Annual Report & Accounts 2010

The first name in political information and communication

DODS

Quality Information. Intelligent Solutions.

Dods is a political information, publishing, training, events and communications business operating in both the UK and Europe. Dods provides quality information and intelligent solutions to both the public and private sectors. Our purpose is to drive professional improvement through all media, enabling our customers to know more and perform better.

Dods currently employs 200 people and operates at the forefront of its markets in the UK, France and Belgium.

The Prime Minister, The Right Honourable David Cameron, MP at Civil Service Live

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Financial and Operational Highlights 2010


Dods People website

Summary Results

	2010 £'000	2009 £'000
Revenue	**17,659**	25,286
Revenue from retained business *	**16,110**	17,335
EBITDA**	**1,922**	3,768
EBITDA from retained business	**2,010**	2,545
Loss for the year	**(1,317)**	(7,785)
Normalised profit***	**1,702**	1,418
Earnings per share on continuing operations (basic)	**0.03p**	(0.03)p

Revenue at **£17.7 million** (2009: £25.3 million)

Revenue from retained business at **£16.1 million** (2009: £17.3 million)*

EBITDA at **£1.9 million** (2009: £3.8 million)**

EBITDA from retained business at **£2.0 million** (2009: £2.5 million)

Operating loss at **£0.3 million** (2009: operating profit £0.6 million)

Normalised profit for the year of **£1.7 million** (2009: £1.4 million)***

Strong organic growth in Digital products – now 27% of Group revenue

Successful launch of Dods People

Successful disposal of Education Division in March 2010

Satisfactory performance in the light of Public Sector cuts

Net cash of **£1.3m** at 31 December 2010 (2009: net debt of £6.6m)

Retained Revenue (£'000)

2006	16,412
2007	16,009
2008	17,229
2009	17,335
2010	16,110

Retained EBITDA* (£'000)

2006	2,365
2007	1,447
2008	2,219
2009	2,545
2010	2,010

Net Cash/Debt (£'000)

18,688	2006
18,671	2007
9,044	2008
6,582	2009
2010	1,267

* Retained business is excluding the sold Education Division.

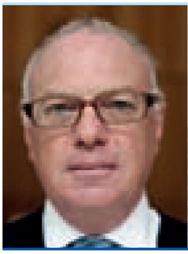
** EBITDA is calculated as earnings before interest, tax, depreciation, amortisation of intangible assets acquired through business combinations, share based payments and non-trading items.

*** Normalised profit is stated before amortisation of intangible assets acquired through business combinations, share based payments, discontinued operations and non-trading items and related tax.

The Group believes that these measures provide additional guidance to the statutory measures of performance of the business. These measures are not defined under adopted IFRS and therefore may not be directly comparable with other companies' adjusted profit measures.

Non-trading items are items which, in management's judgement, need to be disclosed by virtue of size, incidence or nature. Such items are included within the income statement caption to which they relate and are separately disclosed either in the notes to the consolidated financial statements or on the face of the consolidated income statement.

Chairman's Statement



"Dods has been successfully transformed into a highly focused political communications business – with the Dods brand being synonymous with the values of the Group; political impartiality, professional integrity, accuracy and transparency.

2010 has been a mixed year. There has been strong growth in our digital subscriptions business – high value, high margin products – and increased activity following the UK General Election and the increase in new policy being generated by the Coalition Government. At the same time, the Public Sector cuts have resulted in reduced activity within our Government-facing portfolios, with our political training businesses being particularly badly hit.

The strength of the Dods businesses is in the modern media mix of our revenues:

- 63% of Group revenue derives from Digital or Face-to-Face products
- 58% of Group revenue derives from "paid for" products
- Digital subscription revenue increased by 14% in 2010.

This sustainable and robust revenue profile, together with the opportunities created by the outsourcing of Civil Service functions as part of the "Big Society" policy, provides significant growth prospects for the future.

The Board continues to be focused on maximising shareholder value – and recognises that this will be achieved by a combination of strong organic growth and, at the appropriate time, acquisitions within our core markets."

2010 Overview

In last year's Chairman's statement, I set out how the disposal of the Education Division had secured the business and aligned it with the changing economic conditions. While the general economic conditions improved in 2010, specific market factors hit the Dods business, restricting the growth of the Group.

The UK General Election provided short-term opportunities which were exploited, but the new Coalition Government imposed cuts on the Public Sector that were both deeper and quicker than had been expected. Specifically, during the period in which the Government re-assessed the overall Civil Service training budget, there was a virtual cessation of spend in this area – resulting in a vastly reduced performance in our public sector training businesses.

For the whole Group, revenue declined from £25.3m to £17.7m, but this includes the Education Division in 2009 and in the period up to its sale in March 2010. On a retained basis, the Group delivered revenues of £16.1m (2009: £17.3m). For the whole Group, earnings before interest, tax, amortisation and non-trading items (EBITDA) was £1.9 million (2009: £3.8 million), while the retained business delivered EBITDA of £2.0m (2009: £2.5m).

Non-trading items amounted to a total of £0.4m (2009: £0.2m), mainly arising from the one-off costs around the office move and some further restructuring within the business.

HM The Queen and Sir Gus O'Donnell at The Civil Service Awards

The Right Honourable Harriet Harman QC, MP at a Dods reception.

A dividend of 0.25 pence per share was paid to shareholders on the 11th January 2011. The Directors do not propose to recommend a final dividend for the year ending 31 December 2010, but intends, as in 2010, to declare an interim dividend following the announcement of the half-yearly results in September 2011.

Strategy

The strategy for the remaining Political Division was set out in 2009 and has continued to progress throughout 2010. Overall, the proportion of the overall revenue that is attributable to Digital and Events has continued to increase and has reached 63% in 2010 (2009: 61%). The reduction in training has slightly dampened this movement – but the revenue attributable to Digital has reached 27% (2009: 24%), with digital revenue growing by 14% and digital contribution by 16%. Paid for revenue (in the form of subscriptions, delegates or copy sales) has increased to 58% of Group revenue.

While the reduction in revenue in the latter part of the year in our political training businesses was disappointing, their strong market position has been further enhanced in the year and they are perfectly positioned to take advantage of the outsourcing policy for central government.

The rest of the Political business is now a highly focused and efficient operation, and 2010 saw a further increase in larger campaigns being run on behalf of its clients, and, in 2011, the Division will run its first "Dialogue" which allows a number of clients to work together on a particular lobbying topic.

The Board, Management and People

Following the disposal of the Education business and the hiatus caused by the approaches made by potential acquirers of the Group in the middle part of 2010, we have taken action to strengthen your Board.

I am delighted to welcome onto the Board Lord Adonis, Sir William Wells and Andrew Wilson. Lord Adonis, as a former Cabinet Minister, brings his considerable political experience and a deep knowledge of the workings of the political markets to the Board. Both Sir William Wells and Andrew Wilson bring wider corporate experience as well as Sir William's valuable experience within the National Health Service. There is no doubt that they bring fresh talents and perspectives which will assist in our efforts to deliver growth in profits and shareholder value.

I would like to thank all of our management and staff for their continued efforts during another difficult year, and with the successful office move, which was completed towards the end of the year, following the end of the lease terms on our previous offices, which has allowed the consolidation of the London businesses into one office. Their continued effort and professionalism are central to the high standing of the products in our portfolio and the ability of Dods to compete strongly in its various markets.

Outlook

The uncertainty surrounding the final outcome of the central government outsourcing process makes it difficult to be certain of the longer-term trajectory of the civil service facing part of the business. We expect greater clarity in the near future. In the meantime, our digital information products, including the new launches, continue to deliver strong growth at good margins and this will continue throughout 2011, as will the continuing trend for printed directories to migrate into digital subscriptions.

Dods remains a robust, cash-generative business, with high quality, high margin digital and event products. The Board is confident that 2011 will show continued growth in the core business and a strong overall result.

Kevin Hand
Non-Executive Chairman
1 April 2011

Chief Executive's Business Review

Following the strong growth of the Political business in 2009, the 2010 results demonstrate the Group's resilience to market pressures.

