

Company Registration No. 2809261

Haymarket Group Limited

Report and Financial Statements

31 December 2006



Haymarket Group Limited

Report and financial statements 2006

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Haymarket Group Limited

Report and financial statements 2006

Officers and professional advisers

Directors

The Rt Hon the Lord Heseltine CH (Chairman)
J D Duckworth
D B Fraser
The Hon R W D Heseltine
Dr A S Kemp
Lord Levene of Portsoken KBE
J L Masters
S P Tindall
E A Verdon-Roe

Secretary

J D Duckworth

Registered office

174 Hammersmith Road
London W6 7JP

Bankers

The Royal Bank of Scotland plc

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Solicitors

Lewis Silkin LLP
London

Haymarket Group Limited

Report and financial statements 2006

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

Business review and principal activities

The principal activities of the group are the provision of editorial content and related services through multiple platforms, including magazines and websites, serving specialist audiences in both the business to consumer and business to business markets. In addition, the group organises exhibitions, events and conferences

The group operates in a number of countries including the UK, USA, Germany, Hong Kong, India and Australia. The group's overseas activities have expanded rapidly over the last few years and in particular the last year after a significant investment programme. Turnover, by source, from the overseas operations in 2006 accounted for 21% of total turnover

The group has significantly invested in its online activities in order to exploit the commercial opportunities as it looks to meet the demands of its specialist audiences of professionals and enthusiasts online

Review of developments

The results for the year are set out on page 8

Group turnover increased by 6.6% from £229.3 million to £244.4m

Group operating profit, before expenditure on the launch and development of new activities and asset amortisation, was £37.8m, up 30% compared to £29.1m in 2005. Expenditure on new activities charged against profits was £6.1m, compared to £6.8m in 2005

Included in the results for the year are profits on the disposal of assets amounting to £7.9m (2005: £100,000)

The group made a number of acquisitions of publishing rights during the year for a total consideration including costs of £5.6m (2005: £19.0m), of which £3.5m relates to the acquisition of a subsidiary as detailed in note 27

The group's cash balances increased during the year by £16.9 million, having been boosted by the asset sales referred to above. However, operating cash flows also continue to be strong

Details of post balance sheet events are shown in notes 17 and 32

Dividends of £2.5m (2005: £2.5m) have been paid during the year

As detailed in note 33, some comparative information for 2005 has been restated to achieve full compliance with FRS 10

Haymarket Group Limited

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Directors' report (continued)

Directors and their interests

The present membership of the Board is set out on page 1. All directors served throughout the year. The interests of the directors in the shares of the company were as follows:

Ordinary shares of 1p each	At 1 January 2006	At 31 December 2006
The Rt Hon the Lord Heseltine CH (Chairman)	16,611,650	16,611,650
J L Masters	1,158,220	1,158,220
S P Tindall	3,146,505	3,146,505

The Hon R W D Heseltine has an indirect interest in 9,184,760 shares through a family trust.

The directors of the company do not have any interests in the shares of subsidiary undertakings.

Financial Risk Management

The financial risks that the directors consider most applicable to the group and company are interest rate risk and, to a lesser extent, currency risk.

Action has been taken to mitigate any adverse effect of interest rates on the group's profitability, as detailed in note 15 to the accounts.

A proportion of currency risk is hedged by way of foreign currency bank loans, together with hedging instruments to protect against adverse foreign exchange movements.

Employees

Details of the number of employees and related costs can be found in note 3 to the financial statements.

The company provides employees with information on matters relevant to them as employees throughout the year as part of its corporate communications strategy.

The company and its subsidiaries have continued the policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons, having regard to their particular aptitude and abilities. The company continues to employ, train and support the career development and promotion of employees of the company who have become disabled persons during the period when they were employed by the company and other disabled employees of the company.

Environmental matters

Haymarket was the first major publishing company to be certified to the ISO14001 environmental standard. The group has had assessments since the original certification to ensure it is maintaining ISO14001 standards and demonstrating its commitment to continual improvement in environmental performance.

The group's preference for suppliers with environmental credentials continues to encourage them to take their environmental responsibilities seriously. The group's production suppliers in particular, Herons and Lynhurst, are ISO14001 certified. Grange, Hubbard's, Impact, Lynhurst and Polyprint have applied for ISO14001 certification. On a smaller scale, the group's stationery company has achieved ISO14001 at the group's insistence.

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Directors' report (continued)

Environmental matters (continued)

In addition, the group is committed to improving its environmental credentials in areas such as water consumption, aluminium recycling, composting, newstrade waste and standardised production

Donations

During the year the group made charitable donations of £64,000 (2005 £41,450) and made donations of £25,000 to Conservative Mainstream (2005 £25,000)

Auditors

Each of the persons who is a director at the date of approval of this report confirms that

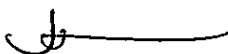
(1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting

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



J D Duckworth
Director and Secretary

17 July 2007

Haymarket Group Limited

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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.

