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**FIRST CONFERENCES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE FIVE MONTH PERIOD ENDED
31 AUGUST 2000**



FIRST CONFERENCES LIMITED
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Five month period ended 31 August 2000

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Directors

Guy H Grant
John C Bodenham

Secretary and Registered Office

Guy H Grant
Black Lion House
45 Whitechapel Road
London E1 1DU

Auditors

Peter J Yardley & Company
Chartered Accountants & Registered Auditors
50 Willow Street
London EC2A 4BH

FIRST CONFERENCES LIMITED
Directors' Report
Five month period ended 31 August 2000

The directors present their report and the audited financial statements for the five month period ended 31 August 2000.

Principal Activity

The principal activity of the company in the year under review was that of organising, operating and managing conferences in the UK, Europe, the US and using the internet to build up communities of interested parties.

Review of Business, Results and Dividends

The results for the period and financial position of the company are shown in the annexed financial statements.

The company continued to expand its staff and resources base, and focused its business around a number of key business sectors, both in traditional industries, and the new multi-media internet-oriented businesses. It developed established brands around the products within these sectors, in order to leverage the success of existing events. It continued to invest in websites and Internet infrastructure, so as to establish and build communities around the meetings it produced. Within the framework of these brands, the activities of all sectors during this period continued to be focused towards the Internet and related information and communications technologies.

The continuing rise in interest and business activity associated with the Internet contributed to the strong growth in turnover, however operating profits have been adversely affected by the onset of the downturn in the "new economy" and simultaneous increase in investment and overheads. Subsequent to the period end, both the traditional media sectors and the technology-related industries have suffered a particularly severe downturn. Operating profits in the areas of the company purely related to these industries have since been severely hit, and the company has had to take substantive action to re-focus these parts of the business. This has been achieved by tighter controls of spending and a re-focussing of the company's core markets, as well as a regrettable but necessary reduction in personnel.

The US Subsidiary, First Conferences Inc., continued to produce growth in turnover, profits, and brand development. On 27 September 2000, the company completed the disposal of this subsidiary, the timing of which with hindsight could not have been better for this company. Full details of this disposal are shown in note 10 to these financial statements.

The directors do not propose to pay a dividend for this financial year and the retained profit of £77,892 (year ended 31 March 2000 - £529,855) is transferred to reserves.

Share Capital

On 18 August 2000, the company issued 1,020 shares at a premium of £70.39 per share as part of its commitment to the Employee Share Ownership scheme.

Fixed Assets

In the opinion of the directors, no tangible fixed assets have a significant difference in value between book value and market value.

FIRST CONFERENCES LIMITED
Directors' Report (continued)
Five month period ended 31 August 2000

Future developments

In spite of the current global slow-down, the directors are optimistic about the company's future. Whereas technology markets may not be as lucrative as they were eighteen months ago, the company remains strong in its core markets and is flexible enough to be able to take advantage of future opportunities as they arise.

Directors

The directors' beneficial interest in the share capital of the company was as follows:

	<u>31.08.00</u>	<u>31.03.00</u>
Ordinary £1 shares		
Guy Grant	20,250	20,250
John Bodenham	20,250	20,250
Adam Elgar (appointed 1 April 1999, resigned 31 March 2000)	7,500	8,000

The directors have no interest in the shares of any other group company, including rights to subscribe for shares.

Year 2000 compliance and the euro

The company has experienced no significant computer or operating problems arising from the advent of the year 2000. There may be problems yet to be identified but the directors are confident of being able to deal promptly with any that may occur. Costs of dealing with the year 2000 issue are expensed as incurred and are not deemed to be material.

The impact of the euro has also been considered generally by the company. Although the impact of the changeover to the euro is not currently anticipated to be significant, this issue is being closely monitored.

Statement of Director's Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

FIRST CONFERENCES LIMITED
Directors' Report (continued)
Five month period ended 31 August 2000

Auditors

The auditors Peter J Yardley & Co. have indicated their willingness to remain in office and a resolution to reappoint them under s385(2) of the Companies Act 1985 will be proposed at the forthcoming annual general meeting.

SIGNED ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'Guy H Grant', written over a horizontal line.

Guy H Grant
DIRECTOR AND COMPANY SECRETARY

Dated: 5 November 2001

FIRST CONFERENCES LIMITED
Auditors' Report to the Shareholders
Five month period ended 31 August 2000

We have audited the financial statements on pages four to thirteen which have been prepared under the historical cost convention and the accounting policies set out on page eight.

