at least twenty one clear days' notice of the Annual General Meeting at which the directors are introduced and are available for questions.

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

Directors' Remuneration Report

The terms of reference and composition of the Remuneration Committee are set out on page 14.

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

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

Audited Information

The emoluments of the directors for the year, charged to the Consolidated profit and loss account on page 20, are shown below:

	Salary/Fee/ Benefits 2005 £'000	Bonuses 2005 £'000	Share options issued at a discount 2005 £'000	**Total 2005 £'000**	Total 2004 £'000
Michael Grade	60	-	-	**60**	35
Rosalyn Wilton	67	120	50	**237**	616
Daryl Paton (appointed 12 Jan 2005)	132	54	10	**196**	-
Simon Ashdown (resigned 11 Jan 2005)	26	-	-	**26**	73
Charles Jillings	18	-	-	**18**	18
Scott Troeller	18	-	-	**18**	5
Marco Sodi	18	-	-	**18**	5
Total	339	174	60	**573**	752

Rosalyn Wilton, Daryl Paton and Simon Ashdown 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 Hemscott Share Option Plan and by separate agreement were as shown in the following tables. There were no changes in the interests of the directors or their immediate families in the issued share capital of the Company between 1 January 2006 and 12 May 2006.

Shareholdings:	**As at 31 December 2005**	As at 31 December 2004
Michael Grade	**35,000**	35,000
Rosalyn Wilton	**112,222**	112,222

The market price of the ordinary shares at 31 December 2005 was 39.5p and the range during the year was 35.0p to 49.0p.

Directors' Remuneration Report

The terms of reference and composition of the Remuneration Committee are set out on page 14.

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

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

Audited Information

The emoluments of the directors for the year, charged to the Consolidated profit and loss account on page 20, are shown below:

	Salary/Fee/ Benefits 2005 £'000	Bonuses 2005 £'000	Share options issued at a discount 2005 £'000	**Total 2005 £'000**	Total 2004 £'000
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Rosalyn Wilton	**112,222**	112,222

The market price of the ordinary shares at 31 December 2005 was 39.5p and the range during the year was 35.0p to 49.0p.

Options

	At 1 Jan 2005	Granted 16 March 2005	At 31 Dec 2005	Exercise price per Ordinary Share (pence)	Date at which first exercisable*	Expiry date (or status)
Rosalyn Wilton						
	125,000		125,000	5.0	25/08/04	24 August 2014
	222,225		222,225	5.0	25/08/04	24 August 2014
	125,000		125,000	5.0	25/11/04	24 August 2014
	125,000		125,000	5.0	25/02/05	24 August 2014
	125,000		125,000	5.0	25/05/05	24 August 2014
	216,667		216,667	26.5	1	28 September 2013
	216,666		216,666	26.5	29/9/05	28 September 2013
	216,667		216,667	26.5	2	28 September 2013
	66,667		66,667	27.5	1	28 September 2013
	66,666		66,666	27.5	29/9/05	28 September 2013
	66,667		66,667	27.5	2	28 September 2013
	41,667		41,667	35.5	1	28 September 2013
	41,666		41,666	35.5	29/9/05	28 September 2013
	41,667		41,667	35.5	2	28 September 2013
	625,000		625,000	50.0	3	24 August 2014
	625,000		625,000	57.5	4	24 August 2014
	625,000		625,000	66.1	5	24 August 2014
	625,000		625,000	76.0	5	24 August 2014
	750,000		750,000	50.0	6	24 August 2014
		450,598	450,598	50.0	7	23 November 2014
		450,599	450,599	57.5	8	23 November 2014
		450,599	450,599	66.1	5	23 November 2014
		450,599	450,599	76.0	5	23 November 2014
Daryl Paton						
		113,000	113,000	5.0	12/01/07	11 January 2015
		200,000	200,000	50.0	9	11 January 2015
		200,000	200,000	57.5	10	11 January 2015
		200,000	200,000	66.1	5	11 January 2015
		200,000	200,000	76.0	5	11 January 2015
		100,000	100,000	50.0	6	15 March 2015
Simon Ashdown						
	80,000			46.0	1	Lapsed
	90,000		90,000	46.0	23/04/06	22/10/06
	80,000		80,000	46.0	2	6 mths after 2
	40,000			50.0	3	Lapsed
	40,000			57.5	4	Lapsed
	40,000			66.1	5	Lapsed
	40,000			76.0	5	Lapsed
	50,000			50.0	6	Lapsed

* See Notes overleaf

Notes to Options:

[1] Exercisable upon publication of the Company's preliminary results for year ended 31 December 2004.

[2] Exercisable upon publication of the Company's preliminary results for year ended 31 December 2005.

[3] These Options are first exercisable as to 80 percent on 25 August 2005 and as to 20 percent on 25 August 2006.

[4] These Options are first exercisable as to 60 percent on 25 August 2006 and as to 40 percent on 25 August 2007.

[5] These Options are first exercisable on a Takeover Event (as defined by the Hemscott Share Option Plan).

[6] These TSR Options are first exercisable on a Takeover Event (as defined by the Hemscott Share Option Plan) and then only if and to the extent that the average annual Total Shareholder Return of the company since grant of the option is between 15 percent and 30 percent.

[7] These Options are first exercisable as to 80 percent on 24 November 2005 and as to 20 percent on 24 November 2006.

[8] These Options are first exercisable as to 60 percent on 24 November 2006 and as to 40 percent on 24 November 2007.

[9] These Options are first exercisable as to 80 percent on 12 January 2006 and as to 20 percent on 12 January 2007.

[10] These Options are first exercisable as to 60 percent on 12 January 2007 and as to 40 percent on 12 January 2008.

All unvested options become immediately exercisable on a Takeover Event.

No options were exercised by any director in 2005.

Under the terms of the Hemscott Share Option Plan ("the Plan"), all options are exercisable on the occurrence of a Takeover Event (as defined by the Plan), which includes Centerpoint Data, LLC selling ordinary shares in the company so that its shareholding falls to below 20% of the issued share capital of the company, or any person other than Centerpoint Data, LLC acquiring control of the company.

Unaudited Information

Service Agreements

The current executive directors have service agreements that can be terminated by either party giving not less than six months' written notice.

As agreed with the Remuneration Committee, Rosalyn Wilton's service contract was varied, to provide that she waived her right to salary for the period 1 September 2004 to 31 August 2005 (save that she will still receive life assurance benefits as if she had been paid her salary during that period), in return for the grant of Salary/Bonus Waiver Options at an exercise price of 5p per ordinary share, which consists of options over 347,225 ordinary shares vesting on 25 August 2004 and options over 125,000 ordinary shares vesting on each three month anniversary after that date until 25 May 2005.