While the Civil Service-facing activities were hit by the hiatus in public sector spending, the remainder of the business successfully harnessed the increased interest in the political markets, the increased amount of new legislation and the significant changes in MPs to show some notable successes.

The structure of the portfolio – and the increasing amount of high-margin, renewable digital revenue – continues to set Dods apart from its competitors.

Business Overview

The results for the year include those of the Education Division for the weeks before it was sold (and for the whole year in the comparative period). For the majority of the year, the Group was focused solely on the remaining Political Division and is now firmly established as a market-leading political communications business.

The Political Division remains in a strong position, despite the reduction in both revenue and EBITDA. Dods enjoys strong, market-leading brands and a unique product portfolio and 2010 has shown a continued strengthening of business relationships with our stakeholders and an increase in high-value deals.

An important development in the year for the long-term growth of the business has been the investment made in the IT infrastructure. This infrastructure underpins the operations of the Group and the business-critical development of digital products. The portfolio has largely been grown by acquisition and bolting together disparate systems. In 2010 we started the process of rationalizing the systems within the Group with the aim of creating a uniform structure which will be both more resilient and also allow the agile development and launch of additional products in line with customer requirements.

This development included the creation of an improved web platform, but more importantly has led to the creation and launch of *Dods Legislation* in 2011, a unique product in the UK market which has been well received to date.

The UK General Election resulted in a number of short-term opportunities for Dods, but more importantly drove increased interest in the political market and a greater need for information. Results in our Parliament unit reflect this increase in activity. While the results in the Government unit were hit by the public sector cuts in the latter part of the year, the unit enjoyed a particular highlight in the *Civil Service Awards,* where Dods was

The Deputy Prime Minister, The Right Honourable Nick Clegg, MP at Civil Service Live

Malcolm Harbour, MEP at the MEP Awards 2010

honoured by the event being held at Buckingham Palace and hosted by the Queen and the Duke of Edinburgh. This was a wonderful event and one that further cemented our relationship with the Cabinet Office and the senior Civil Service.

2011 Priorities

Following a difficult year in 2010, the focus of the Group is in maximising the potential of the various parts of the business. While there is uncertainty over the short-term in the training business, the strength of the portfolio remains the market-leading positions that the products enjoy.

While the training picture is expected to become clearer during the year, the remainder of the growth will again focus on digital products and the face-to-face events – which together make up more than 63% of the Group's revenue. The investment in IT infrastructure in 2010 has moved the Group forward, but it is imperative that this momentum is maintained in 2011 and 2012. This will then allow the development of additional revenue-generating products.

The remainder of the Group is expected to show good growth in 2011 and a further consolidation of our unique position in the political market.

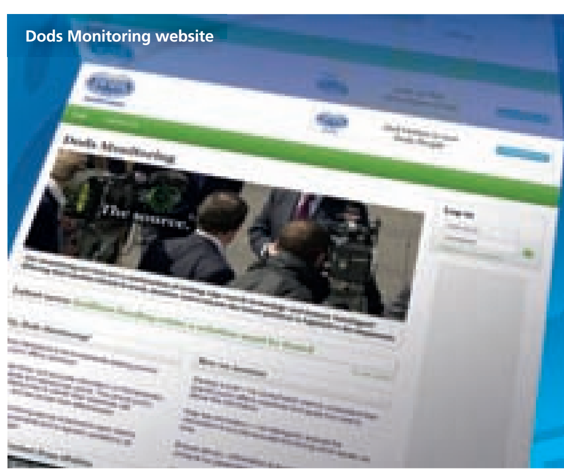
Political Division

£'000	**2010**	2009
Revenue	**16,110**	17,335
EBITDA*	**2,757**	3,445

* A reconciliation between EBITDA and operating profit is provided in Schedule A.

The 2010 political landscape in the UK was transformed by the UK General Election. Following a period of hiatus under the Labour Government. The new coalition Government re-energized the market. There was a significant change in personnel within the House of Commons, a new Cabinet and therefore a real need for up to date information and information tools.

In the early part of the second half of the year, the new government announced public sector cuts which were both a little deeper than had been expected and, more importantly for Dods, were implemented faster than forecast. This had two key effects. Firstly the spend on training within the Civil Service virtually dried up overnight – only being released at a lower level in the last couple of months of 2010. Secondly, the large corporates doing business with the Civil Service were asked to provide material repayments to the Cabinet Office in order to continue to trade with them. This resulted in a large number of our clients reconsidering



Dods Monitoring website

Chief Executive's Business Review
continued

14%

The growth of our digital revenue in 2010.

their strategy for 2011, and greatly reducing their spending in the back half of 2010.

For Dods, the overall results show a 7% reduction in revenue and a 20% reduction in EBITDA. This reflects the significant downturn in our training business and a smaller decrease in the remainder of the public sector businesses. The remainder of the portfolio performed better – with the digital information products continuing to deliver strong double-digit growth at high margins.

Highlights:

- Dods businesses delivered a small growth in revenue and flat EBITDA
- The UK and EU political information & intelligence products grew revenue by 15% and captured additional market share
- The Dods digital products showed overall revenue growth of 14% – and delivered an overall contribution margin of 45%
- The Dods "people" products (online and offline) grew revenue by 12%
- We remain the clear leader in EU political information & intelligence and now have a unique portfolio of products in the UK political information & intelligence market
- Dods Legislation was launched in Q1 2011 and will add significant revenue to the digital products in 2011
- The Civil Service Awards were held at Buckingham Palace and hosted by the Queen and the Duke of Edinburgh.

The Parliament unit was the most affected by the UK General Election. The run up to the election saw something of a hiatus as companies waited to spend money with the new Government. *The House Magazine* delivered revenue that was flat on 2009 which reflects the one-off benefit of the General Election mitigating the long-term downward trend in display advertising across all media. While Dods continues to be the leading supplier of fringe events at Party Conferences, delivering 40 such events (2009: 43) the number of roundtable events fell as the slowdown before the Election was not matched by an increase after the Election – this was offset by Briefings for new MPs. *Electus,* our recruitment business, suffered from the continued weakness in the public affairs market and the reduced amount of recruitment within the public sector.

Our Government unit has shown significant increases in the past few years, but showed a 7% reduction in revenue in 2010. While the first half of 2010 was in line with forecast, the second half showed an unexpected hiatus as the public sector cuts were announced and, more specifically, our larger customers faced demands for large repayments from the Cabinet Office. This resulted in these customers constraining their spending prior to assessing how they were intending to spend with the Civil Service for 2011 and beyond. *Civil Service World* was particularly badly affected by this – with revenue significantly below 2009 levels.

The increase in policy activity following the Election resulted in an increase in roundtable events, this area of the portfolio showing strong growth over 2009. *Civil Service Live* in July was down 14% in revenue due, in the main, to the removal of all public sector money. Nevertheless, the event was very well received, with appearances from all senior members of the new government, including the Prime Minister, the Deputy Prime Minister and the Chancellor. Due to the reduction in activity in this area in the latter half of the year, only one *Civil Service Live Regional Event* was held in 2010, being in Northern Ireland in December (2009: 2 events). The development of *Civil Service Live Network,* the social media site for the Civil Service, continued well in 2010 with revenue increasing by 63% and reaching break even.

The Information unit can be split between digital products and traditional directories. The latter was flat year on year, with the ongoing migration from print to digital subscriptions continuing strongly, but being offset, in 2010, by the additional revenue generated by the *Dods Guide to the General Election* published in June.

The UK digital products showed very strong growth delivering a combined revenue increase of 13% and a 19% increase in contribution. Both *UK Information & Intelligence* and *Dods People* continued to grow significantly, and were aided by the

"The New Housing Stock" Party Conference Fringe Event

The Right Honourable Ed Balls, MP

increasing need for information following the Election. Including the *EU Information & Intelligence* business, the products now contribute more than 20% of Group revenue and nearly 40% of Group contribution.
The increase in Dods' market share will be enhanced further by the recent launch of *Dods Legislation* which will provide an additional and unique service to the customers.