Independent auditors' report to the members of Haymarket Group Limited

We have audited the financial statements of Haymarket Group Limited for the year ended 31 December 2006 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and individual balance sheets, the consolidated cash flow statement and the related notes 1 to 33. 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 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 financial statements in accordance with applicable law and United Kingdom 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 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 financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and the individual 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the individual company's affairs as at 31 December 2006 and of the group's 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

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London, United Kingdom

Date *20th July 2007*

Haymarket Group Limited

Consolidated profit and loss account Year ended 31 December 2006

	Notes	2006 £'000	2005 £'000
Turnover			
Group and share of joint ventures and associates		250,173	236,150
Less share of joint ventures and associates		(5,758)	(6,865)
		<u>244,415</u>	<u>229,285</u>
Group turnover	2	244,415	229,285
Cost of sales		(212,825)	(200,806)
		<u>31,590</u>	<u>28,479</u>
Gross profit		31,590	28,479
Amortisation of publishing and exhibition rights	9	(6,419)	(5,907)
Other administrative expenses		(7,846)	(7,851)
		<u>(14,265)</u>	<u>(13,758)</u>
Total administrative expenses		(14,265)	(13,758)
Operating profit	4	17,325	14,721
Share of operating profit of joint ventures and associates		94	789
Amortisation of intangibles in respect of joint ventures and associates		-	(8)
Profit on disposal of fixed assets		7,903	100
		<u>7,997</u>	<u>881</u>
Group operating profit		25,322	15,602
Investment income	5	610	793
Interest payable and similar charges	6	(11,415)	(7,745)
		<u>14,517</u>	<u>8,650</u>
Profit on ordinary activities before taxation		14,517	8,650
Tax on profit on ordinary activities	7	(880)	(3,724)
		<u>13,637</u>	<u>4,926</u>
Profit on ordinary activities after taxation and Profit for the financial year attributable to the members of Haymarket Group Limited		13,637	4,926

All activities derive from continuing operations

Haymarket Group Limited

Consolidated statement of total recognised gains and losses Year ended 31 December 2006

	Notes	2006 £'000	2005 £'000
Profit for the year attributable to the members of Haymarket Group Limited		13,637	4,926
Currency translation differences on foreign currency net investments	21	(2,400)	(484)
Revaluation of freehold properties	19	750	414
Total recognised gains and losses relating to the year		<u>11,987</u>	<u>4,856</u>
Prior year adjustment	33	(4,732)	
Total gains and losses recognised since the last financial statements		<u>7,255</u>	

Haymarket Group Limited

Consolidated balance sheet 31 December 2006

	Notes	2006		2005	
		£'000	£'000	(Restated – see note 33) £'000	£'000
Fixed assets					
Intangible assets	9, 33		56,735		59,902
Tangible assets	10		61,866		61,676
Investments	11(b)		-		70
Investments in joint ventures and associates					
- Goodwill			-	227	
- Gross assets		3,995		7,011	
- Gross liabilities		(2,391)		(3,798)	
	11(c)		1,604		3,440
			120,205		125,088
Current assets					
Stocks	12		969		1,820
Debtors falling due within one year	13(a)		51,356		46,655
Debtors falling due after more than one year	13(b)		5,989		2,279
Cash at bank and in hand			17,006		5,032
			75,320		55,786
Creditors: amounts falling due within one year	14		(79,397)		(82,196)
Net current liabilities			(4,077)		(26,410)
Total assets less current liabilities			116,128		98,678
Creditors: amounts falling due after more than one year	15		(115,930)		(107,967)
Net assets / (liabilities)			198		(9,289)
Capital and reserves					
Called up share capital	17		316		316
Capital redemption reserve	18		196		196
Revaluation reserve	19, 33		5,934		6,811
Merger reserve	20		6,236		6,236
Profit and loss account	21, 33		(12,484)		(22,848)
Shareholders' funds / (deficit)	22		198		(9,289)

These financial statements were approved by the Board of Directors on 17 July 2007

Signed on behalf of the Board of Directors



The Rt Hon The Lord Heseltine CH
Director and Chairman

Haymarket Group Limited

Company balance sheet 31 December 2006

	Notes	2006 £'000	2005 £'000
Fixed assets			
Investments	11	72	72
Current assets			
Debtors falling due within one year	13(a)	351	114,000
Debtors falling due after more than one year	13(b)	115,543	-
Net current assets		115,894	114,000
Total assets less current liabilities		115,966	114,072
Creditors: amounts falling due after more than one year	15	(7,144)	-
Net assets		108,822	114,072
Capital and reserves			
Called up share capital	17	316	316
Capital redemption reserve	18	196	196
Profit and loss account	21	108,310	113,560
Shareholders' funds	22	108,822	114,072

These financial statements were approved by the Board of Directors on 17 July 2007