Rosalyn Wilton has agreed with the company not to sell (subject to certain exceptions) any ordinary shares obtained from the exercise of the Salary/ Bonus Waiver Options within 12 months of the relevant part of the options vesting. All options become exercisable in full on a Takeover Event (as defined in the Plan).

On 28 February 2006 Rosalyn Wilton and Daryl Paton received £120,000 and £54,000 respectively under the terms of bonus awards set in March 2005.

The company has a letter of appointment with Michael Grade as non-executive chairman terminable by either party without notice. His annual fee is £60,000.

The company has a letter of appointment with The Analysis and Research Company Limited ("ARC"), a company of which Charles Jillings is a director, the principal terms of which are that ARC agrees to provide the services of Charles Jillings as a non-executive director of Hemscott plc for an annual fee of £18,000 for an indefinite period terminable without notice by either party or if Charles Jillings ceases to be a director.

The company also has a letter of appointment with VS&A Communications Partners III, LP ("Fund III") providing that Scott Troeller and Marco Sodi (or their replacements designated by Fund III) serve as non-executive directors of the Hemscott board for an annual fee of £18,000 per annum per Fund III director and the company will reimburse Fund III for the costs incurred in relation to their travelling, accommodation and sustenance for attending board meetings up to a maximum of £24,000 per annum. Scott Troeller and Marco Sodi are both managing members of the general partner of Fund III.

Signed by order of the board

Michael Grade
Chairman
12 May 2006

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Signed by order of the board

Michael Grade
Chairman
12 May 2006

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 as at the end of the financial period 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 then 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 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.

Independent auditors' report to the Members of Hemscott plc

We have audited the financial statements of Hemscott plc for the year ended 31 December 2005 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related Notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the Directors' Remuneration Report that is described as having been audited.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the individual company financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilties. They are also responsible for the preparation of the other information contained in the Annual Report, including the Directors' Remuneration Report. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and whether the financial statements have been 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. We also report to you if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the Directors' Report and the other information contained in the annual report for the above year as described in the contents section including the unaudited part of the Directors' Remuneration Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the individual company financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the individual company financial statements and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2005 and of the loss of the group for the year then ended; and
- the financial statements and part of the Directors' Remuneration Report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte + Touche LLP

Chartered Accountants and Registered Auditors
London
12 May 2006

Consolidated profit and loss account

For the year ended 31 December 2005	Notes	Before items exceptional 2005 £'000	Exceptional items (Note 3) 2005 £'000	Total 2005 £'000	Total 2004 £'000
Turnover	2				
Existing operations		**20,160**	-	**20,160**	8,783
Acquisitions		-	-	-	-
		20,160	-	**20,160**	8,783
Operating expenses before depreciation and amortisation	3				
Existing operations		**(17,685)**	(1,454)	**(19,139)**	(9,223)
Acquisitions		**(95)**	-	**(95)**	-
		(17,780)	(1,454)	**(19,234)**	(9,223)
Profit/(loss) before interest, tax, depreciation and amortisation - EBITDA / (LBITDA)					
Existing operations		**2,475**	(1,454)	**1,021**	(440)
Acquisitions		**(95)**	-	**(95)**	-
		2,380	(1,454)	**926**	(440)
Depreciation	3,5	**(961)**	-	**(961)**	(512)
Amortisation	3,5	**(3,448)**	-	**(3,448)**	(811)
Total operating expenses		**(22,189)**	(1,454)	**(23,643)**	(10,546)
Operating loss					
Existing operations		**(1,934)**	(1,454)	**(3,388)**	(1,763)
Acquisitions		**(95)**	-	**(95)**	-
		(2,029)	(1,454)	**(3,483)**	(1,763)
Interest receivable and similar income	4a	**180**	-	**180**	234
Interest payable and similar charges	4b	**(1,142)**	-	**(1,142)**	(75)
Loss on ordinary activities before taxation	2,5	**(2,991)**	(1,454)	**(4,445)**	(1,604)
Tax credit on loss on ordinary activities	7	**391**	-	**391**	285
Retained loss for the financial year	20	**(2,600)**	(1,454)	**(4,054)**	(1,319)

Profit/(loss) per share		**2005 pence**	2004 pence
Loss per ordinary share - basic & diluted	8	**(7.0)**	(3.4)
Profit/(loss) per ordinary share - adjusted (basic & diluted)	8	**1.5**	(0.4)

The loss for the financial year dealt with the financial statements of the parent company was £1,015,000 (2004: £507,000). As permitted by Section 230 of the Companies Act 1985, no separate profit and loss account is presented in respect of the parent company.

2004 comparatives are presented without analysis of exceptional items. These are separately presented in Note 3 to the financial statements.

All amounts presented relate to continuing operations.

Consolidated statement of total recognised gains and losses

For the year ended 31 December 2005	2005 £'000	2004 £'000
Loss for the financial year	**(4,054)**	(1,319)
Currency translation difference on foreign currency net investments	**2,757**	(862)
Total losses recognised relating to the period and since last annual report and financial statements	**(1,297)**	(2,181)

Consolidated balance sheet

As at 31 December 2005	Notes	2005 £'000	2004 £'000
Fixed assets			
Goodwill	9	**33,709**	31,648
Tangible assets	10	**2,093**	2,009
		35,802	33,657
Current Assets			
Debtors - amounts falling due within one year	13, 14	**4,004**	3,998
Debtors - amounts falling due after one year	13	**1,404**	791
Cash at bank and in hand	14	**5,519**	4,306
		10,927	9,095
Creditors: Amounts falling due within one year			
Accruals and deferred income	15	**(10,507)**	(7,986)
Other creditors	15	**(1,837)**	(1,705)
	14	**(12,344)**	(9,691)
Net current liabilities		**(1,417)**	(596)
Total assets less current liabilities		**34,385**	33,061
Creditors: Amounts falling due after more than one year	16	**(16,370)**	(16,907)
Net assets		**18,015**	16,154
Capital and reserves			
Called up share capital	17	**2,893**	2,888
Share premium account	19	**12,865**	12,837
Capital redemption reserve	19	**186**	186
Other reserves	19	**4,509**	4,509
Shares to be issued	19	**1,964**	518
Convertible debt reserve	19	**1,698**	-
Profit and loss account	19	**(6,100)**	(4,784)
Shareholders' funds - equity	19	**18,015**	16,154

