NEXUS BUSINESS MEDIA LIMITED

FINANCIAL STATEMENTS

For the Year ended
31 December 2008

Company no 1993193

Company registration number:	1993193
Registered office:	Building 17 Dunsfold Park Stovolds Hill Cranleigh Surrey GU6 8TB
Directors:	A R Salter R P Dummett N Thackray (resigned 6 February 2009) P C Satchwill
Secretary:	N Carter
Bankers:	Barclays Bank PLC 1st Floor 27 Soho Square London W1D 3QR
Solicitors:	Loosemores Alliance House 18/19 High Street Cardiff CF10 1PT Lawrence Graham 4 More London Riverside London SE1 2AU
Auditor:	Grant Thornton UK LLP Registered Auditor Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

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The directors present their report together with the audited financial statements for the year ended 31 December 2008.

Principal activity

The principal activity of the company during 2008 was the publishing of magazines and books, the running of tradeshows and provision of internet services.

Business review

There was a profit for the year after taxation amounting to £1,434,641 (2007: loss £2,434,790). The directors do not recommend the payment of a dividend.

Directors

The present membership of the Board is set out below. All served on the Board throughout the year.

A R Salter
R P Dummett
N Thackray (resigned 6 February 2009)
P C Satchwill

Key performance indicators

The significant KPIs for the company were turnover growth in its core areas. The company has undergone a further internal restructuring exercise to allow focus of effort and resource into these spheres of the business.

Financial risk disclosure

The company is exposed to price risk, including market currency and interest risk, along with credit liquidity and cash flow risk. The company has adopted risk management policies that seek to mitigate these risks in a cost-effective manner.

Financial assets that expose the company to financial risk consist principally of investments, intangible assets, trade receivables and other receivables. Financial liabilities that expose the company to financial risk consist principally of other payables. The financial risks associated with these financial instruments are considered minimal.

Foreign exchange risk
The directors are of the view that the company is not exposed to any significant foreign exchange risk.

Credit risk
The company places its cash with creditworthy institutions. The company performs ongoing credit evaluation of its customers' financial condition. The carrying amounts of cash, trade receivables and other receivables represent the maximum credit risk that the company is exposed to. The trade receivables are distributed in such a manner that the concentration of credit risk is not considered extraordinary.

Liquidity risk
The company is dependent on its related Group for continued financial support and the Directors are satisfied that the financial support will be available when required.

Fair value of financial assets and financial liabilities
The carrying amounts of cash and bank balances, trade and other current receivables and payables are appropriate to their respective fair values due to the relatively short term maturing of the financial instruments.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

P C Satchwill

P C Satchwill
Director
18th March 2009

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF NEXUS BUSINESS MEDIA LIMITED

We have audited the financial statements of NEXUS BUSINESS MEDIA LIMITED for the year ended 31 December 2008, which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our 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 the directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

REPORT OF THE INDPENDENT AUDITOR TO THE MEMBERS OF NEXUS BUSINESS MEDIA LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 31 December 2008.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

LONDON
30 March 2009

Basis of Preparation
The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom applicable accounting standards, other than for the application of a true and fair override from the Companies Act 1985 with respect to the carrying value of intangible assets where the Directors are of the opinion assets have an indefinite economic life. See Intangible assets note below.

The company has taken advantage of the exemption from s228 to prepare consolidated accounts because the company's higher UK parent, Nexus Holdings Limited, has prepared consolidated accounts in accordance with United Kingdom accounting standards.

Under Financial Reporting Standard 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent, Nexus Holdings Limited includes the cashflows of the company in its own publishing consolidated financial statements.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

Turnover
Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

Book sales and advertising revenues are recognised on the despatch date of the relevant business publication.

Subscription revenue is recognised over the period of the subscription.

Internet revenue is recognised over the period of the contract or on a "click through" basis dependent on the contract terms.