Signed on behalf of the Board of Directors



The Rt Hon The Lord Heseltine CH
Director and Chairman

Haymarket Group Limited

Consolidated cash flow statement Year ended 31 December 2006

	Notes	£'000	2006 £'000	£'000	2005 £'000
Net cash inflow from operating activities	23		33,247		31,771
Dividends received from associated undertakings			199		1,057
Returns on investments and servicing of finance					
Interest received		274		76	
Dividends received		104		93	
Interest paid		(10,427)		(7,745)	
Net cash outflow from returns on investments and servicing of finance			(10,049)		(7,576)
Taxation					
UK corporation tax paid		(3,789)		(3,941)	
Total tax paid			(3,789)		(3,941)
Capital expenditure and financial investment					
Purchase of tangible fixed assets	10	(6,176)		(14,422)	
Purchase of intangible fixed assets		(1,186)		(6,536)	
Proceeds from sale of fixed assets		3,761		507	
Proceeds from sale of investment	11	5,502		-	
Net cash outflow from capital expenditure and financial investment			1,901		(20,451)
Acquisitions and disposals					
Purchase of subsidiary undertakings	27	(2,337)		(7,766)	
Net cash / (overdraft) acquired with subsidiaries	27	221		(83)	
Purchase of interest in associated undertakings		-		(1,469)	
Net cash outflow from acquisitions and disposals			(2,116)		(9,318)
Equity dividends paid			(2,500)		(2,500)
Net cash outflow before financing			16,893		(10,958)
Financing					
Bank loan drawdown/(repayment)		3,286		(2,000)	
Net cash inflow / (outflow) from financing			3,286		(2,000)
Increase / (Decrease) in cash	25		20,179		(12,958)

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2006

1 Accounting policies

The financial statements are prepared in accordance with United Kingdom law and accounting standards. The particular accounting policies adopted by the directors are consistent with the prior year and are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as amended by the revaluation of certain fixed assets.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiaries for the year ended 31 December 2006.

The group's share in associates is accounted for using the equity method of accounting. The consolidated profit and loss account includes the group's share of the pre-tax profits or losses and attributable taxation.

The group's share of its joint ventures' assets and liabilities have been accounted for using the gross equity method.

Acquisitions and goodwill

On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the group's share of net assets. Where the cost of the acquisition exceeds the values attributed to such net assets, the difference is treated as purchased goodwill. Purchased goodwill is capitalised and amortised on a straight line basis at 5% per annum.

Publishing and exhibition rights

Publishing and exhibition rights are held at cost less any provision for impairment in value and are amortised on a straight line basis at rates between 5% and 20% per annum, based on an assessment of the economic life of the asset at the time of purchase. Any elements of acquisition costs that relate to a non-competition clause are amortised over the effective period of that clause.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation net of depreciation and any provision for impairment. Short leasehold properties are amortised over the period of the lease. No depreciation is usually charged on freehold land. When it has proved impossible to obtain a split between land and buildings for a property then the full cost or valuation has been depreciated. Other assets are depreciated by equal annual instalments over the anticipated lives of the assets, principally at the following rates:

Freehold office properties	2%
Other freehold properties	2%
Vehicles, furniture and equipment	20% - 25%

Freehold properties are revalued every year with the surplus or deficit on book value being transferred to the revaluation reserve.

Investments

Investments are stated at cost less any provision for impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value. Stocks of magazine back issues are not valued. Agricultural stock is included at independent professional valuation.

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2006

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation is provided in full on timing differences between the recognition of gains and losses in the financial statements and their recognition in a taxation computation

Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiary and associated undertakings and joint ventures where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

Foreign currency

Foreign currency assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the profit and loss account. The financial statements of foreign subsidiary undertakings are translated into sterling at the rates of exchange prevailing at the balance sheet date and the differences arising from the translation of the opening net investment in subsidiary undertakings at the closing rates are taken directly to reserves

Pension costs

The company operates a defined contribution pension scheme. Pension costs are charged to the profit and loss account in the period in which they become payable

Operating leases

Rentals are charged to the profit and loss account in equal annual amounts over the lease term

2. Analysis of turnover, operating profit and net assets

Turnover represents revenue receivable and the value of goods (excluding VAT) sold to third parties. All turnover and profit before tax relates to the group's principal activity

Sale of goods are recognised when goods are delivered and title has passed

Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount

Dividend income from investments is recognised when the shareholders rights to receive payment have been established

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2006

2. Analysis of turnover, operating profit and net assets (continued)

Geographical analysis by location is as follows

Turnover by destination	2006	2005
	£'000	£'000
United Kingdom	180,644	167,504
Other countries	63,771	61,781
	<u>244,415</u>	<u>229,285</u>
Turnover by source		
United Kingdom	193,016	188,315
Other countries	51,399	40,970
	<u>244,415</u>	<u>229,285</u>

Profit on ordinary activities before taxation

An analysis of operating profit by geographical segment has not been included as the directors believe that to do so would be seriously prejudicial to the interests of the group

Net assets / (liabilities)	2006	2005
	£'000	(Restated – see note 33) £'000
United Kingdom	75,137	85,268
Other countries	23,451	20,726
Group monetary net liabilities	(98,390)	(115,283)
	<u>198</u>	<u>(9,289)</u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2006

3. Information regarding directors and employees

	2006 £'000	2005 £'000
Directors' emoluments		
Emoluments	4,048	2,682
Remuneration of highest paid director	2,508	1,202