The financial statements were approved by the board of directors on 12 May 2006 and signed on its behalf by:

Daryl Paton
Director
12 May 2006

Company balance sheet

As at 31 December 2005	Notes	2005 £'000	2004 £'000
Fixed Assets			
Investments	11	44,049	40,481
		44,049	40,481
Current assets			
Other debtors	13	32	-
Cash at bank and in hand	14	45	6
		77	6
Creditors: Amounts falling due within one year			
Accruals and deferred income	15	(734)	(509)
Other creditors	15	(443)	-
		(1,177)	(509)
Net current liabilities		(1,100)	(503)
Total assets less current liabilities		42,949	39,978
Creditors: Amounts falling due after more than one year	16	(16,643)	(17,180)
Net assets		26,306	22,798
Capital and Reserves			
Called up share capital	17	2,893	2,888
Share premium account	19	12,865	12,837
Capital redemption reserve	19	186	186
Other reserves	19	8,639	8,639
Shares to be issued	19	1,964	518
Convertible debt reserve	19	1,698	-
Profit and loss account	19	(1,939)	(2,270)
Shareholders funds - equity	19	26,306	22,798

The financial statements were approved by the board of directors on 12 May 2006 and signed on its behalf by:

Daryl Paton
Director
12 May 2006

Consolidated cash flow statement

For the year ended 31 December 2005

	Notes	2005 £'000	2004 £'000
Net cash inflow/(outflow) from operating activities	21	**3,257**	(688)
Returns on investments and servicing of finance	22	**180**	234
Taxation refunded/(paid)	22	**340**	(16)
Capital expenditure and financial investments	22	**(1,021)**	(677)
Acquisitions and disposals	22	**(1,531)**	(21,084)
Cash inflow/(outflow) before management of liquid resources and financing		**1,225**	(22,231)
Management of liquid resources	22	**851**	4,005
Financing	22	**33**	20,520
Increase in cash in the year	23	**2,109**	2,294

Daryl Paton
Director
12 May 2006

Notes to the Financial Statements

For the year ended 31 December 2005

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

A summary of the principal group accounting policies adopted by the directors that have been applied consistently throughout the year and the preceding year is set out below except for the adoption of FRS 25 ("Financial Instruments: Presentation") in respect of the current year which has been adopted prospectively from 1 January 2005.

Basis of accounting Profit and loss presentation format
The financial statements have been prepared under the historical cost convention.

Profit and loss presentation format
Following the acquisitions in 2004, the directors have adopted a revised profit and loss format from the year 2004. The format chosen allows the group to show (loss)/earnings before interest, tax, depreciation and amortisation ("EBITDA"/("LBITDA"). The directors believe that EBITDA/(LBITDA) is a better measure to assess the group's underlying performance.

Basis of consolidation
The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

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

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

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

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

- Short leasehold properties - over the term of the lease
- Computer equipment and software (including capitalised cost assets) - three years
- Fixtures and fittings - three years

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

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

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

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

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

Foreign currency

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

For consolidation purposes, the profit and loss accounts of the foreign subsidiaries are translated into sterling at the average rate of exchange for the year and the balance sheets are translated into sterling at the closing rate of exchange and where applicable the difference arising from the translation of the opening net investment in subsidiaries at the closing rate is taken directly to reserves.

Share Options

In accordance with the requirements of UITF17 "Employee Share Schemes" a charge is made in the profit and loss account for the difference between the fair value of the shares under options at the date of granting, and the exercise price. Where the award is conditional on certain performance criteria being met this is reflected in the number of options on which the charge is calculated.

An accrual for National Insurance is made in respect of all the options granted since 6 April 1999 on the difference between the fair value of the shares at the year end and the exercise price to the extend that it is believed that the options are likely to be exercised.

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

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

Website development costs

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

Amortisation is provided on capitalised costs assets, at rates calculated to write off the capitalised cost of the assets evenly over the useful life of 3 years.

Convertible debt (post 1 January 2005)

Convertible bonds denominated in the functional currency of the entity issuing the shares are regarded as compound instruments, consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt and is recorded within borrowings. The difference between the proceeds of issue of the convertible bond and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is include in equity.

The interest expense on the liability component is calculated by applying the effective interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible bond.

2. Segmental reporting

Classes of business:

Turnover	2005 £'000	2004 £'000
Business information	**18,723**	7,377
Media	**1,437**	1,406
	20,160	8,783

In the opinion of the directors it is not practicable to determine the operating profit/(loss), EBITDA/(LBITDA) and net assets by business class principally because a significant amount of costs are shared across all areas of the business.

Geographical segments:	2005 £'000	2004 £'000
Turnover by origin		
United Kingdom	**8,192**	6,990
North America	**11,968**	1,793
	20,160	8,783
EBITDA / (LBITDA)		
United Kingdom	**(1,594)**	(518)
North America	**2,508**	78
Rest of World	**12**	-
	926	(440)
Loss before taxation		
United Kingdom	**(2,536)**	(861)
North America	**(1,918)**	(743)
Rest of World	**9**	-
	(4,445)	(1,604)
Net assets		
United Kingdom	**19,179**	15,432
North America	**(1,228)**	722
Rest of World	**64**	-
	18,015	16,154

The turnover by destination is not materially different to that by origin.

3. Operating expenses

		2005 £'000	2004 £'000
Other operating income		**(55)**	(11)
Other external charges including exceptional items below	(IV, V)	**8,486**	3,618
Staff costs including exceptional items below (Note 6)	(I, II, III)	**10,803**	5,616
Depreciation and amortisation		**4,409**	1,323
		23,643	10,546

Exceptional items included in operating expenses above:			
Shares options	(I)	**-**	233
Acquisition bonuses	(II)	**-**	136
Redundancy payments	(III)	**12**	-
Loyalty bonuses	(III)	**41**	-
Write down of fixed assets no longer required	(IV)	**16**	-
Write off of previously capitalised development costs	(IV)	**135**	-
Onerous lease	(V)	**1,250**	-
		1,454	369

(I) On 25 August 2004 722,225 Salary/Bonus Waiver Options were issued to Rosalyn Wilton at a grant price of 5 pence per Ordinary Share. These were awarded by way of a bonus for the for the acquisition of CoreData during the year and in return for her not receiving salary for 12 months from September 2004 to August 2005. More detail can be found in the Directors' Remuneration Report on pages 15 to 17. The amount shown as exceptional reflects the additional expense over the salary she would have ordinarily been paid had the acquisition not happened and she had not accepted the Salary/Bonus Waiver Options.