The European unit was unaffected by either the UK Election or the resultant UK public sector cuts, but faced a market where cuts were prevalent across all member States and where the debt crisis had a real effect on business. Overall, therefore, the flat revenue and 5% contribution growth was an encouraging sign of the strength of its position in the market. The transformation of this unit from its previous reliance on printed advertising into a mirror of the UK businesses has continued – with revenue from digital subscriptions and events increasing by 19% and representing 47% of the unit's revenue in 2010 (2009: 39%).

Parliament Magazine showed a further 5% reduction in advertising in the year, and all of the magazine products were 11% down. This was offset by the continued strong growth of the *EU Information & Intelligence* service which grew by 16% and is still a unique product in the market. A strong focus in the year was the expansion of the *European Events* portfolio. This was achieved, with an increase in revenue of 31%.

The Political Knowledge events entered 2010 on the back of 3 years of exceptional growth – a trend that continued right up until the General Election. Following the Election, the *Westminster Explained* open courses hit a brick wall, with departmental spending having been put on hold – and this did not start to return until the last two months of the year.
This area saw revenues fall by 24%, which fell heavily to the bottom line. This area is the subject of a new procurement process which is looking at the outsourcing of some or all of the training of the Civil Service. Dods is actively pursuing this opportunity and believes that it is very well placed to succeed. While the scale of the opportunity has not yet been quantified, it represents a material opportunity for the medium term.

The *Westminster Briefing* conferences had a very quiet beginning to the year in the run up to the Election (and during Purdah), however the second half of the year delivered revenue growth of 13% over 2009 due to the increased activity around the new policy announcements of the coalition government. This trend is expected to continue through 2011.

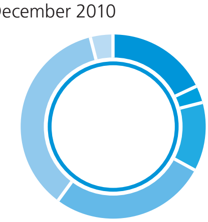
We ran further Partnership Conferences with *Civil Service World* and *House Magazine* – increasing revenue by 4%. The annual events such as *The Coming Year in Parliament,* and *Regulators Conference* are now well-established in the political calendar, and we continue to develop successful new events that correspond to current topics. In 2010 we ran events including *Building the Big Society* and *Improving Public Services through Collaboration.*

2010 was also a quiet year in the French political markets with no elections. *Le Trombinoscope* reported a small fall in revenue from 2009, which also reflects the continued weakness of the display advertising market.

Following the restructuring of the UK Training unit, *Fenman,* in 2009, the training products business continued at the reduced level. *Training Journal* also declined in 2010, but with a restructured team and a new website, is looking to drive some growth in 2011.

Revenue by Type

For the year ended
31 December 2010



Magazine Advertising	**18%**
Magazine Subscriptions	**3%**
Directories	**12%**
Digital	**27%**
Events	**36%**
Other	**4%**

Financial Review

Revenue and Operating Results

Operating performance was mixed across the portfolio. Overall revenue fell from £25.3 million to £17.7 million and EBITDA fell from £3.8 million to £1.9 million. This decline includes the disposed Education Division.

On a retained basis, revenue fell by 7% to £16.1 million, while EBITDA of £2.0 million was 21% below 2009 (2009: £2.6 million). The loss for the year reduced significantly to £1.3 million (2009: £7.8 million). This includes the impact of the disposal in 2010 and the effect of the write down in the carrying value of the Education Division to the disposal value in 2009.

Non-trading items

Non-trading items for the year totalled £0.4 million, relating to one-off costs of the London office move, aborted deal costs and some staff costs relating to restructurings within the Group.

Taxation

The utilisation of tax losses has led to a low tax payment in the year and a net income tax credit of £0.7 million (2009: tax charge of £0.1 million) in the year. Whilst the Group continues to seek to optimise its tax position going forward, it is expected that the effective tax rate will increase.

Earnings per Share (EPS)

Normalised EPS (before non-trading items, discontinued operations, share based payments credits and amortisation of intangible assets acquired through business combinations) was 1.12 pence per share (2009: 0.93 pence per share). Basic EPS on continuing operations was 0.03 pence per share (2009: loss of 0.03 pence per share).

Dividends

A dividend of 0.25p per Share was paid to shareholders on the 11th January 2011. The Board intends to maintain its position of paying an annual dividend, and, in line with 2010, will announce the dividend policy at the time of the Interim Results in September.

Liquidity and Capital Resources

Interest payable during the year amounted to £0.4 million (2009: £0.6 million). This decrease reflects the repayment of all debt following the sale of the Education business.

During the year, underlying cash conversion was in line with expectations. The Group generated £1.7 million (2009: £3.4 million) of cash from its operating activities.

Dods took out a £250,000 loan to fund an element of the Office Move in the year. At the year end, this loan stood at £219,000. At the year-end, the Group had net cash of £1.3 million (2009: net debt of £6.6 million).

Derivatives and Other Instruments

In 2010, Dods' financial instruments comprised bank loans, cash deposits and other items such as normal receivables and payables. The main purpose of these financial instruments is to finance the Group's day-to-day operations.

During 2010, the Company entered into certain derivative transactions in order to manage the financial risk exposures arising from the Group's activities such as interest rate, liquidity and foreign currency risks. The Group's policy is that no speculative trading in derivatives is permitted.

Capital Restructuring

The Capital Reduction proposed in the accounts for the Year Ended 31 December 2009 was approved at the AGM in June 2010. The Capital Reduction was completed in July 2010.

Board of Directors

The Board comprises a carefully selected blend of individuals with experience from relevant sectors and businesses.

A Member of the Audit Committee
N Member of the Nomination Committee
R Member of the Remuneration Committee

Executive Directors

Gerry Murray (57) N
Chief Executive Officer

Gerry started his publishing career as a journalist before becoming a senior publisher at Emap Plc in the 1980's from where he created its stable of business magazines. He was appointed Chief Executive of Emap Business Publishing in 1987 and served as a main board director of Emap Plc between 1987 and 1991. He joined Dods (Group) PLC in May 2004 and was appointed to the Board as its UK Chief Executive in November of that year. He was promoted to Group Chief Executive in November 2005.

Rupert Levy ACA (43)
Group Finance Director

Rupert joined Dods (Group) PLC as Group Finance Director in April 2008 and was appointed Company Secretary in December 2008. Prior to this, Rupert had been Finance Director of Haymarket Media Group's Exhibitions division since August 2004. His previous roles include Finance Director of Sport Entertainment & Media Group plc, Finance Director of WMRC plc, and Finance Director of Miller Freeman UK (now part of UBM). Rupert qualified with KPMG.

Non-Executive Directors

Kevin L Hand (58) A N R

Kevin is Chairman of Hachette Filipacchi UK Limited, the UK publisher of consumer magazines, including ELLE. Prior to that, he was Chief Executive of Emap Plc, having joined them in 1983. During this tenure, he was responsible for establishing Emap's French business and leading their newly created Consumer Magazine Division. He is also on the board of governors for De Montfort University. He was appointed to the Dods (Group) PLC Board in 2004, Deputy Chairman in April 2006 and Chairman in November 2008.

Richard Flaye (55) A N R

Richard is currently Chairman of Pageant Media (a B2B publisher) and ADP (the UK's second largest NHS dental chain). He is also a non-executive of Chilworth Global (world leaders in process safety). He founded and was Chief Executive of Quantum Business Media, one of the B2B media success stories of the last decade. Previous to that, Richard was Managing Director of Emap Maclaren and Marketing Director of Reed Business Publishing. He was a management consultant with McKinsey & Co. for four years. He was appointed to the Dods (Group) PLC Board on 1 September 2006.

Andrew Wilson (50) A

Andrew is a Non-Executive Director of Restore plc, Impellam Group plc, LTMS Limited, GHP AB, Digital Marketing Group plc, Consolidated Asset Management Plc, Shellproof Limited and Shellshock Limited. He is also a Non-Executive Director of a number of private companies, including Artefact Partners Limited and Pluto Capital Limited. He was appointed to the Dods (Group) PLC Board in December 2010.