Directors' emoluments are disclosed on an accruals basis

There are defined contribution pension plans for the benefit of four directors (2005 four) The contributions in total for the year were £1,375,467 (2005 £304,868) The highest paid director received contributions of £1,304,317 (2005 £237,812)

	2006 £'000	2005 £'000
Staff costs during the year (including directors)		
Wages and salaries	69,751	67,709
Social security costs	6,553	6,709
Pension costs	4,237	2,774
	80,541	77,192
	No.	No.
Average number of persons employed by the group (including directors)	1,906	1,845

The company had no employees (2005 nil) Another group company holds contracts of employment for the group's employees

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Notes to the accounts Year ended 31 December 2006

4. Operating profit

	2006 £'000	2005 £'000
Operating profit is stated after charging:		
Depreciation - owned assets	3,165	3,095
Rentals under operating leases for land and buildings	1,802	1,772
Auditors' remuneration		
- group audit	175	146
- company audit	7	7
- other services relating to taxation	293	128
Amortisation of publishing and exhibition rights	6,419	5,907
	<u>6,419</u>	<u>5,907</u>

5. Investment income

	2006 £'000	2005 £'000
Income from other fixed asset investments	137	93
Interest receivable and similar income	274	76
Income from associate	199	276
Foreign exchange differences	-	348
	<u>610</u>	<u>793</u>

6. Interest payable and similar charges

	2006 £'000	2005 £'000
Bank loan and overdraft interest	8,672	7,745
Other interest payable	1,755	-
Foreign exchange differences	988	-
	<u>11,415</u>	<u>7,745</u>

7. Tax on profit on ordinary activities

	2006 £'000	2005 £'000
United Kingdom corporation tax at 30% (2005 30%)	3,972	4,754
Adjustment in respect of prior years	(1,081)	(175)
Overseas taxation	927	338
Withholding tax on royalties	(6)	-
Double-tax relief	(378)	(277)
	<u>3,434</u>	<u>4,640</u>
Total current tax charge	3,434	4,640
Deferred tax credit	(2,554)	(916)
	<u>880</u>	<u>3,724</u>
Tax on profit on ordinary activities	880	3,724

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2006

7 Tax on profit on ordinary activities (continued)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 30% (2005 30%) The current tax charge for the year is less than 30% for the reasons set out in the following reconciliation

Reconciliation of current tax charge	2006	2005
	£'000	£'000
Profit on ordinary activities before tax	14,517	8,650
Tax at 30% thereon	4,355	2,595
Factors affecting charge for the year		
- Expenses not deductible for tax	484	777
- Capital allowances in advance of depreciation	(78)	(339)
- Other short term timing differences	938	630
- Non-deductible depreciation/amortisation on assets not qualifying for capital allowances	1,254	985
- Non-taxable income	(2,507)	(175)
- Unutilised tax losses	242	281
- Effect of overseas tax rates	399	61
- Adjustment in respect of prior years	(1,081)	(175)
Overseas losses b/fwd	(696)	-
Unutilised overseas losses	130	-
Overseas withholding tax on royalties	(6)	-
Current tax charge for the year	<u>3,434</u>	<u>4,640</u>

8. Profit attributable to members of the company

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the company is not presented as part of these financial statements

The company's loss before dividends for the year was £2,750,000 (2005 loss £850,000)

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2006

9. Intangible assets

Group	Note	Publishing and exhibition rights £'000
Cost or valuation		
At 1 January 2006 (restated)	33	91,290
Additions during the year on acquisition of subsidiary	27	3,527
Other additions		2,061
Foreign exchange translation differences		(3,202)
At 31 December 2006		<u>93,676</u>
Accumulated amortisation		
At 1 January 2006 (restated)	33	31,388
Charged in the year		6,419
Foreign exchange translation differences		(866)
At 31 December 2006		<u>36,941</u>
Net book value		
At 31 December 2006		<u>56,735</u>
At 31 December 2005 (restated)	33	<u>59,902</u>

The group made a number of acquisitions of publishing rights and companies during the year for total consideration including costs of £5,588,000. The net assets of the subsidiary acquired totalled £1,202,000. For further details see note 27.

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Notes to the accounts Year ended 31 December 2006

10. Tangible assets

Group Cost or valuation	Freehold properties £'000	Short leasehold properties £'000	Vehicles, furniture, equipment £'000	Total £'000
At 1 January 2006	55,925	1,544	24,129	81,598
Foreign exchange translation differences	0	(31)	(196)	(227)
Additions	1,959	148	4,069	6,176
Acquisition of subsidiary (note 27)	-	-	168	168
Reclassification	(903)	-	903	-
Disposals	(3,125)	(1,072)	(1,868)	(6,065)
Revaluations	750	-	-	750
At 31 December 2006	54,606	589	27,205	82,400
Accumulated depreciation				
At 1 January 2006	697	1,436	17,985	20,118
Foreign exchange translation differences	-	(18)	(106)	(124)
Charge for the year	436	46	2,683	3,165
Acquisition of subsidiary (note 27)	-	-	134	134
Disposals	-	(1,072)	(1,687)	(2,759)
At 31 December 2006	1,133	392	19,009	20,534
Net book value				
At 31 December 2006	53,473	197	8,196	61,866
At 31 December 2005	55,260	110	6,306	61,676

Freehold properties at 31 December 2006 comprise freehold office properties at open market value as determined by Kitchen LeFrenais Morgan, professional valuers, of £45,125,000 (2005 £17,150,000), other freehold office property at open market value of £nil (2005 £3,200,000) and other freehold properties at directors' valuation, which equates to cost, of £8,348,000 (2005 £34,910,000). The reclassification of freehold properties between 2006 and 2005 has arisen as a result of the refurbishment of one office property in 2006.