Respective responsibilities of directors and auditors

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

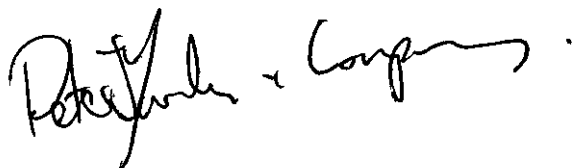
Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2000 and of its profit for the five month period then ended and have been properly prepared in accordance with the Companies Act 1985.



PETER J YARDLEY & COMPANY
Chartered Accountants and Registered Auditors
50 Willow Street
London EC2A 4BH

5 November 2001

FIRST CONFERENCES LIMITED
Profit and Loss Account
Five month period ended 31 August 2000

	Note	<u>5m ended</u> <u>31.08.2000</u> £	<u>Year ended</u> <u>31.03.2000</u> £
TURNOVER	1,2	3,978,711	5,112,488
Cost of sales		<u>2,965,841</u>	<u>3,221,067</u>
GROSS PROFIT		1,012,870	1,891,421
Administrative expenses		<u>955,403</u>	<u>1,167,089</u>
OPERATING PROFIT	3,4	57,467	724,332
Interest payable	5	(767)	(2,015)
Interest receivable	6	<u>31,192</u>	<u>31,294</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		87,892	753,611
Tax on profit on ordinary activities	7	<u>10,000</u>	<u>223,756</u>
PROFIT FOR THE FINANCIAL YEAR		77,892	529,855
Retained profit brought forward		<u>764,776</u>	<u>234,921</u>
RETAINED PROFIT CARRIED FORWARD		<u>£842,668</u>	<u>£764,776</u>

CONTINUING OPERATIONS

All of the turnover and operating profit arises from the principal activity of the company.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these statements

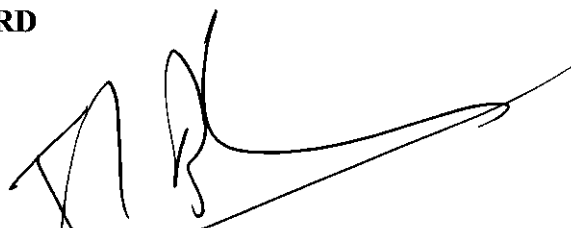
FIRST CONFERENCES LIMITED
Balance Sheet
At 31 August 2000

		<u>31.08.00</u>		<u>31.03.00</u>	
	Note	£	£	£	£
FIXED ASSETS					
Intangible assets	8		7,900		8,400
Tangible assets	9		311,620		161,410
Investments	10		<u>132,975</u>		<u>132,975</u>
			452,495		302,785
CURRENT ASSETS					
Debtors	11	1,705,263		1,214,819	
Investments	3,12	222,818		-	
Cash at bank and in hand	3,12	<u>1,813,718</u>		<u>1,727,489</u>	
		3,741,799		2,942,308	
CREDITORS: Amounts falling due within one year	13	<u>3,169,263</u>		<u>2,370,772</u>	
NET CURRENT ASSETS			<u>572,536</u>		<u>571,536</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,025,031		874,321
PROVISIONS FOR LIABILITIES & CHARGES	14		<u>(45,000)</u>		<u>(45,000)</u>
NET ASSETS			<u>£980,031</u>		<u>£829,321</u>
CAPITAL AND RESERVES					
Called up share capital	15		52,040		51,020
Share premium account	16		85,323		13,525
Profit and loss account			<u>842,668</u>		<u>764,776</u>
Shareholders' Funds	17		<u>£980,031</u>		<u>£829,321</u>

The financial statements were approved by the Board on 5 November 2001.

SIGNED ON BEHALF OF THE BOARD


Guy Grant
DIRECTOR


John Bodenham
DIRECTOR

The notes form part of these financial statements

FIRST CONFERENCES LIMITED
Cash flow statement
Five month period ended 31 August 2000