Sir William Wells (70) N

Sir William's career encompasses senior positions in public health, commercial property, insurance and business services. He was Managing Partner and then Chairman of Chesterton Chartered Surveyors for 34 years, where he oversaw their transition from a private partnership to a listed company. His other experience includes non-executive director roles with AMP (UK), Henderson Group plc and Exel plc, which was subsequently acquired by Deutsche Post. Sir William is Chairman of ADL plc, a care home provider, Restore plc, a data handling business, CMG plc, a specialist in the care of adults with learning difficulties, and Transform plc, the leading cosmetic surgery company in the UK. He was previously the Chairman of the Department of Health's Commercial Advisory Board, and the NHS Appointments Commission. He was appointed to the Dods (Group) PLC Board in December 2010.

The Lord Adonis (48) R

Lord Adonis is currently the Director of the Institute for Government, an independent charity with cross-party and Whitehall governance, working to increase government effectiveness. Prior to this, he spent twelve years in government as a minister and special adviser, latterly as Secretary of State for Transport. Previously he was Minister for Schools, Head of the No.10 Policy Unit and senior No.10 adviser on education, public services and constitutional reform. Before joining government, he was Public Policy Editor of the Financial Times and a Fellow of Nuffield College Oxford. He is also a director of two charities – the Baker-Dearing Trust and Edge. He has been a member of the House of Lords since 2005 and was appointed to the Dods (Group) PLC Board in January 2011.

Directors' Report

Principal Activities and Business Review

The Group's principal activity is the creation, development and distribution of information to business and professional markets through a combination of publications, conferences and events, online information and digital services, training courses and other media. The Group operates primarily in the UK, Belgium and France and has market-leading positions across its portfolio.

A review of the Group's performance during the year and its position at the year end, including commentary on its financial performance, likely future developments and prospects, is set out on pages 4 to 8 and should be read in conjunction with this Report. A description of the principal risks and uncertainties facing the Group can be found later in this Report on page 12.

The purpose of the Annual Report is to provide information to the members of the Company. The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve risk and uncertainty, since future events and circumstances can cause results and developments to differ from those anticipated. Nothing in this Annual Report should be construed as a profit forecast.

Results and Dividends

The Group's financial results for the year are shown in the Consolidated Income Statement on page 18. The Board intends to maintain its position of paying an annual dividend, and, in line with 2010, will announce the dividend policy at the time of the Interim Results in September.

Financial Instruments

Details of financial instruments can be found in notes 20 and 23 to the accounts.

Directors

The names and brief biographical details of the current directors are given on page 9.

Directors' Interests

Details of the directors' interests (including those of their immediate families and any connected persons) in the share capital of the Company at the beginning and end of the year are set out below. Save as disclosed, no contracts or arrangements were entered into during the year or subsisted at the year-end in which a director had, directly or indirectly, a material interest which was significant in relation to the Group's business.

	Interest in Ordinary shares		Interest in Options over Ordinary Shares		
	At 01/01/10	At 31/12/10	At 01/01/10	Granted	At 31/12/10
Kevin Hand	208,851	208,851	–	–	–
Gerry Murray	1,208,073	1,208,073	2,324,075	100,000	2,324,075
Rupert Levy	60,000	60,000	1,000,000	100,000	1,100,000
Richard Flaye	405,243	405,243	–	–	–
Lord Adonis	–	–	–	–	–
Sir William Wells	–	–	–	–	–
Andrew Wilson	–	–	–	–	–

Notes:

1 There have been no changes in the directors' beneficial or non-beneficial interests between the year-end and 4 April 2011, the date on which this Report has been signed. Save as disclosed, none of the directors had any interest in the securities of the Company or any Subsidiary

2 All options relate to awards made under the Dods (Unapproved) Executive Share Option Scheme. Further details of the Company's share option schemes, including all outstanding options at the year-end, the various option exercise prices and the EPS performance condition attaching to the pre-exercise of all Executive Share Options, are set out in note 28 to the accounts.

3 The market-price of a Company share during the year was as follows:

Price at 1 January 2010	7.75p	Highest price	13.0p	Lowest price	6.75p	Price at 31 December 2010	7.00p

The directors present their annual report together with the audited financial statements of Dods (Group) PLC (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2010.

Retirement and Rotation of Directors.

Pursuant to the Company's Articles of Association, Rupert Levy will retire by rotation at the Company's Annual General Meeting ("AGM") and, being eligible, offers himself for re-election. In addition, the Lord Adonis, Sir William Wells and Andrew Wilson, each of whom were appointed during the period since the last AGM will retire at the AGM and being eligible, offer themselves for re-election. The Board has considered the requirements of the Combined Code in respect of these matters and believes that these members continue to be effective and to demonstrate their commitment to the role, the Board and the Group. The Board therefore has no hesitation in recommending the above directors for re-election at the forthcoming AGM.

The service contracts of the executive directors and the letters of appointment of the non-executive directors, together with the statutory Register of the Directors' Interests, are available for inspection by shareholders at the Company's registered office during normal business hours.

Directors' and Officers' Indemnity Insurance

The Group has taken out an insurance policy to indemnify the directors and officers of the Company and its subsidiaries in respect of certain liabilities which may attach to them in their capacity as directors or officers of the Group, as far as permitted by law. This indemnity policy subsisted throughout the year and remains in place at the date of this report.

Substantial Shareholdings

As at 1 April 2011, the Company had been notified of the following interests in 3% or more of its issued share capital:

Lord Ashcroft	25.9%
Schroder Investment Management	13.1%
Artemis Investment Management	7.7%
JO Hambro Capital Management	5.6%
ISIS EP LLP	4.4%

Share Capital

At the AGM held on Tuesday 16 June 2010, shareholders granted the Company limited authority to purchase its own shares, subject to certain specified conditions. No such purchase was made during the year and a resolution seeking to renew this authority is proposed at this year's AGM.

Share Listing

The Company's Ordinary shares are listed on the Alternative Investment Market (AIM), which is regulated by the London Stock Exchange.

Employee Involvement

Dods aims to attract, retain and motivate the highest calibre of employee by encouraging and rewarding high performance, both on an individual and team contribution basis, through competitive remuneration and incentive arrangements. Considerable efforts are made to provide employees with continuing opportunities to develop their full potential and advance to positions of greater responsibility by gaining the relevant skills and experience required to deliver upon both the Group's business objectives and the individual's own personal objectives.

The Group is committed to providing equality of opportunity to all existing and prospective employees without unlawful or unfair discrimination. In addition, it is supportive of the employment and advancement of disabled persons.

All operations within the Group actively encourage employee involvement and communication, both through regular employee briefings and by direct access to managers and directors at all levels.

Employee Share Schemes

The Company has established a discretionary share incentive scheme for executive directors, senior management and key employees from those principal countries in which the Group operates. It has also established an All-Employee Savings-Related Share Option Scheme, which operates in both the UK and France, and which encourages share ownership by providing employees with the opportunity to acquire shares in the Company at a discount to the market price at the date of grant through regular savings over a three to five year time-frame. Further details of these two share option schemes are set out in note 28 to the accounts.

Political and Charitable Donations

No charitable or political donations were made in the year (2009: nil).

Directors' Report
continued

Creditor Payment Policy

The Group's practice is to settle the terms of payment and credit with suppliers as part of the agreed terms and conditions of contract governing each business transaction. Payment is then made pursuant to these terms provided that the goods and services have been delivered in accordance with the agreed contract terms and conditions.

The average creditor payment period for the Company during the year was 33 days (2009: 20).

Health, Safety and Environmental

The Chief Executive Officer is responsible to the Board for the health, safety and environmental performance of the Group. Local management has been delegated responsibility for practical day-to-day compliance with relevant legislation at operating unit level. This includes the requirement for a local policy statement, the provision of appropriate related training as well as the communication to all employees of the need to create and maintain a safe and healthy working environment.

In appreciating the importance of good environmental practice, Dods seeks to ensure that its operations and products cause minimum detrimental impact to the environment. The Group's objective is to comply with environmental legislation in all countries in which it operates and to promote effective environmental management throughout its business.