A freehold property was sold on 28 March 2006 for £3,250,000.

The net book value of freehold properties comprises land of £3,300,000 (2005 £2,674,000) and properties for which no split can be obtained of £50,173,000 (2005 £52,586,000).

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2006

10. Tangible assets (continued)

	Freehold properties £'000
The comparable amounts for properties at valuation determined according to the historical cost convention	
Cost	53,213
Accumulated depreciation	(5,480)
Net book value at 31 December 2006	<u>47,733</u>
Net book value at 31 December 2005	<u>42,126</u>

11. Investments held as fixed assets

	Group		Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Shares in subsidiary undertakings (a)	-	-	72	72
Other investments (b)	-	70	-	-
Investments in joint ventures and associated undertakings (c)	1,604	3,440	-	-
	<u>1,604</u>	<u>3,510</u>	<u>72</u>	<u>72</u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2006

11 Investments held as fixed assets (continued)

a) Shares in subsidiary undertakings

The principal subsidiary undertakings, all of which (unless noted otherwise below) are registered in England and Wales and operate principally in the United Kingdom, are as follows

	Country where incorporated and operating	Percentage of equity held	Principal Activity
Subsidiary undertakings			
Haymarket Media Group Limited (formerly Haymarket Publishing Group Limited) ¹		100%	Holding company
Haymarket Business Media Ltd (formerly Environmental Data Services Limited) ²		100%	Magazine publishing
Haymarket Consumer Media Limited (formerly Haymarket Magazines Limited) ²		100%	Magazine publishing
Haymarket Network Limited ²		100%	Magazine publishing
Haymarket Exhibitions Limited ²		100%	Exhibition organising
Haymarket Publishing Services Limited ²		100%	Administrative services
Thenhurst Agricultural Ltd ¹		100%	Farming
Haymarket Media Inc ³	USA	100%	Magazine publishing
Haymarket Media Ltd ⁴	Hong Kong	100%	Magazine publishing
Haymarket Media GmbH ⁵	Germany	100%	Magazine publishing
Haymarket Media Pty Ltd ⁵	Australia	100%	Magazine publishing

1 Shares held by Haymarket Finance Limited

2 Shares held by Haymarket Media Group Limited

3 Shares held by Haymarket Medical Publications Limited

4 Shares held by Haymarket Media Asia Limited

5 Shares held by Haymarket Worldwide Limited

(b) Other investments

Cost

	2006 £'000	Listed Total £'000
At 1 January 2006		70
Disposal during the year		(70)
At 31 December 2006		-
Market value of investments listed on a recognised stock exchange (cost £nil (2005 £54,069))		4,873

The group's listed investment was sold for £5,502,000 (net of expenses) on 21 November 2006

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2006

11. Investments held as fixed assets (continued)

(c) Joint ventures and associated undertakings

Group	Joint ventures £'000	Associated undertakings £'000	Total £'000
Share of net assets			
At 1 January 2006	1,553	1,660	3,213
Additions	-	-	-
Transfer to intangible assets on becoming a subsidiary	-	(1,660)	(1,660)
Share of retained profits	51	-	51
At 31 December 2006	<u>1,604</u>	<u>-</u>	<u>1,604</u>
Goodwill cost			
At 1 January 2006	-	249	249
Transfer to intangible assets on becoming a subsidiary	-	(249)	(249)
At 31 December 2006	<u>-</u>	<u>-</u>	<u>-</u>
Goodwill amortisation			
At 1 January 2006	-	(22)	(22)
Transfer to intangible assets on becoming a subsidiary	-	22	22
At 31 December 2006	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
At 31 December 2006	<u>1,604</u>	<u>-</u>	<u>1,604</u>
At 31 December 2005	<u>1,553</u>	<u>1,887</u>	<u>3,440</u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2006

11 Investments held as fixed assets (continued)

(c) Joint ventures and associated undertakings (continued)

Details of investments representing more than 10% of the company's issued share capital

Associates	Country of incorporation/ registration and principal place of operation	Percentage of equity held	Principal activity
Frontline Limited	England and Wales	Ordinary 'A' shares 5% Ordinary 'C' shares 100% Ordinary 'E' shares 25% Ordinary 'F' shares 17%	Distribution of magazines

Finance Asia com Limited became a wholly-owned subsidiary with effect from 1 January 2006