(II) Acquisition bonus paid to senior management following the acquisition of CoreData.

The acquisition of Corporate Fundamentals, Inc. (see Note 12) and subsequent integration has resulted in certain reorganisation costs that have been provided for at the end of the financial year:

(III) Redundancy costs and loyalty bonuses

(IV) Write off of assets and capitalised development costs made redundant by the reorganisation (see Note 10).

(V) The company plans to assign the lease on its UK premises and move to smaller offices to fit the headcount following the reorganisation. An onerous lease provision has been made to cover the expected amount likely to be paid to the new tenant.

4a. Interest receivable and similar income

	2005 £'000	2004 £'000
Bank interest receivable	**180**	217
Other interest receivable	**-**	17
	180	234

4b. Interest payable and similar charges

	2005 £'000	2004 £'000
Covertible loan interest	**1,142**	75

The impact of the adoption of FRS 25 ("Financial Instruments: Presentation") is to increase the interest charge by £474,000 (see also Note 16 and Note 19).

5. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:		**2005**	2004
		£'000	£'000
Depreciation on owned assets		**961**	512
Amortisation of goodwill		**3,448**	811
Research and development		**286**	195
Other operating lease rentals (Note 24)		**455**	602
Fees paid to auditors	- audit fees - group principal auditor	**81**	65
	- audit fees - other auditors	**58**	33
	- non audit fees - group principal auditor	**10**	6
	- non audit fees - other auditors	**35**	-

6. Staff costs

The average monthly number of employees (including executive directors) was:

	2005	2004
	number	number
Sales and marketing	**66**	68
Content and editorial	**99**	101
Information technology	**63**	56
Administration	**21**	23
	249	248

	2005	2004
Staff costs (including executive directors)	**£'000**	£'000
Wages and salaries *	**9,935**	5,095
Social security costs	**844**	504
Other pension costs	**24**	17
	10,803	5,616

* includes exceptional items detailed in Note 3.

Information in respect of directors' remuneration and share interests is contained within the Directors' Remuneration Report on pages 15 to 17.

7. Taxation

(a) Taxation (charge)/credit

On the loss on ordinary activities in the year:	2005 £'000	2004 £'000
Overseas corporation tax (charge)/credit	**(119)**	-
Overseas deferred tax credit	**510**	285
	391	285

As a result of losses in the current year, the group has no liability to UK taxation (2004: £nil). At 31 December 2005 the group has UK losses available to carry forward of approximately £14,600,000 (2004: £14,800,000) and the benefit of future capital allowances in excess of depreciation in the UK of £2,100,000 (2004: £2,800,000). A deferred tax asset of £5,010,000 (2004: £5,280,000) has not been recognised in these accounts because there is not sufficient evidence that the asset will be recovered.

The group also has net operating losses of approximately £760,000 available to carry forward in its overseas subsidiaries and the benefit of future tax allowances of approximately £1,500,000. The benefit of these items has been recognised at the prevailing overseas tax rate of 38.9% and therefore a deferred tax asset of £857,000 (2004: £289,000) has been included in the balance sheet.

(b) Factors affecting tax charge for the year

On the loss on ordinary activities in the year:	2005 £'000	2004 £'000
Loss on ordinary activities before taxation	**(4,445)**	(1,604)
Tax at the standard rate of UK corporation tax of 30% (2004: 30%)	**(1,333)**	(481)
Effects of:		
Short term timing differences not recognised	**201**	(113)
Depreciation in excess of capital allowances	**(128)**	233
Tax losses not recognised	**29**	220
Permanent differences	**1,307**	215
Utilisation of tax losses	**(586)**	(74)
Overseas tax rate differences	**119**	-
Movement in short term timing differences	**510**	-
Current tax charge/(credit) for the year	**119**	-

8. Loss per share

FRS 14 requires presentation of diluted earnings per share ("EPS") when a company could be called upon to issue shares that would decrease net profit or increase net loss per share. For a loss making company with outstanding share options, net loss per share would only be increased by the exercise of out-of-the-money options. Since it seems inappropriate to assume that options holders would act irrationally, no adjustment has been made to dilute EPS for out-of-the-money options.

At 31 December 2005 14,446,796 options were outstanding (see Note 18).

The basic loss per share is calculated on the following losses and number of shares:

Basic and diluted:	**2005**	2004
Loss for the financial year (£'000)	**(4,054)**	(1,319)
Weighted average number of shares ('000)	**57,812**	38,805
Loss per share basic and diluted (pence)	**(7.0)**	(3.4)

Adjusted	**2005**	2004
Loss for the financial year (£'000)	**(4,054)**	(1,319)
Less goodwill amortisation (£'000)	**3,448**	811
Less exceptional items (£000) (Note 3)	**1,454**	369
Adjusted profit/(loss) for the year (£'000)	**848**	(139)
Weighted average number of shares ('000)	**57,812**	38,805
Earnings / (loss) per share adjusted - basic & diluted (pence)	**1.5**	(0.4)

Reconciliation	**2005**	2004
Earnings / (loss) per share adjusted (pence)	**1.5**	(0.4)
Goodwill amortisation per share (pence)	**(6.0)**	(2.1)
Exceptional items per share (pence)	**(2.5)**	(1.0)
Loss per share basic and diluted (pence)	**(7.0)**	(3.4)

The above loss per share basic and diluted has not taken into account the number of ordinary shares to be issued if the convertible unsecured loan note (Note 16) is to be converted into fully paid ordinary shares, which also potentially dilutes the loss per share.

9. Goodwill

	2005
Cost	**£'000**
At 1 January 2005	33,452
Additions	2,888
Exchange adjustment	2,880
At 31 December 2005	39,220
Amortisation	
At 1 January 2005	1,804
Charge for the year	3,448
Exchange adjustments	259
At 31 December 2005	5,511
Net book value at 31 December 2005	**33,709**
Net book value at 31 December 2004	31,648

10. Tangible fixed assets

Group

	Short leasehold property £'000	Computer Equipment and Software £'000	Fixtures and Fittings £'000	Total £'000
Cost				
At 1 January 2005	750	3,736	215	4,701
Additions	268	742	11	1,021
Acquisition of subsidiary undertakings	-	52	-	52
Disposals	-	(151)	-	(151)
Exchange adjustments	166	239	4	409
At 31 December 2005	**1,184**	**4,618**	**230**	**6,032**
Depreciation				
At 1 January 2005	336	2,187	169	2,692
Charge for the year	*278*	*672*	11	961
Disposals	-	-	-	-
Exchange adjustments	141	144	1	286
At 31 December 2005	**755**	**3,003**	**181**	**3,939**
Net book value at 31 December 2005	**429**	**1,615**	**49**	**2,093**
Net book value at 31 December 2004	414	1,549	46	2,009

Additions to computer equipment and software includes identifiable direct wage costs incurred for development of new website software products which provide additional information for customers of £275,000 (2004: £325,000).