Intangible assets
Where the directors are of the opinion that intangible assets of the Company have an indefinite economic life given the acquired business' historic ability to sustain long term profitability, their position within their market sector and the Group's commitment to continue to invest in the long-term development of that business then, in accordance with FRS 10 and FRS 11, the carrying value of these intangible assets is reviewed annually for impairment on the basis stipulated in FRS 11 and adjusted to the recoverable amount should this be required. This policy departs from the requirement of companies' legislation to amortise goodwill over a finite period in order to give a true and fair view, for the reasons outlined above.

Where the directors are of the opinion that intangible assets of the Company do not have an indefinite economic life then the goodwill on each acquisition is considered by the directors and amortised on a straight line basis over its useful economic life (which is generally estimated to be between five and twenty years).

Tangible fixed assets and depreciation
Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Computer equipment	25% per annum on a straight-line basis
Furniture and equipment	10% per annum on a straight-line basis

Stocks
Stocks are stated at the lower of cost and net realisable value.

Taxation
Corporation tax is provided on the taxable profit at the current rate.

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are not discounted.

Foreign currency
Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Pension costs
Pensions are provided to certain employees through defined contribution schemes and the group has a stakeholder pension scheme available to employees. The assets of the funded defined contribution schemes are held independently to the parent company by insurance companies.

The amount charged to the profit and loss account is the amount of contributions payable in the period. The company does not operate any defined benefit schemes.

NEXUS BUSINESS MEDIA LIMITED
PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2008

	Note	2008 £ Discontinued	2008 £ Continued	2008 £ Total	2007 £
Turnover	1	1,727,195	7,043,850	8,771,045	9,551,208
Cost of sales		(1,099,255)	(4,753,771)	(5,853,026)	(6,866,676)
Gross profit		627,940	2,290,079	2,918,019	2,684,532
Other administrative expenses		-	(3,159,671)	(3,159,671)	(3,473,014)
Exceptional items	1	-	(964,224)	(964,224)	(3,312,921)
Operating (loss)		627,940	(1,833,816)	(1,205,876)	(4,101,403)
Profit on disposal of operations	2	2,530,943	-	2,530,943	217,014
Profit on disposal of tangible assets	3	-	-	-	1,354,577
Interest payable and similar charges		-	-	-	(4,795)
Interest receivable and similar income		-	82,783	82,783	50,516
Profit/(loss) on ordinary activities before taxation	1	3,158,883	(1,751,033)	1,407,850	(2,484,091)
Tax credit on profit/(loss) on ordinary activities	0	-	25,005	25,005	49,301
Profit/(loss) on ordinary activities after taxation and retained profit/(loss) for the year transferred to/(from) reserves	12	3,158,883	(1,726,028)	1,432,855	(2,434,790)

There were no recognised gains or losses other than the loss for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

	Note	2008	2007
		£	£
Fixed assets			
Intangible assets	6	**1,138,245**	2,015,067
Tangible assets	7	**30,681**	250,394
		1,168,926	2,265,461
Current assets			
Stocks	8	**4,979**	43,793
Debtors	9	**1,319,974**	1,915,349
Cash at bank and in hand		**1,298,225**	3,376,184
		2,623,178	5,335,326
Creditors: amounts falling due within one year	10	**(4,847,103)**	(10,088,641)
Net current liabilities		**(2,223,925)**	(4,753,315)
Total assets less current liabilities		**(1,054,999)**	(2,487,854)
Capital and reserves			
Called up share capital	11	**50,000**	50,000
Profit and loss account	12	**(1,104,999)**	(2,537,854)
Shareholders' funds		**(1,054,999)**	(2,487,854)

The financial statements were approved by the Board of Directors on 18th March 2009.

P C Satchwill

P C Satchwill - Director

The accompanying accounting policies and notes form an integral part of these financial statements.