	<u>5 months ended 31.08.2000</u>		<u>Year ended 31.03.2000</u>	
	£	£	£	£
CASH FLOW				
Net cash inflow from operating activities		475,135		1,421,082
Returns on investments and servicing of finance				
Interest paid	(767)		(2,015)	
Interest received	<u>31,192</u>		<u>31,294</u>	
Net cash in / (out) flow from returns on investments and servicing of finance		30,425		29,279
Taxation				
Corporation tax paid		(70,000)		(20,006)
Capital Expenditure and financial investment				
Payments to acquire tangible assets	(196,831)		(139,300)	
Purchase of ESO scheme shares	<u>(222,818)</u>		<u>-</u>	
		<u>(419,619)</u>		<u>(139,500)</u>
Net cash inflow before financing		15,911		1,291,055
Financing				
Issue of ordinary shares	72,818		14,545	
Reduction in shareholder loans	<u>(2,500)</u>		<u>(39,200)</u>	
		<u>70,318</u>		<u>(24,655)</u>
Net increase in cash		<u>£86,229</u>		<u>£ 1,266,400</u>

1. Reconciliation of operating profit to net cash flow from operating activities

	<u>5m ended</u> <u>31.08.2000</u>	<u>Year ended</u> <u>31.03.2000</u>
	£	£
Operating profit	57,467	724,332
Amortisation of goodwill	500	1,200
Depreciation of tangible fixed assets	46,621	62,680
Increase in debtors	(490,444)	(382,999)
Increase in creditors	<u>860,991</u>	<u>1,015,869</u>
Net cash inflow from operating activities	<u>£475,135</u>	<u>£1,421,082</u>

2. Analysis of net cash

	<u>At</u> <u>31.03.00</u>	<u>Cashflow</u>	<u>At</u> <u>31.08.00</u>
	£	£	£
Cash at bank	<u>1,727,489</u>	<u>86,229</u>	<u>1,813,718</u>

FIRST CONFERENCES LIMITED
Notes to the Financial Statements
Five month period ended 31 August 2000

1. ACCOUNTING POLICIES
BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and applicable accounting standards.

TURNOVER

Turnover on conferences is recognised on commencement of the conference, all other income is recognised when invoiced, and excludes value added tax where applicable.

CONSOLIDATION

The company and its subsidiary comprise a medium sized group. The company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

EMPLOYEE SHARE OWNERSHIP TRUST

The costs incurred by the company in the setting up and maintenance of the employee share ownership trust are charged to the profit and loss account of the period they are incurred. Assets and liabilities of the trust are identified within the company according to the class of asset they represent.

The costs of acquiring and the proceeds from the disposal of shares held by the trust are recognised within the profit and loss account in the period these costs and revenues are incurred.

INTANGIBLE FIXED ASSETS

Goodwill is valued at cost and amortised over its estimated useful life of ten years.

TANGIBLE FIXED ASSETS

Depreciation is provided so as to write off the cost of the fixed assets over their estimated useful lives employing the following rate and method :

Office equipment and fittings	25% of cost – straight line
Computer equipment	25% of cost – straight line

INVESTMENTS

Unquoted investments are valued at the lower of their cost and net realisable value.

DEFERRED TAXATION

Provision is made at current rates for taxation deferred in respect of all material timing differences except that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

LEASED ASSETS

Rentals applicable to operating leases where substantially all of the benefits or risk and ownership remain with the lessor are charged against profit as incurred.

FIRST CONFERENCES LIMITED
Notes to the Financial Statements
Five month period ended 31 August 2000

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company. The turnover attributable to geographic markets outside the UK was 91%, of which 39% was in Europe.

3. STAFF COSTS

	<u>31.08.00</u>	<u>31.03.00</u>
	<u>£</u>	<u>£</u>
Wages and salaries	1,236,685	1,568,176
Social security costs	<u>118,273</u>	<u>155,727</u>
	<u>£1,354,958</u>	<u>£1,723,903</u>
The average number of employees during the year was as follows:		
Business Administration	19	10
Conference organisation, support and marketing	<u>75</u>	<u>47</u>
	<u>94</u>	<u>57</u>

By way of a trust deed dated 22 March 2000, the company has to date subscribed £150,100 to an employee share-ownership trust. At 31 August 2000, £1,462 of this money was held on deposit and had not been applied for the purchase of shares in the company, and the value of this subscription is thus shown as cash.

On 1 April 2000 the trust acquired 322 shares, with a further 178 acquired on 14 April 2000 and 500 on 13 June 2000. All of these were from former employees of the company, who under the terms of the company's Articles of Association are required to dispose of their shareholdings within two years of them leaving the company.

A further 1,020 shares were issued to the trust on 18 August 2000 at a premium of £70.39 per share. At 31 August 2001 the company was holding 2,020 shares at a cost of £222,818. These are shown as a current asset investment at note 12, in accordance with UITF 13. On 15 September 2000 1,020 shares were offered to employees eligible to participate in the employee share scheme.