Company
The company does not have any fixed assets.

11. Investments

Details of operating subsidiaries:

	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	Was regulated under the Financial Services and Markets Act 2000 to provide investment advice and related services, until this company applied for the cancellation of its regulation, such cancellation effective on 4 May 2006. Since that date this company has effectively ceased business	100
Hemscott Americas, Inc.*	United States of America	Holding company	100
Hemscott, Inc. (formerly known as Coredata, Inc.) ****	United States of America	*Sale of business information*	100
bigdough.com.inc. ****	United States of America	Sale of Customer Relationship Systems to capital markets and corporate investor relations	100
Corporate Fundamentals, Inc. ****	United States of America	Sale of business information of business information	100
Hemscott India Private Limited (formerly XIM Information Services (India) Private Limited) *****	India	Collection of business information	100

* Wholly owned subsidiary of Hemscott plc
** Indirectly held by Hemscott plc, wholly owned subsidiary of Hemscott Holdings Ltd (a dormant company)
*** Indirectly held by Hemscott plc, wholly owned subsidiary of Hemscott Group Ltd
**** Indirectly held by Hemscott plc, wholly owned subsidiary of Hemscott Americas, Inc.
***** Indirectly held by Hemscott plc, wholly owned subsidiary of Corporate Fundamentals, Inc.

Company fixed asset investments:

	Shares in group undertakings £'000	Loans to group undertakings £'000	Total £'000
Cost			
At 1 January 2005	16,970	40,942	57,912
Additions	-	2,203	2,203
Exchange adjustments	-	1,365	1,365
At 31 December 2005	**16,970**	**44,510**	**61,480**
Provision for impairment			
At 1 January 2005 and 31 December 2005	(632)	(16,799)	(17,431)
Net book value at 31 December 2005	**16,338**	**27,711**	**44,049**
Net book value at 31 December 2004	16,338	24,143	40,481

12. Acquisition of subsidiary undertakings

On 21 November 2005 the company acquired 100% of the issued share capital of Corporate Fundamentals, Inc. and its trading subsidiary XIM Information Services (India) Private Ltd (since renamed Hemscott India Private Limited) through Hemscott Americas, Inc. for a consideration comprising £1,455,000 in cash, 2,442,973 ordinary shares in Hemscott plc to be issued on 20 November 2006 and a further 1,221,486 shares to be issued by 20 November 2006 by way of deferred consideration, contingent on the achievement of certain performance criteria.

The following table sets out the book values of the identified assets and liabilities acquired and their fair value to the group:

	Book value £'000	Accounting policy alignment £'000	Fair value to group £'000
Fixed assets	52	-	**52**
Current assets			
Stocks	15	(15)	**-**
Debtors	56	-	**56**
Cash	38	-	**38**
	109	(15)	**94**
Total assets	161	(15)	**146**
Creditors - amounts due within one year			
Trade creditors	(27)	-	**(27)**
Accruals	(46)	-	**(46)**
Total liabilities	(73)	-	**(73)**
Net assets	88	(15)	**73**
Goodwill			**2,888**
			2,961

	£'000
Satisfied by:	
Shares to be issued	**1,392**
Cash	**1,455**
Acquisition costs	**114**
	2,961

The acquisition policy adjustment is in respect of staff expenses and other costs treated as work in progress in India but expensed under UK GAAP.

Net cash outflows in respect of the acquisition comprised:	**£'000**
Cash consideration	**1,455**
Acquisition costs	**114**
Cash at bank and in hand acquired	**(38)**
	1,531

The summarised profit and loss account for the period from 1 January 2005 to 20 November 2005 shown on the basis of accounting policies of Corporate Fundamentals, Inc prior to the acquisition, are as follows:

Profit and loss account	**£'000**
Turnover	**162**
Operating expenses	**(266)**
Operating profit, profit before and after tax on ordinary activities for the financial year	**(104)**

13. Debtors

	Group		Company	
	2005	2004	**2005**	2004
Amounts falling due within one year:	**£'000**	£'000	**£'000**	£'000
Amounts owed by group companies	-	-	**31**	-
Trade debtors	**2,631**	2,387	-	-
Overseas taxation	**26**	485	-	-
Other debtors	**152**	71	**1**	-
Prepayments and accrued income	**1,195**	1,055	-	-
	4,004	3,998	**32**	-

	Group		Company	
	2005	2004	**2005**	2004
Amounts falling due after more than one year	**£'000**	£'000	**£'000**	£'000
Deferred taxation	**857**	289	-	-
Other debtors	**547**	502	-	-
	1,404	791	-	-

14. Financial Instruments

	Group		Company	
	2005	2004	**2005**	2004
Cash:	**£'000**	£'000	**£'000**	£'000
Sterling	**1,538**	2,292	**45**	6
US Dollar	**3,892**	2,014	-	-
Indian Rupee	**89**	-	-	-
Total	**5,519**	4,306	**45**	6
Debtors: amounts falling within one year				
Sterling	**1,967**	1,282	-	-
US Dollar	**1,963**	2,716	-	-
Indian Rupee	**74**	-	-	-
Total	**4,004**	3,998	-	-
Creditors: amounts falling within one year				
Sterling	**6,806**	5,403	-	-
US Dollar	**5,334**	4,288	-	-
Indian Rupee	**204**	-	-	-
Total	**12,344**	9,691	-	-

The group has no financial assets other than cash balances of £5,519,000 for the group and £45,000 for the company (2004: £4,306,000 for the group and £6,000 for the company) that are part of the financial arrangements of the group. The Sterling and US dollar deposits are placed on money market at call, 7-Day and monthly floating rates. There are no fixed rate financial assets.

The group and company have a Sterling convertible unsecured loan note of £16,370,000 (2004: £16,907,000). Further details are given in Note 16. The fair value of the loan note is estimated to be £16,370,000 (2004: £14,200,000)

The group and company do not enter into derivative transactions and does not trade in financial instruments. The fair values of the group's financial assets are equal to their book values.