Business Risks

The key business risks and uncertainties facing the Company are considered by the Board as part of its annual strategy review, with the resulting potential impacts and mitigating actions reported back to the Board at subsequent meetings throughout the year. Details of the day-to-day identification, monitoring and managing of our business risks by the Executive Management team, and an explanation of the process involved (including the regular review by the Board and Audit Committee), are set out in the section entitled "Internal Controls" in the Corporate Governance Statement on page 13.

The alternative sources of Dods' revenue streams serve to spread our general exposure to business risks and uncertainties. However, Dods is exposed to certain specific risks as follows:

- The reliance on advertising revenue and subscriptions within our Political Division;
- The strength or weakness of the UK and European economic and political environments;
- Our ability to attract and retain the right people;
- Financial risks (see Financial Review on page 8);
- Our increasing dependence on information technology systems and technological change; and
- The fact that all our businesses operate in highly competitive and constantly changing markets.

Going Concern

The directors believe, having reviewed the Group's forecasts and its existing banking and loan facilities, that the Group has adequate resources available to continue its operations for the foreseeable future. Consequently, the going concern basis has been applied in preparing the financial statements for the year ended 31 December 2010.

Directors' Statement on Disclosure of Information to Auditors

The directors who held office at the date of approval of this Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

Auditors

A resolution to reappoint KPMG Audit Plc as auditors and to authorise the directors to determine their remuneration will be proposed at the forthcoming AGM.

Annual General Meeting

The Annual General Meeting of the Company will be held on 13th June 2011 at the offices of Reynolds Porter Chamberlain. A separate circular, comprising a Letter from the Chairman, Notice of Meeting, Explanation of Special Business and a reply-paid Form of Proxy, accompanies this document.

By Order of the Board

Rupert Levy
Company Secretary

1 April 2011

Corporate Governance Statement

The Group is controlled by its Board of Directors. The Board is committed to establishing and maintaining integrity and high ethical standards in all of its business activities and high standards of corporate governance – the process by which the Group is directed and managed, risks are identified and controlled, and effective accountability through to shareholders is assured.

The Board: Non-Executive Chairman, Kevin Hand

The Board presently comprises two executive directors and five non-executive directors. The roles of the Non-Executive Chairman and the Group Chief Executive (Gerry Murray) are held separately and clearly defined in relation to their responsibility for managing the Board and managing the Group's operations respectively. Summary biographical details and standing committee memberships of all the directors are shown on page 9.

The Board of Directors are collectively responsible for the strategic direction, investment decisions and effective leadership and control of the Group. To this end, there exists:

- a schedule of matters specifically reserved to the Board for its decisions, including approval of the Group's strategy, annual budget, major capital expenditure, acquisitions and disposals, risk management policies and financial statements; and
- in relation to non-reserved matters, the terms of reference under which the Board has delegated certain responsibilities to its three standing committees.

Four of the non-executive directors are considered to be independent, as determined by the Board, while one of the non-executive directors is not considered independent. Together, the non-executive directors bring a wide range of relevant skills and experience to bear on issues under consideration. This helps ensure that independent judgement is exercised and that a proper balance of power is maintained for full and effective control.

All directors are required to stand for election at the first Annual General Meeting following their appointment and seek re-election at least every three years, other than the Chief Executive Officer. The non-executive directors have direct access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are adhered to and that applicable rules and regulations are complied with. The Senior Independent Director (Kevin Hand) has authority to ensure that directors may, if necessary, take independent professional advice at the Company's expense. Appropriate training for new and existing directors is kept under review and provided where necessary.

The Board generally meets on a monthly basis and met on 17 occasions during 2010. The aggregate attendance for all Board meetings was 100%. Directors receive in advance of each meeting an agenda and, for the monthly meetings, a set of supporting papers including reports from the Chief Executive Officer and the Group Finance Director. The non-executive directors are encouraged to voice any concerns they may have at the monthly Board meetings and to ask for further information if required. Minutes of each Board meeting are circulated for comment before being formally approved at the next meeting.

The performance of the directors and the effectiveness of the Board as a whole has been reviewed and monitored as part of an on-going assessment under the stewardship of the Non-Executive Chairman.

Audit Committee: Chairman, Andrew Wilson

The Audit Committee comprises three of the non-executive directors and meets no less than twice a year with the external auditors together with various representatives of the executive and finance functions. It also meets privately with the external auditors on an adhoc basis. The Committee, inter alia:

- is responsible for the appointment, review and remuneration of the external auditors and has authority to pre-approve their engagement for both audit and permitted non-audit services within an agreed framework;
- annually assesses the independence and objectivity of the auditors;
- reviews the annual and interim financial statements, the Group's accounting policies and procedures and its financial control environment; and
- reviews the Group's system of internal controls, including risk management procedures.

Corporate Governance Statement continued

Remuneration Committee: Chairman, Richard Flaye

The Remuneration Committee comprises three of the non-executive directors and meets at least twice a year and otherwise as necessary. It advises the Board on the Company's remuneration strategy and determines, on behalf of the Board and within its remuneration framework, the individual remuneration package of each of the executive directors and certain members of the senior management team.

No director is involved in deciding his own remuneration, whether determined by the Committee, or in the case of non-executives, by the Board.

Nomination Committee: Chairman, Kevin Hand

The Nomination Committee comprises three of the non-executive directors and the Chief Executive Officer and meets at least once a year. It is responsible for reviewing the composition and structure of the Board and for making recommendations to the Board for its consideration and approval.

Relations with Shareholders

The Board attaches considerable importance to its relationship and communication with shareholders. The Chief Executive and the Group Finance Director in particular, and other representatives of the Board, meet regularly with institutional investors, fund managers, financial analysts and brokers with feedback reports provided to and discussed with the Board.

Communication with shareholders is facilitated by the issue of full-year and interim reports which, together with other corporate information and press releases, are available on the Company's website: www.dodsgroupplc.com

The Annual General Meeting provides a forum for private shareholders to raise issues with directors. The Notice convening the Meeting is normally issued at least 20 working days in advance and separate resolutions are proposed on each substantially separate issue. The results of the Meeting's proceedings are made available on the Company's website.

Internal Controls

The Board is ultimately responsible for the good standing of the Company, the management of assets for optimum performance and for the operation of an effective system of internal control appropriate to the business. However, it must be recognised that any control system can provide only reasonable and not absolute assurance against material misstatement or loss.

Internal Control Environment

Day-to-day operating and financial responsibility rests with senior management at a divisional head and operating unit level, although performance is closely monitored through the Executive management team.

The process of internal control is communicated through various operating, risk management and accounting policies and procedures. The following key elements comprise the present internal control environment which has been designed to identify, evaluate and manage, rather than eliminate, the risks faced by the Group in seeking to achieve business objectives:

- an organisation structure with clear lines of responsibility and delegated levels of authority;
- a comprehensive financial planning, control, budgeting and rolling forecast system, which includes monthly risk and opportunity assessment reviews at Group level; and
- a flat management structure which facilitates open and timely communication.

The Board has considered the need for a separate internal audit function but has decided that, because of the present size of the Group, this function will continue to be carried out by existing finance staff. This position remains subject to annual review.

The internal control process described above, which is reviewed annually by the Board, has been in place throughout the year under review and up to the date of the 2010 Annual Report and Accounts.

Review of Effectiveness

The Board, assisted by the Audit Committee, has reviewed the effectiveness of the system of internal controls in place for the year ended 31 December 2010, taking account of any material developments since that date, using the process set out above. The Board confirms that the review revealed nothing which, in its opinion, indicated that the system was ineffective or unsatisfactory.