1 Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation is attributable to Geographical market as follows:

	2008	2007
	£	£
Geographical market - destination:		
United Kingdom	**5,856,299**	6,650,979
Rest of Europe	**1,830,766**	1,852,874
Other markets	**1,083,980**	1,047,355
	8,771,045	9,551,208

The profit on ordinary activities before taxation is stated after:

	2008	2007
	£	£
Auditors' remuneration:		
Audit services	**15,000**	25,000
Non-audit services	**162,600**	53,352
Depreciation:		
Tangible fixed assets owned	**91,465**	128,824
Amortisation of intangible assets	**95,859**	125,161
Exceptional items:		
Restructuring and Redundancy costs	**497,092**	-
Write off Tangible assets due to restructuring of business	**132,432**	-
Write off excess stocks	**20,417**	-
Impairment of intangible assets	**314,283**	3,312,921
	964,224	3,312,921

Turnover and profit on ordinary activities before taxation (continued)

Profit and loss account showing continued and discontinued operations for year ended 31 December 2007

	2007 £ Discontinued	2007 £ Continued	2007 £ Total
Turnover	1,968,521	7,582,687	9,551,208
Cost of sales	(1,333,918)	(5,532,758)	(6,866,676)
Gross profit	634,603	2,049,929	2,684,532
Other administrative expenses	-	(3,473,014)	(3,473,014)
Exceptional costs	-	(3,312,921)	(3,312,921)
Total administrative expenses	-	(6,785,935)	(6,785,935)
Operating loss	634,603	(4,736,006)	(4,101,403)
Profit on disposal of operations	-	217,014	217,014
Profit on disposal of tangible assets	-	1,354,577	1,354,577
Interest payable and similar expense	-	(4,795)	(4,795)
Interest receivable and similar income	-	50,516	50,516
Profit /(loss) on ordinary activities	634,603	(3,118,694)	(2,484,091)
Tax on profit / (loss) on ordinary activities	-	49,301	49,301
Profit/(loss) on ordinary activities after taxation and retained profit/(loss) for the year transferred to/from reserves	634,603	(3,069,393)	(2,434,790)

2 Profit on disposal of operations

During the year, the company sold its Defence assets to Clarion Events Limited, its Harpers magazine to William Reed Business Media Limited and other titles to Purple Media Limited.

	2008 Defence	**2008 Harpers**	**2008 Other Titles**	**2008 Total**	2007 Total
	£	**£**	**£**	**£**	£
Disposal proceeds of sales	2,600,000	400,000	225,000	**3,225,000**	557,729
Less: cost of sale	(155,342)	(64,378)	(7,657)	**(227,377)**	(64,009)
Net proceeds	2,444,658	335,622	217,343	**2,997,623**	493,720
NBV of assets sold	393,847	-	72,833	**466,680**	276,706
Profit on disposal	**2,050,811**	**335,622**	**144,510**	**2,530,943**	**217,014**

3 Profit on disposal of tangible assets

	2008	2007
	£	£
Disposal proceeds of Media House	-	3,500,000
Less: costs	-	(67,596)
Net proceeds	-	3,432,404
Net book value of asset	-	1,980,141
Profit on disposal	-	1,452,263
Disposal proceeds from sale of other assets	-	4,248
Net book value of assets disposed off	-	(101,934)
Loss on disposal/write off	-	(97,686)
Profit on disposal of assets	-	1,354,577

4 Directors and employees

Staff costs during the year were as follows:

	2008	2007
	£	£
Wages and salaries	**3,552,140**	3,507,283
Social security costs	**394,507**	404,283
Other pension costs	**88,316**	87,463
	4,034,963	3,999,029

The average number of employees of the company during the year was:

	2008	2007
	Number	Number
Sales and marketing	**41**	35
Administration and Editorial	**52**	63
	93	98

The directors received total emoluments of £444,916 (2007: £603,097) from another group company in the year.

It is not practicable to allocate the director's total emoluments across the other group companies.

In addition, one director is accruing benefits under the Nexus Commercial Media Limited group pension scheme, which is a defined contribution scheme, in respect of their services to the ten group companies.