The group and company are exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, liquidity risk, cash flow risk and price risk. Due to the nature of the group and company's business, assets and liabilities contained within the group and company's balance sheet, the only financial risks that the directors consider relevant to the group and company are credit risk and liquidity risk. These risks are mitigated by the nature of the debtor balances owed.

15. Creditors: Amounts falling due within one year

	Group		Company	
	2005	2004	**2005**	2004
Other creditors:	**£'000**	£'000	**£'000**	£'000
Trade creditors	**1,194**	1,111	**122**	-
Amounts owed to group undertakings	**-**	-	**337**	-
Other taxation and social security	**432**	274	**(16)**	-
Others	**211**	320	**-**	-
	1,837	1,705	**443**	-
Accruals and deferred income	**10,507**	7,986	**734**	509
	12,344	9,691	**1,177**	509

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

	Group		Company	
	2005	2004	**2005**	2004
	£'000	£'000	**£'000**	£'000
Convertible unsecured loan note	**16,370**	16,907	**16,370**	16,907
Amounts owed to group undertakings	**-**	-	**273**	273
	16,370	16,907	**16,643**	17,180

On 24 November 2004, Hemscott drew down £16,832,000 loan note facility from VSS Communications Partners III, LP (on behalf of Centerpoint Data LLC) for the purpose of the acquisition of bigdough.com.inc. The £16,832,000 convertible unsecured loan note is convertible at the option of the holder into fully paid ordinary shares of the company at £0.4325 per ordinary shares. Interest is payable at a 4% fixed interest rate.

The loan note has a maturity date of 24 February 2008. At this date the residual balance must either be converted into Hemscott plc ordinary shares or repaid at the discretion of the holder.

The Group has adopted FRS 25 (Financial Instruments: Presentation") with effect from 1 January 2005. The impact of this is to reclassify the fair value of the conversion option to equity as at the date of issue (see also Note 19).

	Group		Company	
	2005	2004	**2005**	2004
Borrowings are repayable as follows:	**£'000**	£'000	**£'000**	£'000
Between one and two years	**-**	-	**273**	273
Between two and five years	**16,370**	16,907	**16,370**	16,907

17. Called-up share capital

	2005	2004
	£'000	£'000
Authorised		
139,637,410 ordinary shares of 5p each		
(2004: 139,637,410)	**6,982**	6,982
Allotted, called-up and fully-paid		
57,881,235 ordinary shares of 5p each (2004: 57,755,567)	**2,893**	2,888

18. Share Options

Options have been granted under the Hemscott plc Executive Share Option Scheme; the Hemscott plc Salary Waiver/Bonus Share Option Scheme; the Hemscott plc Exchanged Share Option Scheme and by separate agreement to subscribe for shares in the company. At 31 December 2005 the following options were outstanding:

	Number or Ordinary Shares	Option Price (pence)
Share Options (Salary/Bonus Waiver Options)	835,225	5.0
Share Options	786,844	12.5
Share Options	839,666	26.5
Share Options	266,666	27.5
Share Options	125,000	35.5
Share Options	170,000	46.0
Share Options	2,630,849	50.0
Share Options	2,580,849	57.5
Share Options	2,505,849	66.1
Share Options	2,505,848	76.0
Share Options (TSR)	1,200,000	50.0
	14,446,796	

During the year share options under the Hemscott Share Option Plan were granted. 1,802,395 were granted to Rosalyn Wilton and 1,013,000 to Daryl Paton (see Directors' Remuneration Report on pages 15 to 17).

The following share options were exercised during the financial year:

	Number or Ordinary Shares	Option Price (pence)
Share Options	92,334	26.5
Share Options	33,334	27.5
	125,668	

19. Movement in shareholders' funds

Group	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserves £'000	Shares to be issued £'000	Convertible debt reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2005	2,888	12,837	186	4,509	518	-	(4,784)	**16,154**
Adoption of FRS 25	-	-	-	-	-	1,698	(19)	**1,679**
Balance at 1 January 2005	2,888	12,837	186	4,509	518	1,698	(4,803)	**17,833**
Share issues	5	28	-	-	-	-	-	**33**
Currency translation differences on foreign currency net investments	-	-	-	-	-	-	2,757	**2,757**
Share options issued at a discount	-	-	-	-	54	-	-	**54**
Shares to be issued by way of consideration for Corporate Fundamentals Inc (see Note 12)	-	-	-	-	1,392	-	-	**1,392**
Retained loss for year	-	-	-	-	-	-	(4,054)	**(4,054)**
At 31 December 2005	**2,893**	**12,865**	**186**	**4,509**	**1,964**	**1,698**	**(6,100)**	**18,015**

Other reserves are made up of a merger reserve of £2,975,000 (2004: £2,975,000) and a special reserve of £1,534,000 (2004: £1,534,000) relating to the share capital reduction that took place on 15 August 2000.

Company	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Other reserves £'000	Shares to be issued £'000	Convertible debt reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2005	2,888	12,837	186	8,639	518	-	(2,270)	**22,798**
On adoption of FRS 25	-	-	-	-	-	1,698	(19)	**1,679**
Balance at 1 January 2005	2,888	12,837	186	8,639	518	1,698	(2,289)	**24,477**
Share issues	5	28	-	-	-	-	-	**33**
Currency translation differences on foreign currency net investments	-	-	-	-	-	-	1,365	**1,365**
Share options issued at a discount	-	-	-	-	54	-	-	**54**
Shares to be issued by way of consideration for Corporate Fundamentals Inc (see Note 12)	-	-	-	-	1,392	-	-	**1,392**
Retained loss for year	-	-	-	-	-	-	(1,015)	**(1,015)**
At 31 December 2005	**2,893**	**12,865**	**186**	**8,639**	**1,964**	**1,698**	**(1,939)**	**26,306**

Other reserves are made up of a merger reserve of £7,105,000 (2004: 7,105,000) and a special reserve of £1,534,000 (2004: £1,534,000) relating to the share capital reduction that took place on 15 August 2000.