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK 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 group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report to the Members of Dods (Group) PLC

We have audited the financial statements of Dods (Group) PLC for the year ended 31 December 2010 set out on pages 18 to 62. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2010 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

P Alex Sanderson (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
KPMG Audit Plc
15 Canada Square
London
E14 5GL

1 April 2011

Consolidated Financial Statements

Consolidated Income Statement

for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Revenue	3	**16,110**	17,335
Cost of sales		**(10,760)**	(11,028)
Gross profit		**5,350**	6,307
Administrative expenses:			
Non-trading items	4	**(382)**	(178)
Amortisation of intangible assets acquired through business combinations	5, 16	**(1,339)**	(1,349)
Net administrative expenses		**(3,907)**	(4,213)
Total administrative expenses		**(5,628)**	(5,740)
Operating (loss)/profit		**(278)**	567
Finance income	8	**8**	14
Financing costs	9	**(448)**	(569)
(Loss)/profit before tax	5	**(718)**	12
Income tax credit/(charge)	10	**762**	(59)
Profit/(loss) after tax from continuing operations		**44**	(47)
Results from discontinued operations	11	**(1,361)**	(7,738)
Loss for the year attributable to equity holders of parent company		**(1,317)**	(7,715)
Loss per share			
Basic	13	**(0.87) p**	(5.12) p
Diluted	13	**(0.87) p**	(5.12) p
Earnings/(loss) per share on continuing operations			
Basic	13	**0.03 p**	(0.03) p
Diluted	13	**0.03 p**	(0.03) p

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2010

	2010 £'000	2009 £'000
Loss for the year	**(1,317)**	(7,785)
Exchange differences on translation of foreign operations	**(18)**	(3)
Other comprehensive loss for the year	**(18)**	(3)
Total comprehensive loss in the year attributable to equity holders of parent company	**(1,335)**	(7,788)

Consolidated Statement of Financial Position

at 31 December 2010

	Note	2010 £'000	2009 £'000
Goodwill	15	**18,906**	18,906
Intangible assets	16	**14,660**	15,720
Property, plant and equipment	17	**835**	132
Non-current assets		**34,401**	34,758
Inventories	19	**111**	123
Trade and other receivables	21	**2,693**	2,797
Derivative financial instruments	20	**-**	35
Cash	21	**1,486**	428
Income tax receivable		**35**	-
Assets classified as held for sale	14	**-**	10,733
Current assets		**4,325**	14,116
Interest bearing loans and borrowings	23	**(125)**	(2,130)
Income tax payable		**-**	(311)
Provisions	22	**-**	-
Trade and other payables	22	**(4,484)**	(4,077)
Liabilities classified as held for sale	14	**-**	(1,359)
Current liabilities		**(4,609)**	(7,877)
Net current (liabilities)/assets		**(284)**	6,239
Total assets less current liabilities		**34,117**	40,997
Interest bearing loans and borrowings	23	**(94)**	(4,880)
Deferred tax liability	24	**(1,805)**	(2,601)
Non-current liabilities		**(1,899)**	(7,481)
Net assets		**32,218**	33,516
Equity attributable to equity holders of parent			
Issued capital	25	**15,200**	15,200
Share premium		**-**	30,816
Other reserves		**409**	409
Retained profit/(deficit)		**16,609**	(12,927)
Translation reserve		**-**	18
Total equity		**32,218**	33,516

The accompanying notes form an integral part of this consolidated statement of financial position.

These financial statements were approved by the Board of Directors and were signed on its behalf by:

Gerry Murray
Chief Executive Officer

Rupert Levy
Finance Director

1 April 2011

Consolidated Statement of Changes in Equity

for the year ended 31 December 2010

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Translation reserve £'000	**Total shareholders' funds £'000**
At 1 January 2009	15,200	30,816	409	(5,117)	21	**41,329**
Total comprehensive income						
Loss for the year	-	-	-	(7,785)	-	**(7,785)**
Other comprehensive income						
Currency translation differences	-	-	-	-	(3)	**(3)**
Share based payment credit	-	-	-	(25)	-	**(25)**
At 1 January 2010	15,200	30,816	409	(12,927)	18	**33,516**
Capital reduction	-	(30,816)		30,816		**-**
Total comprehensive loss						
Loss for the year	-	-	-	(1,317)	-	**(1,317)**
Other comprehensive loss						
Currency translation differences	-	-	-	-	(18)	**(18)**
Share based payment charge	-	-	-	37	-	**37**
At 31 December 2010	**15,200**	**-**	**409**	**16,609**	**-**	**32,218**

At an Annual General Meeting of the Company held on 16 June 2010, the members of the Company resolved that the Company's share premium account be cancelled.

Following the passing of the resolution an application was made to the Companies Court, Chancery Division, High Court of Justice to approve the capital reduction. The capital reduction was confirmed by the Court on 14 July 2010 and became effective when the order of the Court and minute on reduction of capital and cancellation of share premium account was registered at Companies House on 27 July 2010.

Consolidated Statement of Cash Flows

for the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
Loss for the year		**(1,317)**	(7,785)
Depreciation of property, plant and equipment		**121**	109
Amortisation of intangible assets acquired through business combinations		**1,339**	1,349
Amortisation of other intangible assets		**403**	355
Results from discontinued operations		**1,361**	7,738
Share based payments charge/(credit)		**37**	(12)
Net finance costs		**440**	555
Income tax (credit)/charge		**(762)**	59
Cash flow relating to restructuring provisions		**(382)**	(178)
Operating cash flows before movements in working capital		**1,240**	2,190
Change in inventories		**12**	100
Change in receivables		**150**	730
Change in payables		**682**	815
Cash generated by operations		**2,084**	3,835
Income tax paid		**(381)**	(408)
Net cash from operating activities		**1,703**	3,427
Cash flows from investing activities			
Interest and similar income received		**8**	14
Proceeds from sale of property, plant and equipment		**-**	5
Acquisition of property, plant and equipment		**(824)**	(70)
Acquisition of other intangible assets		**(682)**	(262)
Net cash used in investing activities		**(1,498)**	(313)
Cash flows from financing activities			
Interest and similar expenses paid		**(561)**	(684)
Repayment of borrowings		**(7,041)**	(2,130)
New term loan		**250**	-
Net cash used in financing activities		**(7,352)**	(2,814)
Net (decrease)/increase in cash and cash equivalents in continuing operations		**(7,147)**	300
Opening cash and cash equivalents		**(369)**	(676)
Effect of exchange rate fluctuations on cash held		**17**	7
Closing cash and cash equivalents in continuing operations		**(7,499)**	(369)
Cash flows from discontinued operations			
Net cash (decrease)/increase from operating activities		**(390)**	1,031
Net cash from investing activities		**8,578**	(1,006)
Net increase in cash		**8,188**	25
Opening cash and cash equivalents		**797**	772
Closing cash and cash equivalents in discontinued operations		**8,985**	797
Closing cash	27	**1,486**	428

Notes to the Consolidated Financial Statements

at 31 December 2010

1 Statement of Accounting Policies

Dods (Group) PLC is a Company incorporated in the UK.

The consolidated financial statements of Dods (Group) PLC have been prepared and approved by the directors in accordance with International Financial Reporting Standards as endorsed by the International Accounting Standards Board and as adopted by the EU ("adopted IFRS"). The Company has elected to prepare its parent company financial statements in accordance with UK GAAP; these are presented after the notes to the consolidated financial statements.

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

The accounting policies set out below, have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Standards adopted

The Group has adopted in the year the following new standards, amendments to standards and interpretations:

(i) IFRS 3 – Business Combinations (revised 2008).
(ii) IAS 27 – Consolidated and Separate Financial Statements (amended 2008).
(iii) Amendments to IFRS 7 Improving disclosures about financial instruments.
(iv) Amendments to IFRIC 9 Reassessment of Embedded Derivatives.
(v) Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible hedged items.
(vi) Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions.
(vii) Improvements to International Financial Reporting Standards 2009.
(viii) Amendments to IAS 38 – Intangible assets – consequential amendments arising from IFRS 3 (revised).
(ix) Amendments to IFRIC 16 – Hedges of a net investment in foreign operation.
(x) Amendments to IAS 36 – Impairment of assets.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, except for derivative financial instruments which are stated at their fair value, and non-current assets and disposal groups held for sale which are stated at the lower of previous carrying value and fair value less costs to sell.

Going Concern

The Group had net current liabilities as at 31 December 2010 of £284,000. The Directors have considered the implications for Going Concern below.

The Board remains satisfied with the Group's funding and liquidity position.