Joint ventures

BBC Haymarket Exhibitions Limited	England and Wales	50%	Organisation of exhibitions
Haymarket SAC Publishing (India) Private Limited	India	50%	Magazine publisher

All shares are held by subsidiary undertakings. The group's shareholding in Haymarket SAC Publishing (India) Private Limited increased to 75% on 30 March 2007

(d) Transactions with associated undertakings and Joint Ventures

Frontline Limited is the group's agent in relation to the sale of publications to third parties. Distribution services totalling £3,741,337 (2005 £4,039,175) were provided to the group by Frontline Limited

During the year the group provided the following services to BBC Haymarket Exhibitions Limited

	2006 £'000	2005 £'000
Administrative services	844	498

Amounts owed from and to associated undertakings are shown in notes 13 and 14 to the accounts

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2006

12. Stocks

Group	2006 £'000	2005 £'000
Raw materials and consumables	<u>969</u>	<u>1,820</u>

Raw materials and consumables include £150,000 (2005 £157,000) of agricultural stocks which are included at independent professional valuation

The balance represents stocks of paper for which, in the directors' opinion, the replacement cost does not differ significantly from the value included in the financial statements

13. Debtors

(a) Falling due within one year

	Group		Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Trade debtors	32,891	30,433	-	-
Amounts owed by subsidiary undertakings	-	-	-	114,000
Amounts owed by joint ventures and associated undertakings	2,501	2,659	-	-
Other debtors	3,372	4,239	351	-
Prepayments and accrued income	12,592	9,324	-	-
	<u>51,356</u>	<u>46,655</u>	<u>351</u>	<u>114,000</u>

Amounts owed by associated undertakings include £1,674,244 (2005 £1,761,881) owed by Frontline Limited

At the end of the year no balances were owed by any director

(b) Falling due after more than one year

	Group		Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Other debtors	1,604	448	702	-
Amounts owed by subsidiary undertakings	-	-	114,506	-
Deferred tax (note 16)	4,385	1,831	335	-
	<u>5,989</u>	<u>2,279</u>	<u>115,543</u>	<u>-</u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2006

14. Creditors: amounts falling due within one year

	Group		Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Bank overdraft	6,233	14,438	-	-
Bank loans	2,000	6,000	-	-
Trade creditors	17,984	8,090	-	-
Other creditors including taxation and social security	12,497	13,675	-	-
Accruals and deferred income	40,683	39,993	-	-
	<u>79,397</u>	<u>82,196</u>	<u>-</u>	<u>-</u>
Other creditors including taxation and social security				
Amounts owed to associated undertakings	69	699	-	-
UK corporation tax	1,979	2,462	-	-
Other taxation and social security	3,411	3,544	-	-
Other creditors	7,038	6,970	-	-
	<u>12,497</u>	<u>13,675</u>	<u>-</u>	<u>-</u>

The bank loans balance represents the element of the loans disclosed in note 15 which falls due within one year

At the end of the year £25,000 was owed to Eric Verdon-Roe in respect of the sale of a motor vehicle

During the year the group entered into the following transactions with its directors

	Lord Heseltine £	S P Tindall £
2006		
Personal costs paid for by the group and fully reimbursed	164,900	194,100
2005	Lord Heseltine £	S P Tindall £
Personal costs paid for by the group and fully reimbursed	140,500	176,600

Details of agreements for share purchases from directors by the company are disclosed in note 17

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2006

15. Creditors: amounts falling due after more than one year

Group	Group		Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Bank loans			-	-
due between one and two years	3,900	3,000	-	-
due between two and five years	11,100	9,000	-	-
due after more than five years	92,163	87,877	-	-
Amounts owed to subsidiary undertakings	-	-	6,584	-
Other	8,767	8,090	560	-
	<u>115,930</u>	<u>107,967</u>	<u>7,144</u>	<u>-</u>

The bank loans bear interest at a variable rate. As at 31 December 2005 the rate for a £25 million loan was fixed at 6.17% until 4 December 2006. On 27 April 2006 this instrument was cancelled and the group entered into a number of interest rate hedging instruments effective from 1 July 2006 for periods between 7 and 10 years.

A valuation was carried out as at 31 December 2006 to calculate the market value of the interest hedging instruments. Fair value is based on market price of comparable instruments at the balance sheet date.

	No of contracts	Notional principal outstanding at 31 December 2006 £'000	Fair value £'000
Interest rate swaps	4	132,000	163
Forward currency contracts	2	7,520	160
		<u>139,520</u>	<u>323</u>

Changes in the values of these instruments as a result of changes in interest rates are not included in the book value of the relevant asset or liability, which was nil as at 31 December 2006.