20. Reconciliation of movements in group shareholders' funds

	2005 £'000	2004 £'000
Loss for the financial year	**(4,054)**	(1,319)
Other recognised gains and losses relating to the year (net)	**2,757**	(862)
	(1,297)	**(2,181)**
Shares issued and expense of equity share issues	**33**	11,617
Share options issued at a discount	**54**	518
Shares to be issued by way of consideration for Corporate Fundamentals, Inc. (see Note 12)	**1,392**	-
Net addition to shareholders' funds	**182**	9,954
Opening shareholders' funds	**16,154**	6,200
Adoption of FRS 25	**1,679**	-
Closing shareholders' funds	**18,015**	16,154

21. Reconciliation of operating loss to operating cash flows

	2005 £'000	2004 £'000
Operating loss	**(3,483)**	(1,763)
Depreciation and asset disposals	**1,112**	512
Amortisation	**3,448**	811
Increase in stocks	**-**	(8)
Increase in debtors	**(454)**	(1,018)
Increase in creditors	**2,580**	508
Share options issued at a discount	**54**	270
Net cash inflow/(outflow) from operating activities	**3,257**	(688)

Included in the cash flow from operating activities is a charge to the operating loss in respect of exceptional costs of £1,454,000 (2004: £369,000) (see Note 3).

22. Analysis of cash flows

	2005 £'000	2004 £'000
Returns on investments and servicing of finance		
Interest received	180	234
Net cash inflow	180	234
Taxation		
Foreign tax refunded/(paid)	340	(16)
Net cash inflow / (outflow)	340	(16)
Capital expenditure and financial investment		
Purchase of tangible fixed assets and capitalised development cost	(1,021)	(677)
Net cash outflow	(1,021)	(677)
Acquisitions and disposals		
Purchase of subsidiary undertakings	(1,569)	(22,332)
Cash acquired with subsidiary undertaking	38	1,248
Net cash outflow	(1,531)	(21,084)
Management of liquid resources		
Cash withdrawn from short term cash deposits	851	4,005
Net cash inflow	851	4,005
Financing		
Issue of ordinary share capital	33	3,688
New convertible unsecured loan note	-	16,832
Net cash inflow	33	20,520

Subsidiary undertakings acquired in the year utilised £114,000 of the groups operating cash flows, paid £nil in respect of net returns on investment and servicing of finance, paid £nil in respect of taxation and utilised £1,000 for capital expenditure.

23. Analysis and reconciliation of movement in net (debt) / funds

	1 January 2005 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movements £'000	31 December 2005 £'000
Cash in hand, at bank	2,406	2,109	-	(45)	4,470
Cash on short term deposit	1,900	(851)	-	-	1,049
	4,306	1,258	-	(45)	5,519
Debt due after one year	(16,907)	-	(668)	-	(17,575)
Net (debt)/funds	(12,601)	1,258	(668)	(45)	(12,056)

	2005 £'000	2004 £'000
Increase in cash in the year	2,109	2,294
Cash outflow from decrease in liquid resources	(851)	(4,005)
New convertible unsecured loan note	-	(16,832)
Increase/(decrease) in net funds resulting from cash flows	1,258	(18,543)
Interest accrued on loan note	(668)	(75)
Translation difference	(45)	(44)
Decrease in net funds/(debt) in the year	545	(18,662)
Net (deficit) / funds brought forward	(12,601)	6,061
Net deficit carried forward	(12,056)	(12,601)

24. Financial commitments

Capital commitments are as follows	2005 £'000	2004 £'000
Contracted for but not provided for		
- other	-	110
	-	110

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

	2005		2004	
Group	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date				
- *within one year*	266	11	-	60
- between two and five years	295	29	-	550
- after five years	502	3	502	-
	1,063	43	502	610

25. Contingent liabilities

Hemscott plc has guaranteed against the non-payment of rent amounting to £19,428 per annum for a property leased by a subsidiary. This guarantee was made by Bridgend Group plc prior to the reverse acquisition that occurred in August 2000.

Hemscott plc has warranted a claim for £750,000 received by a former subsidiary company. The directors have taken advice and have concluded that such a claim is most unlikely to succeed and therefore no provision has been made for this sum.

26. Related party transactions

Transactions with the directors of the company are contained within the Directors' Remuneration Report on pages 15 to 17. The Group uses services provided by members of the Group. These are transacted on an arm's length basis under normal commercial terms.

A convertible unsecured loan note was issued in 2004 to Centerpoint Data, LLC Hemscott plc's majority shareholder (see Note 27). VSS Communications Partners III, L.P. ("VSS") is the majority shareholder of Centerpoint Data, LLC.

Scott Troeller and Marco Sodi, directors of Hemscott plc are employed by VSS, details of fees paid to them during the year can be found in the Directors' Remuneration Report on pages 15 to 17.

Charles Jillings, a director of Hemscott plc, is also a director of Financial Media Holdings Limited, a major shareholder of Hemscott plc. Details of fees paid to him during the year can be found in the Directors' Remuneration Report on pages 15 to 17.

27. Controlling party

VS&A Equities III, LLC, the general partner of Fund III, is the ultimate parent company of Centerpoint Data, LLC (the immediate parent company) holding 54.24% of the issued share capital of Hemscott plc. VS&A Equities III, LLC is the controlling party and is the general partner of Fund III and the manager of Centerpoint Data, LLC. Fund III is the majority shareholder of Centerpoint Data, LLC. Veronis Suhler Stevenson ("VSS") is an affiliate of Fund III.

Centerpoint Data, LLC and VS&A Equities III, LLC are both registered in the United States of America with their registered offices located at 350 Park Avenue, 7th Floor, New York, NY 10022 United States of America.

28. Subsequent events

On 12 January 2006 Hemscott plc announced that it is was proposing to cancel all amounts standing to the credit of the Company's share premium account and was seeking shareholder approval of such Share Capital Reduction. Shareholder approval was given on 6 February 2006 and a court hearing date to approve this application is scheduled for 17 May 2006.

At the same time the board announced that the share capital reduction represented the first in a series of proposals which the Company was proposing to make. In due course, the Company was proposing:

- *procuring the making of a tender offer to its shareholders at 40p per ordinary share of 5p each, with the shares* tendered under such offer subsequently being repurchased by the Company and cancelled at the same price
- cancelling the admission of the Ordinary Shares to trading on AIM
- re-registering the Company as a private company
- *adopting new Articles of Association*

On 7 February 2006, Hemscott plc announced it was holding exploratory discussions with a third party regarding a transaction that may or may not result in an offer being made for the issued share capital of the Company.

At the date of signing these financial statements these discussions are progressing.

In addition, the Company said in February 2006 that it remained the Board's intention, should these discussions not conclude satisfactorily, to seek shareholder permission to proceed with a tender offer at 40p per share, before cancelling the admission of the Ordinary Shares to trading on AIM.

In the event that these discussions do not result in an offer forthcoming, the Board has now announced it would reconsider the appropriate level at which any tender offer might be made in light of current trading as outlined in the 2005 preliminary results announcement.