The Group has access to an overdraft facility of £300,000 with the Bank of Scotland, which was negotiated and confirmed during January 2011 and will cease to be available on 20 January 2012. Interest on the overdraft is payable at an annual rate of 3.25% over the Bank of England Bank Rate.

The Board remains mindful regarding the uncertainties inherent in the current economic conditions. The Group's forecasts and projections, taking account of reasonable changes in trading performance given these uncertainties, show the Group operating within its current cash flow with significant headroom going forward.

On the basis of these forecasts, both base case and adjusted as described above, and given the level of available cash, the Board has concluded that the going concern basis of preparation continues to be appropriate.

Further information on the Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Business and Financial review on pages 4 to 8, and in the Directors' Report on page 10. In addition, note 20 sets out the Group's objectives, policies and processes for managing its capital, financial risks, financial instruments and hedging activities, and its exposures to credit and liquidity risk.

Notes to the Consolidated Financial Statements continued

at 31 December 2010

1 Statement of Accounting Policies (continued)

Basis of consolidation

Subsidiaries are entities controlled by the Group (parent company and its subsidiaries referred to as the "Group"). Control is achieved where the Group has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The results of subsidiaries acquired or sold are included in the consolidated financial statements from the date control commences to the date control ceases. Where necessary, adjustments are made to the results of the acquired subsidiaries to align their accounting policies with those of the Group. All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously held equity interest in the acquiree) and the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. Costs relating to acquisitions are shown in separately disclosed items that occurred during the period.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. The determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future services.

Acquisitions between 1 January 2004 and 1 January 2010

For acquisitions between 1 January 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 October 2003

In respect of acquisitions prior to 1 October 2003, publishing rights are held at deemed cost, which represents the amount recorded under UK GAAP. Under UK GAAP these assets were not amortised. Management have reviewed this accounting policy and consider it more appropriate to assign useful lives to these assets in accordance with the policy adopted for other publishing rights as detailed below.

Notes to the Consolidated Financial Statements continued

at 31 December 2010

1 Statement of Accounting Policies (continued)

Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and the sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit and loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or that meets the criteria to be classified as held for sale. Discontinued operations are presented in the income statement (including the comparative period) analysing the post-tax profit or loss of the discontinued operation. The education division has been treated as a discontinued operation for both the current and comparative periods.

Revenue recognition - sale of goods

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes, and provisions for returns and cancellations.

Revenue on books or magazines provided for clients is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

When books are sold on a sale or return basis, revenue is recognised on distribution less a provision for expected returns.

Revenue recognition - sale of services

Revenue in respect of subscription-based services, including online services and licensing, is recognised on a straight line basis over the period of subscription or licence. The unrecognised element is carried within creditors as deferred revenue.

Revenue in respect of advertising services is recognised on publication. Where publications are printed and distributed in more than one volume, the fair value of the revenue attributable to each volume is recognised as it is distributed.

Where the outcome of an e-learning contract can be estimated reliably, revenue is recognised in proportion to the stage of completion of the contract. Where the outcome of an e-learning contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred and work in progress amounts are recorded in the balance sheet at cost. Costs consist of salaries of staff allocated to specific contracts on the basis of time spent on the contract, and any materials directly incurred on that contract. Costs do not include an apportionment of overheads. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where long term training is provided together with training materials, the fair value of the materials provided to delegates is recognised as revenue upon distribution. The remaining revenue is recognised in stages as courses occur.

When long term training programmes are designed on a client's behalf, revenue relating to the conception, set-up and design of the programme is recognised when the first event occurs. Revenue in relation to the organisation and administration of the programme is recognised over the programme's life.

Notes to the Consolidated Financial Statements continued

at 31 December 2010

1 Statement of Accounting Policies (continued)

Revenue on all one-off events and conferences is recognised as they occur. Cash received in advance and directly attributable costs relating to future events are deferred. Losses anticipated at the balance sheet date are provided in full.

Revenue for recruitment services provided is recognised when an unconditional offer is accepted. Retainer revenue is recognised upon completion of the candidate's probationary period. Interim revenue is recognised for the period in which the interim staff member works.

Leases

Operating lease rentals are charged to the income statement on a straight line basis over the period of the lease. Lease incentives are recognised in the income statement as an integrated part of the total lease expense.

Post retirement benefits - defined contribution

The Group contributes to independent defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

Post retirement benefits - defined benefit

The Group's French subsidiary operated a defined benefit pension scheme which was open to all employees, who were entitled to a lump sum on retirement. The assets of the scheme are held separately from those of the Group. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme deficit is recognised in full. The movement in the scheme deficit is split between operating charges, finance items and, in the statement of total recognised income and expense, actuarial gains and losses. The Group recognises all actuarial gains and losses in the period in which they are valued.

Following the disposal of the major part of the French business in June 2008, the scheme remains available to the 5 remaining French employees of the Group. At the time of the transfer of the business the liability was calculated by a qualified independent actuary to determine the net defined obligations. The liability was less than €500. The Directors consider this to be an immaterial amount and therefore have not given the disclosures required by IAS 19, "Employee Benefits".

Share based payment

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Deferred tax is recognised where it is likely that tax relief will be available on the difference between exercise price and market price at the balance sheet date.

Non-trading items

Non-trading items are items which in management's judgement need to be disclosed by virtue of their size, incidence or nature. Such items are included within the income statement caption to which they relate and are separately disclosed either in the notes to the consolidated financial statements or on the face of the consolidated income statement.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Notes to the Consolidated Financial Statements continued

at 31 December 2010

1 Statement of Accounting Policies (continued)

Current tax is based on taxable profit for the year and any adjustment to tax payable in respect of previous years. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's assets and liabilities for current tax are calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax nor the accounting profit other than in a business combination.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates enacted or that are expected to apply (substantively enacted) at the balance sheet dated when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority or the Group intends to settle its current tax assets and liabilities on a net basis.

Goodwill

Goodwill represents the difference between the cost of acquisition of a business and the fair value of identifiable assets, liabilities and contingent liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is tested annually for impairment. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

Intangible assets

Intangible assets acquired by the Group are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised on a straight-line basis over their useful lives in accordance with IAS 38 "Intangible Assets". Assets are not revalued. The amortisation period and method are reviewed at each financial year end and are changed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" if this is considered necessary. The estimated useful lives are as follows:

Publishing rights	10-75 years
Brand names	15-20 years
Customer relationships	1-8 years
Customer lists	4 years
Order books	1 year
Other assets	1 year

Notes to the Consolidated Financial Statements continued

at 31 December 2010

1 Statement of Accounting Policies (continued)

Software which is not integral to a related item of hardware is included in intangible assets and amortised over its estimated useful life of 3 years. The salaries of staff employed in the production of new software within the Group are capitalised into software.

For new publications and other new products, development costs are deferred and amortised over periods of between one and five years following the first release of the new product for sale. The costs of the design and development of revision material ("plate costs") are capitalised on individual projects where the future recoverability of the costs can be foreseen with reasonable certainty. Plate costs are stated at their direct cost less accumulated amortisation. Full provision is made for any plate costs where the revision material titles are excess to requirements or where they will no longer be used in the business. Amortisation is provided to write off the plate costs over one to three years at varying rates to match the anticipated future income streams.

Impairment

The carrying amounts of the Group's intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill the recoverable amount is estimated each year at each balance sheet date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is provided to write off the cost less estimated residual value of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	Over the shorter of the life of the asset or lease period
Equipment, fixtures and fittings	5 years
Database development costs	5 years
Motor vehicles	4 years
IT systems	3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Notes to the Consolidated Financial Statements continued

at 31 December 2010

1 Statement of Accounting Policies (continued)

Inventories, work in progress and long term contracts

Inventories are stated at the lower of cost and net realisable value. Work in progress consists of internal and third party editorial and production costs prior to print, which are capitalised for new publications and substantial updates of continuing publications. Work in progress is valued at the lower of cost and net realisable value being the recoverable amount based on anticipated forward sales from the first print run. Inventories are expensed through cost of sales.

E-learning contracts work in progress represents the gross unbilled amount expected to be collected for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. This work in progress is presented as part of inventories. If payments received from customers exceed income recognised then the difference is presented as deferred income on the balance sheet.