The directors feel it important that employees of the company are able to share in the success of the business. As an incentive, employees are entitled to participate in the company share scheme after a period of two years' continuous service. The price at which they are entitled to acquire shares under the scheme is set annually by reference to the gross profitability of the company.

FIRST CONFERENCES LIMITED
Notes to the Financial Statements
Five month period ended 31 August 2000

4. OPERATING PROFIT	31.08.00	31.03.00
The operating profit is stated after charging:	£	£
Amortisation of goodwill	500	1,200
Depreciation of fixed assets	46,621	48,617
Operating leases – land and buildings	43,113	18,238
(Gains)/losses on foreign exchange	15,851	(4,512)
Auditors' remuneration – audit services	6,000	19,816
Auditors' remuneration – non-audit services	<u>6,500</u>	<u>11,690</u>
Directors' emoluments	<u>£87,500</u>	<u>£82,000</u>
5. INTEREST PAID		
Bank interest	44	249
Other interest	<u>723</u>	<u>1,766</u>
	<u>£767</u>	<u>£2,015</u>
6. INTEREST RECEIVED		
Bank interest	29,800	31,294
Interest received by Employee Share Ownership trust	<u>1,392</u>	<u>-</u>
	<u>£31,192</u>	<u>£21,294</u>
7. TAXATION		
The tax on profit on ordinary activities was as follows:		
UK Corporation Tax at 20% (March 2000 – 30%)	10,000	180,000
Over-provision from earlier periods	<u>-</u>	<u>(1,173)</u>
Current year taxation	10,000	178,827
Deferred tax – origination of timing differences	<u>-</u>	<u>45,000</u>
Tax on profit on ordinary activities	<u>£10,000</u>	<u>£223,827</u>
8. INTANGIBLE FIXED ASSETS		<u>Goodwill</u>
		£
Cost		
At 31 March 2000 & 31 August 2000		<u>12,000</u>
Amortisation		
At 1 April 2000		3,600
Charge for the 5 month period		<u>500</u>
At 31 August 2000		<u>4,100</u>
Book value		
At 31 August 2000		<u>£7,900</u>
At 31 March 2000		<u>£8,400</u>

FIRST CONFERENCES LIMITED
Notes to the Financial Statements
Five month period ended 31 August 2000

9. TANGIBLE ASSETS	<u>Office equipment</u>	<u>Computer Equipment</u>	<u>Total</u>
	£	£	£
Cost			
At 1 April 2000	37,521	213,201	250,722
Additions	<u>35,953</u>	<u>160,878</u>	<u>196,831</u>
At 31 August 2000	<u>73,474</u>	<u>374,079</u>	<u>447,553</u>
Depreciation			
At 1 April 2000	25,794	63,518	89,312
Charge for the period	<u>7,655</u>	<u>38,966</u>	<u>46,621</u>
At 31 August 2000	<u>33,449</u>	<u>102,484</u>	<u>135,933</u>
Net Book Value			
At 31 August 2000	<u>£40,025</u>	<u>£271,595</u>	<u>£ 311,619</u>
At 31 March 2000	<u>£ 11,727</u>	<u>£149,683</u>	<u>£ 161,410</u>

10. INVESTMENTS	<u>Subsidiary Undertaking</u>
	£

Cost

At 1 April 2000 and 31 August 2000	<u>132,975</u>
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The company's investment in its subsidiary undertaking represents the cost of acquisition of 79.1% (31 March 2000-84.0%) of the ordinary share capital of First Conferences Incorporated, a company incorporated in the State of California in the United States of America, engaged in the business of organising, operating and managing conferences in the USA and Europe.

At 27 September 2000, which is the latest current information available for this company, the aggregate share capital and reserves of First Conferences Incorporated amounted to £2,250,017 (March 2000-£1,630,289) and the profit for the year to that date was £508,874 (year ended 31 March 2000 - loss £442,190).

On 29 September 2000, the entire share capital of First Conferences Incorporated was acquired by Penton Media Incorporated. The sale agreement provided for initial consideration of US\$65,000,000 plus provision for a contingent payment based upon the income and profitability of First Conferences Incorporated to 31 March 2002. Even at the closing date of the sale, the expected contingent consideration was not expected to be significant as the criteria set under the agreement was onerous. In light of the current state of the technology markets and the economy of the US in particular, the contingent consideration is expected to be negligible.