5 Tax on profit on ordinary activities

The tax credit is based on the profit for the year and represents:

	2008	2007
	£	£
United Kingdom corporation tax at 28% (2007: 30%)	**(25,005)**	(49,301)
Total current tax credit	**(25,005)**	(49,301)

The tax assessed for the period is different to the standard rate of corporation tax in the United Kingdom 28% (2007: 30%)The differences are explained below:

	2008	2007
Profit/(loss) on ordinary activities before tax	**1,407,850**	(2,484,901)
UK corporation tax at 28%	**394,198**	(745,470)
Effect of:		
Expenses not deductible for tax purposes	**94,285**	1,015,919
Profit on intangible and asset disposals	**(759,283)**	(475,237)
Utilisation of brought forward losses/unutilised losses		-
Group relief	**25,005**	49,301
Unutilised losses	**220,790**	106,186
Company current tax credit for period	**(25,005)**	(49,301)

6 Intangible fixed assets

	Publishing rights £
Cost	
At 1 January 2008	10,961,418
Disposals	(1,446,471)
At 31 December 2008	**9,514,947**
Amortisation	
At 1 January 2008	8,946,351
Amortisation charge in year	95,859
Impairment charge in year	314,283
Disposals	(979,791)
At 31 December 2008	**8,376,702**
Net book amount at 31 December 2008	**1,138,245**
Net book amount at 31 December 2007	2,015,067

7 Tangible fixed assets

	Furniture and equipment £	Computer equipment £	Total £
Cost			
At 1 January 2008	199,428	254,443	453,871
Additions	3,500	56,855	60,355
Disposals	(181,201)	(279,706)	(460,907)
At 31 December 2008	**21,727**	**31,592**	**53,319**
Depreciation			
At 1 January 2008	143,175	60,302	203,477
Charge in the year	14,421	77,044	91,465
Disposals	(145,200)	(127,104)	(272,304)
At 31 December 2008	**12,396**	**10,242**	**22,638**
Net book amount at 31 December 2008	**9,331**	**21,350**	**30,681**
Net book amount at 31 December 2007	56,253	194,141	250,394

8 Stocks

	2008 £	2007 £
Finished goods and goods for resale	**4,979**	43,793

There is no material difference between the balance sheet value of stocks and their replacement cost.

9 Debtors

	2008 £	2007 £
Trade debtors	**946,907**	1,149,477
Group relief	**66,275**	41,270
Other debtors	**23,671**	342,303
Prepayments and accrued income	**283,121**	382,299
	1,319,974	1,915,349

10 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	**577,754**	550,562
Amounts owed to group undertakings	**3,170,396**	7,428,364
Social security and other taxes	**167,820**	280,593
Accruals and deferred income	**931,133**	1,829,122
	4,847,103	10,088,641

11 Share capital

	2008 £	2007 £
Authorised, allotted, called up and fully paid		
50,000 ordinary shares of £1 each	**50,000**	50,000

12 Share premium account and reserves

	Share premium account	Profit and loss account	Total
	£	£	£
At 1 January 2008	50,000	(2,537,854)	(2,487,854)
Retained profit for the year	-	1,434,641	1,434,641
At 31 December 2008	**50,000**	**(1,103,213)**	**1,053,213**

13 Reconciliation of movements in shareholders' funds

	2008	2007
	£	£
Profit/(loss) for the financial year	1,432,855	(2,434,790)
Shareholders' funds at 1 January 2008	(2,487,854)	(53,064)
Shareholders' funds at 31 December 2008	**(1,054,999)**	**(2,487,854)**

14 Capital commitments

The company had no capital commitments at 31 December 2008 or 31 December 2007.

15 Contingent assets/liabilities

There were no contingent liabilities at 31 December 2008 or 31 December 2007.

16 Leasing commitments

	Land and buildings	
	2008	2007
	£	£
Operating leases which expire		
In one year or less	**33,500**	132,000

17 Transactions with directors and other related parties

The company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related party disclosures" and has not disclosed transactions with group undertakings.

There are no other related party transactions.

18 Ultimate parent company and controlling party

The parent undertaking of the company is Nexus Holdings Limited a company incorporated in Great Britain.

The parent undertaking of the smallest group, which includes the company and for which group financial statements are prepared is Nexus Holdings Limited.

The ultimate parent company is Ergo Science Corporation, a company incorporated in the United States of America.