16. Deferred tax

There is a group deferred tax asset recognised of £4,385,000 (2005: £1,831,000) and a company asset of £335,000 (2005: nil). These assets relate to the following amounts:

	Group		Company	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Capital allowances in excess of depreciation	(947)	(1,040)	-	-
Other timing differences	5,332	2,871	335	-
	<u>4,385</u>	<u>1,831</u>	<u>335</u>	<u>-</u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2006

16. Deferred tax (continued)

The movement on the deferred tax asset recognised during the year was as follows

	Group £'000	Company £'000
Balance at 1 January 2006	1,831	-
Deferred tax credit	2,554	335
	<u>4,385</u>	<u>335</u>
Balance at 31 December 2006	<u>4,385</u>	<u>335</u>

There is also an unrecognised deferred tax asset in the group of £2,871,000 (2005 £5,568,000) The unrecognised deferred tax asset comprises

	2006 £'000	2005 £'000
Unutilised overseas tax losses	1,242	2,049
Unutilised UK tax losses	760	625
Gain deferred by rollover relief	(570)	(570)
Capital losses	1,439	3,464
	<u>2,871</u>	<u>5,568</u>

Deferred tax has not been provided for potential gains on the disposal of revalued properties or gains rolled over into replacement assets as there are no binding sale agreements in place at the balance sheet date and gains or losses have not yet been recognised in respect of these assets

No tax liability would be expected on the disposal of properties at their revalued amounts as no gain would arise for tax purposes

Deferred tax has not been provided for part of the group's unutilised losses, as there is insufficient evidence that these losses will be offset against future taxable profits

17. Called up share capital

	No.	2006 £'000	No.	2005 £'000
Authorised:				
Ordinary shares of 1p each	52,000,000	520	52,000,000	520
Allotted, called up and fully paid:				
Ordinary shares of 1p each	31,647,955	316	31,647,955	316

The company is party to an agreement dated 23 December 2005 whereby it will be required to purchase 1,158,220 ordinary shares of 1p each in the company, in which shares J L Masters has an interest The purchase will take place between 1 January 2008 and 31 May 2009 for a maximum consideration of £11,200,000

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2006

17 Called up share capital (continued)

On 27 April 2006 the company entered into an agreement whereby on various dates between 28 April 2006 and 5 January 2013 it will be required to purchase 4,693,325 ordinary shares of 1p each in the company, in which shares S P Tindall has an interest, for a total consideration of £38,787,984. An advance payment of £1,052,814 in respect of this agreement was made on 28 April 2006. A payment of £6,289,953, representing the purchase of 782,220 shares was made on 5 January 2007. The remaining payments will be made subject to the availability of appropriate funds on the required dates.

The Rt Hon the Lord Heseltine CH and his family have a controlling interest in the company.

18. Capital redemption reserve

	£'000
Group	
At 1 January 2006 and 31 December 2006	<u>196</u>

19. Revaluation reserve

	Note	2006	2005
		£'000	(Restated – see note 33) £'000
Group			
At 1 January	33	6,811	6,397
Revaluation of freehold properties		750	414
Transfer to profit and loss account upon sale of freehold property		<u>(1,627)</u>	<u>-</u>
As at 31 December		<u>5,934</u>	<u>6,811</u>

20. Merger reserve

	£'000
Group	
At 1 January 2006 and 31 December 2006	<u>6,236</u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2006

21. Profit and loss account

	Group		Company	
	2006	2005 (Restated – see note 33)	2006	2005
	£'000	£'000	£'000	£'000
At 1 January	(22,848)	(24,790)	113,560	116,910
Profit/(loss) for the financial year	13,637	4,926	(2,750)	(850)
Dividends	(2,500)	(2,500)	(2,500)	(2,500)
Currency translation differences on foreign currency net investments	(2,400)	(484)	-	-
Transfer from revaluation reserve	1,627	-	-	-
At 31 December	<u>(12,484)</u>	<u>(22,848)</u>	<u>108,310</u>	<u>113,560</u>

22. Reconciliation of movements in equity shareholders' funds / (deficit)

	Group		Company	
	2006	2005 (Restated – see note 33)	2006	2005
	£'000	£'000	£'000	£'000
Profit / (loss) for the financial year	13,637	4,926	(2,750)	(850)
Foreign exchange differences	(2,400)	(484)	-	-
Dividends	(2,500)	(2,500)	(2,500)	(2,500)
	<u>8,737</u>	<u>1,942</u>	<u>(5,250)</u>	<u>(3,350)</u>
Adjustment on revaluation of freehold properties	750	414	-	-
Net increase/(decrease) in equity shareholders' funds / (deficit)	<u>9,487</u>	<u>2,356</u>	<u>(5,250)</u>	<u>(3,350)</u>
Opening equity shareholders' funds / (deficit) as previously stated	(9,289)	(6,913)	114,072	117,422
Prior year adjustment	-	(4,732)	-	-
Opening equity shareholders' funds / (deficit) as restated	(9,289)	(11,645)	114,072	117,422
Net increase/(decrease) in equity shareholders' funds / (deficit) for the financial year	<u>9,487</u>	<u>2,356</u>	<u>(5,250)</u>	<u>(3,350)</u>
Closing equity shareholders' funds / (deficit)	<u>198</u>	<u>(9,289)</u>	<u>108,822</u>	<u>114,072</u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2006