At 29 September 2000, the company owned 79.1% of First Conferences Incorporated and was entitled to \$48.84m unencumbered cash and US\$2.58m cash held in escrow until 28 September 2001. As part of the sale agreement, the company received a dividend on 28 September 2000 of US\$1,384,240 (£935,297). The profit for the period ended 27 September 2000 described above does not include the effect of this dividend.

FIRST CONFERENCES LIMITED
Notes to the Financial Statements
Five month period ended 31 August 2000

11. DEBTORS	31.08.00	31.03.00
	£	£
Trade debtors	1,104,559	938,821
Other debtors	49,688	45,861
Prepayments and accrued income	<u>516,540</u>	<u>195,661</u>
	1,670,787	1,180,343
Long-term debtor – rent deposit	<u>34,476</u>	<u>34,476</u>
	<u>£1,705,263</u>	<u>£1,214,819</u>
12. INVESTMENTS		
Company's own shares held as part of the Employee Share Ownership scheme	<u>£222,818</u>	<u>£-</u>
13. CREDITORS: amounts falling due within one year		
Trade creditors	684,412	329,327
Amounts owed to subsidiary undertakings	271,771	225,985
Director's loan account	765	3,265
Other creditors including taxation and social security	705,411	594,309
Mainstream Corporation tax	199,000	259,000
Accruals and deferred income	<u>1,307,904</u>	<u>958,866</u>
	<u>£3,169,263</u>	<u>£2,370,772</u>
14. PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred Tax :	<u>£45,000</u>	<u>£45,000</u>

The deferred tax provision arises as a result of timing differences between the subscription to the employees share ownership trust and the recognition of that expenditure within the profit and loss account. The accounting policy for subscriptions to and the costs of maintaining and operating this trust are detailed in Note 1.

15. CALLED UP SHARE CAPITAL				
Authorised	Class:	Nominal	31.08.00	31.03.99
Number		Value:	£	£
1,000,000	Ordinary	£1	<u>£1,000,000</u>	<u>£1,000,000</u>
Allotted, issued and fully paid:				
Allotted	Class:	Nominal		
Number		Value:		
52,040	Ordinary	£1	<u>£52,040</u>	<u>£51,020</u>

On 9 April 2001, the company purchased from Adam Elgar, out of distributable profits under s164(2), s381A and paragraph 5 of Schedule 15A of the Companies Act 1985, 4,000 of the 8,000 ordinary shares held by him for £3,522,428 in cash.

FIRST CONFERENCES LIMITED
Notes to the Financial Statements
Five month period ended 31 August 2000

	<u>31.08.00</u>	<u>31.03.00</u>
	£	£
16. SHARE PREMIUM ACCOUNT		
Premium on shares issued	<u>£85,323</u>	<u>£13,525</u>
17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
Profit for the financial year	77,892	529,855
Issue of ordinary shares	<u>72,818</u>	<u>14,545</u>
NET ADDITION TO SHAREHOLDERS' FUNDS	150,710	544,400
Opening shareholders' funds	<u>829,321</u>	<u>284,921</u>
CLOSING SHAREHOLDERS' FUNDS	<u>£980,031</u>	<u>£829,321</u>
EQUITY INTERESTS	<u>£980,031</u>	<u>£829,321</u>

18. RELATED PARTY TRANSACTIONS AND COMPANY CONTROL

Throughout the year, the company was under the control of Guy Grant and John Bodenham, both of whom are directors and significant shareholders. First Conferences Incorporated was under the control of G Grant, J Bodenham and Richard Bowsher. Richard Bowsher is a director and minority shareholder of that company.

At 31 August 2000 there was a balance outstanding due to G Grant and J Bodenham of £765 (31 March 2000 - £3,265).

19. CONTINGENT LIABILITIES

The company enjoys BACS facilities of £100,000, negotiation facilities of £400,000 and Business Chargecard facilities of £520,000, all of which are due to expire on 30 November 2001. It is anticipated these facilities will be renewed.

20. CAPITAL COMMITMENTS

Annual commitments in respect of non-cancellable operating leases over the next twelve months are as follows :

	<u>31.08.2000</u>	<u>31.03.2000</u>
	£	£
Land and buildings	<u>103,430</u>	<u>103,430</u>

21. POST BALANCE-SHEET EVENTS

Transactions with the employee share ownership trust are explained in Note 3.

The terms and financial effect of the disposal of First Conferences Incorporated are explained in Note 10.

On 9 April 2001, the company repurchased 4,000 of its own shares, the details and financial effect of this transaction are shown in Note 15.