The Company intends in any event to proceed with the capital reduction that will be heard by the Court on 17 May as previously announced.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Hemscott plc will be held at the offices of Seymour Pierce Limited at Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL on Tuesday 20 June 2006 at 2 pm to transact the following business:

Ordinary business

1. To receive the report of the directors, the accounts for the year ended 31 December 2005 and the report of the auditors thereon.

2. To re-appoint Rosalyn Wilton (who is retiring by rotation) as a director of the company.

3. To re-appoint Charles Jillings (who is retiring by rotation) as a director of the company.

4. To re-appoint Deloitte & Touche LLP as auditors of the company and to authorise the directors to fix the remuneration of the auditors.

5. In substitution for any existing authorities conferred upon the directors of the company to allot relevant securities (within the meaning of section 80 of the Companies Act 1985 ("CA 1985")) of the company, the directors be and are hereby generally and unconditionally authorised pursuant to section 80 CA 1985 to exercise all the powers of the company to allot relevant securities as follows up to an aggregate nominal amount of £4,562,852.55, provided that this authority shall (unless previously revoked or varied) expire on 31 December 2008 or, if earlier, immediately following the Annual General Meeting of the company held in 2008, save that the company may before such expiry make any offer(s) or agreement(s) which would or might require any or all of those relevant securities to be allotted after such expiry and the directors may allot any or all of those relevant securities in pursuance of any such offer(s) or agreement(s) as if the authority conferred hereby had not expired.

Special business

To consider, and if thought fit, pass as a special resolution:

6. THAT:

(a) the directors of the company be and they are hereby empowered, pursuant to section 95 CA 1985:

(i) subject to the passing of Resolution 5 set out in the notice of this meeting, to allot equity securities (within the meaning of section 94 CA 1985) for cash pursuant to the authority given by the said Resolution 5; and

(ii) to transfer equity securities (within the meaning of section 94 CA 1985) which are held by the company in treasury; in each case, as if section 89(1) CA 1985 did not apply to any such allotment or transfer, provided that this power shall (unless previously revoked or varied) expire on 31 December 2008, or, if earlier, immediately following the Annual General Meeting of the company held in 2008, except that the company may before such expiry make any offer(s) or agreement(s) which would or might require equity securities to be allotted after such expiry and notwithstanding such expiry the Directors may allot equity securities in pursuance of any such offer(s) or agreement(s); and

(b) all authorities previously conferred under section 95 CA 1985 be and they are hereby revoked, provided that such revocation shall not have retrospective effect.

By order of the board

Nick Sarker

12 May 2006

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

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies (who need not be a member of the company) to attend and, on a poll, vote in his place. A form of proxy is enclosed for this purpose.

2. *To be valid, the form of proxy duly signed, together with the power of attorney or other authority (if any) under which* it is signed (or a notarially certified copy of such power or authority or a copy certified in accordance with the Powers of Attorney Act 1971 or in some other way approved by the directors of the company), must be deposited at the office of the company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TH not less than 48 hours before the time fixed for the meeting. Completion of a form of proxy will not preclude a member from attending and voting at the meeting if he wishes so to do.

3. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders who are registered on the register of members of the company as at close of business on 18 June 2006 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

Resolution 1: Accounts

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

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

Articles 88 and 89 of the company's Articles of Association require that one third of the directors subject to retirement by rotation shall retire from the office. The director to retire is that who has been longest in office since his last appointment or re-appointment. Accordingly, Rosalyn Wilton and Charles Jillings shall retire and, being eligible, offers themselves for re-appointment. Biographical details of such directors are set out on page 10 of the Annual Report.

Resolution 4: Re-appointment of auditors

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

Resolution 5: Authority of directors to allot shares

A resolution allowing the directors to allot relevant securities (within the meaning of section 80 CA 1985) up to an aggregate nominal amount of £4,562,852.55 was passed at the Extraordinary General Meeting of the company held on 21 September 2004, such authority to expire immediately following the Annual General Meeting of the company in 2006. At the June 2006 Annual General Meeting the company is therefore seeking a general authority to allot and issue shares for the same nominal amount as the previous authority. Upon the passing of Resolution 5 the directors will have authority to allot the unissued ordinary share capital being 81,639,511 shares of 5 pence each. This authority will expire immediately following the Annual General Meeting in 2008 or 31 December 2008, whichever is the earlier.

Resolution 6: Disapplication of pre-emption rights

The passing of Resolution 6 will give the directors authority under Section 95 Companies Act 1985 to allot, for cash (or sell equity securities which are, from time to time held by the company in treasury) shares of 5 pence each, without being required first to offer such securities to existing shareholders in accordance with the statutory pre-emption rights. This authority will expire immediately following the Annual General Meeting in 2008 or 31 December 2008, whichever is the earlier.

Five Year Summary for the year ended 31 December 2005

Profit and Loss Account	2005 £'000	2004 £'000	2003 £'000	2002 £'000	2001 £'000
Turnover	20,160	8,783	6,419	5,157	5,066
Profit / (Loss) before interest, tax, depreciation, amortisation and exceptional items	2,380	(71)	(518)	(1,892)	(3,640)
Operating loss	(3,483)	(1,763)	(1,379)	(2,767)	(4,464)
Loss on ordinary activities before taxation	(4,445)	(1,604)	(1,136)	(2,404)	(3,903)
Loss for the year	(4,054)	(1,319)	(1,136)	(2,404)	(3,903)
Assets employed					
Goodwill	33,709	31,648	1,683	1,692	1,934
Tangible Assets	2,093	2,009	1,033	1,232	1,412
Current assets	10,927	9,095	7,622	8,720	10,829
Creditors falling due within one year	(12,344)	(9,691)	(4,138)	(4,308)	(4,435)
Creditors falling due after more than one year	*(16,370)*	*(16,907)*	-	-	-
Net assets	18,015	16,154	6,200	7,336	9,740
Loss per share (pence)*					
Basic & diluted loss per share	(7.0)	(3.4)	(3.5)	(7.5)	(12.1)
Adjustment for goodwill and exceptional items	8.5	3.0	0.8	0.8	0.7
Adjusted loss per share	1.5	(0.4)	(2.7)	(6.7)	(11.4)

*FRS 14 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease net profit or increase net loss per share. For a loss making company with outstanding share options, net loss per share would only be increased by the exercise of out of the money options. Since it seems inappropriate to assume that options holders would act irrationally, no adjustment has been made to dilute EPS for out-of-the-money options.

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