23 Reconciliation of operating profit to net cash inflow from operating activities

	2006 £'000	2005 £'000
Operating profit	17,325	14,721
Depreciation	3,165	3,095
Amortisation of publishing and exhibition rights	6,419	5,907
Increase in debtors	(4,293)	(3,069)
Decrease / (increase) in stocks	851	(889)
Increase in creditors	9,780	12,006
	<u>33,247</u>	<u>31,771</u>

24. Analysis of changes in financing during the year

	Bank Loans 2006 £'000	Bank loans 2005 £'000
Balance at 1 January	105,877	107,018
Cash outflow from financing	4,001	(2,000)
Foreign exchange movement	(715)	859
	<u>109,163</u>	<u>105,877</u>

25. Reconciliation of net cash flow to movement in net debt

	2006 £'000	2005 £'000
Increase / (Decrease) in cash in the year	20,179	(12,958)
Cash (outflow)/inflow from debt financing	(3,286)	1,141
	<u>16,893</u>	<u>(11,817)</u>
Change in net debt resulting from cash flows		
Movement in net debt in the year	16,893	(11,817)
Net debt at 1 January	(115,283)	(103,466)
	<u>(98,390)</u>	<u>(115,283)</u>
Net debt at 31 December		

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2006

26. Analysis of net debt

	At 1 January 2006	Cash flow	Cash acquired with subsidiary	Other Non-cash Changes	At 31 December 2006
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	5,032	12,083	221	(330)	17,006
Overdrafts	(14,438)	8,118	-	87	(6,233)
Bank loans due within one year	(6,000)	4,000	-	-	(2,000)
	<u>(15,406)</u>	<u>24,201</u>	<u>221</u>	<u>(243)</u>	<u>8,773</u>
Debt due after one year					
Bank loans	(99,877)	(8,001)	-	715	(107,163)
	<u>(115,283)</u>	<u>16,200</u>	<u>221</u>	<u>472</u>	<u>(98,390)</u>

27. Acquisitions of subsidiary undertakings

The group acquired the remaining 50% shareholding in one associated undertaking, FinanceAsia com Limited, on 1 January 2006. Its principal activity is the publishing of magazines in Hong Kong.

	Net assets acquired £'000
Tangible fixed assets	34
Debtors	1,330
Loan to Shareholder	234
Cash	221
Creditors	(617)
	<u>1,202</u>
Publishing rights acquired	<u>3,527</u>
Total assets acquired	<u>4,729</u>
Consideration paid in cash in current year	2,337
Consideration paid in cash in prior years	2,392
Total consideration paid in cash	<u>4,729</u>
No fair value adjustments were required	

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2006

27. Acquisitions of subsidiary undertakings (continued)

The results of the acquisition included in the 31 December 2006 accounts have been as follows

	1 January 2006 to 31 December 2006 £'000
Turnover	3,173
Cost of sales	2,556
Operating profit	<u>617</u>
Profit before taxation	<u><u>617</u></u>

28. Analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiary undertaking

	£'000
Cash consideration	2,337
Net cash acquired	<u>(221)</u>
Net outflow of cash and cash equivalent in respect of the acquisition	<u><u>2,116</u></u>

29. Capital commitments

There were no capital commitments at 31 December 2006 (2005 £1,069,000) relating to the group or the company

30. Operating lease commitments

As at 31 December 2006 the group was committed to making the following payments during the next year in respect of non-cancellable operating leases

2006	Other £'000	Land and Buildings £'000	Total £'000
Leases which expire			
Within one year	32	342	374
Within two to five years	1	757	758
After five years	-	670	670
As at 31 December 2006	<u>33</u>	<u>1,769</u>	<u><u>1,802</u></u>

Haymarket Group Limited

Notes to the accounts Year ended 31 December 2006

30 Operating lease commitments (continued)

2005	Other £'000	Land and buildings £'000	Total £'000
Leases which expire			
Within one year	-	203	203
Within two to five years	1	1,164	1,164
After five years	-	404	404
	<hr/>	<hr/>	<hr/>
As at 31 December 2005	1	1,771	1,772
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

31. Pension scheme

The principal scheme operated by the group is a defined contribution scheme in which eligible employees participate in personal pension plans to which the company contributes 8% - 12.5% and the employees contribute a minimum of 5% of relevant earnings. The assets of the individual plans are held separately from those of the company in independently administered funds. There were no unpaid contributions as at 31 December 2006. Details of pension costs are shown in note 3.

32. Post balance sheet events

The group has acquired publishing and business assets for a total consideration of £8,670,000 since the year-end.

33. Prior year adjustment

The comparative figures in the group's primary statements and notes have been restated to remove publishing rights that had been revalued and subsequently amortised. The directors consider that this provides a fairer presentation of the result and financial position of the group as it achieves compliance with FRS10.

The effects of the change are summarised below:

	Profit and Loss Reserve £'000	Revaluation Reserve £'000	Intangible Assets £'000
As reported at 31 December 2004	23,558	(9,897)	50,544
Prior year adjustment			
Net Assets	-	-	(4,732)
Equity shareholders' funds	1,232	3,500	-
	<hr/>	<hr/>	<hr/>
As restated at 1 January 2005	24,790	(6,397)	45,812
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>