Cash

Cash includes cash on hand and in banks. Cash in banks earn interest at the respective bank deposit rates.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Financial liabilities and equity instruments

Financial assets and financial transactions are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities, and includes no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group, and, where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and incremental costs directly attributable to the issue, are accounted for on an accruals basis as part of finance expenses in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period that they arise.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts and interest rate caps to hedge these exposures. The Group does not apply hedge accounting. The Group does not use derivative financial instruments for speculative purposes.

Notes to the Consolidated Financial Statements continued

at 31 December 2010

1 Statement of Accounting Policies (continued)

Subsequent to initial recognition derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the presentation currency of the Group, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated but remain at the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period ended on the balance sheet date. Exchange rate differences arising, if any, are recognised directly in equity in the Group's translation reserve. Such translation differences are recognised as income or as expense in the income statement in the period in which the operation is disposed of.

2 Accounting estimates, judgements and adopted IFRS not yet effective

The key assumptions concerning the future and other key sources of estimation and judgements at the balance sheet date that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Capitalisation of internal costs and assessment of their future recoverability

Management has capitalised costs incurred in relation to the development of internally generated intangible assets. The two main areas where costs have been capitalised are summarised below:

i) Production of software

The salaries of staff employed in the production of new software within the Group have been capitalised into software,within other intangible assets. These production costs are then expensed over the estimated useful life of the software, being 3 years.

ii) Production of plate costs

The Group leases a property at which all staff are employed on developing plate costs. Management considers that the location serves an equivalent function to an outsourcing agency and has therefore capitalised all costs associated with the operation of those premises, in addition to the salaries of staff employed there, into plate costs, held within intangible assets as described in note 1. These costs are then expensed as each product is sold.

Notes to the Consolidated Financial Statements continued

at 31 December 2010

2 Accounting estimates, judgements and adopted IFRS not yet effective (continued)

Management estimate the extent to which internally generated intangibles will be recovered by assessing future earnings. This is based on past revenue performance and the likelihood of future releases or the use of catalogue. Future sales performance varies from such assessments and changes to provisions against specific publications may be necessary.

b) Intangible assets

When the Group makes an acquisition, management review the business and assets acquired to determine whether any intangible assets should be recognised separately from goodwill. If such an asset is identified, it is valued by discounting the probable future cash flows expected to be generated by the asset over the estimated life of the asset. Where there is uncertainty over the amount of economic benefit and the useful life, this is factored into the calculation. Judgements and estimations are also used by the Directors for the value in use calculation for impairment purposes of goodwill and other intangible assets. Details of goodwill and intangible assets are given in notes 15 and 16.

c) Recoverability of trade receivables

Trade receivables are reflected net of estimated provisions for doubtful accounts. This provision is based on the ageing of receivable balances and historical experience. Details of trade receivables are given in note 20.

d) Deferred tax

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income. Details of deferred tax are given in note 24.

Details of judgements and estimates in relation to the impairment of goodwill are given in note 15.

Adopted IFRS not yet applied

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on 1 January 2011 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except for IFRS 9 Financial Instruments, which becomes mandatory for the Group's 2013 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

The Group continues to monitor the potential impact of other new standards and interpretations which may be endorsed by the European Union and require adoption by the Group in future accounting periods.

3 Segmental information

Business segments

The group presents segment information in respect of its business segments, which is based on the Group's management and internal reporting structure. With the disposal of the Education Division in the year, the Group now has only one reportable segment, Political.

Principal activities are as follows:

Political Division - The market leader in political publishing, information and communication in the UK and EU, serving both the political and public affairs communities. The Division comprises Dods Parliamentary Companion, The House Magazine, The Parliament Magazine, Epolitix.com, Civil Service World, Civil Service Live and numerous other political magazines, reference books, monitoring products and revenue-generating websites as well as events, awards and recruitment services. The Political Division is disclosed within continuing operations in the income statement.

Notes to the Consolidated Financial Statements continued

at 31 December 2010

3 Segmental information (continued)

Education Division - The leading supplier of study aids and revision guides in the UK, with full product coverage across all subjects and stages of the entire curriculum in UK schools. The Division comprises Lonsdale, Letts Educational and Leckie & Leckie. The Education Division was disposed on 19 March 2010 and has been disclosed within discontinued operations.

Segment results, assets and liabilities and other information include items directly attributable to the segment.

The following segmental information about the business is presented below. The key information reviewed by the Chief Operating Decision Maker are Revenues as shown below and EBITDA which is presented in Schedule A. Schedule A shows a reconciliation of segment result stated in the income statement to EBITDA.

Year ended 31 December 2010	Political £'000	Continuing Operations £'000	Education (Discontinued) £'000	Consolidated £'000
Revenue				
External revenue - sale of goods	13,283	13,283	1,549	14,832
- rendering of services	2,827	2,827	-	2,827
Total revenue	16,110	16,110	1,549	17,659
Segment result	542	542	(262)	280
Head Office expenses		(820)	-	(820)
Operating loss		(278)	(262)	(540)
Finance income		8	-	8
Financing costs		(448)	-	(448)
Loss before tax		(718)	(262)	(980)
Income tax credit		762	-	762
Loss on sale of discontinued operations (net of tax)		-	(1,099)	(1,099)
Profit/(loss) after tax		44	(1,361)	(1,317)

Head Office expenses includes £38,000 in respect of non-trading items (2009: £57,000). For a breakdown of non-trading items by division see Schedule A.

Notes to the Consolidated Financial Statements continued

at 31 December 2010

3 Segmental information (continued)

2010 Other information	Political £'000	Head Office £'000	Continuing Operations £'000	Education (Discontinued) £'000	Consolidated £'000
Capital expenditure - intangible assets - external	542	-	**542**	-	**542**
Capital expenditure - intangible assets - internal	146	-	**146**	-	**146**
Capital expenditure - other	750	74	**824**	-	**824**
Depreciation	113	8	**121**	-	**121**
Amortisation of intangible assets	1,732	10	**1,742**	-	**1,742**

Balance Sheet	Political £'000	Continuing Operations £'000	Education (Discontinued) £'000	Consolidated £'000
Assets				
Segment assets	35,616	**35,616**	-	**35,616**
Head Office assets		**3,075**	-	**3,075**
Consolidated total assets		**38,691**	-	**38,691**
Liabilities				
Segment liabilities	(6,458)	**(6,458)**	-	**(6,458)**
Head Office liabilities		**(15)**	-	**(15)**
Consolidated total liabilities		**(6,473)**	-	**(6,473)**
Consolidated net assets		**32,218**	-	**32,218**

Year ended 31 December 2009	Political £'000	Continuing Operations £'000	Education (Discontinued) £'000	Consolidated £'000
Revenue				
External revenue - sale of goods	3,220	**3,220**	7,941	**11,161**
- rendering of services	14,115	**14,115**	10	**14,125**
Total revenue	17,335	**17,335**	7,951	**25,286**
Segment result	1,556	**1,556**	(9,455)	**(7,899)**
Head Office expenses		**(989)**	-	**(989)**
Operating profit/(loss)		**567**	(9,455)	**(8,888)**
Finance income		**14**	2	**16**
Financing costs		**(569)**	-	**(569)**
Profit/(loss) before tax		**12**	(9,453)	**(9,441)**
Income tax (charge)/credit		**(59)**	1,715	**1,656**
Loss after tax		**(47)**	(7,738)	**(7,785)**

Notes to the Consolidated Financial Statements continued

at 31 December 2010

3 Segmental information (continued)

2009 Other information	Political £'000	Head Office £'000	Continuing Operations £'000	Education (Discontinued) £'000	Consolidated £'000
Capital expenditure - intangible assets - external	111	-	**111**	375	**486**
Capital expenditure - intangible assets - internal	149	3	**152**	627	**779**
Capital expenditure - other	70	-	**70**	5	**75**
Depreciation	106	3	**109**	101	**210**
Amortisation of intangible assets	1,690	14	**1,704**	2,052	**3,756**
Impairment of goodwill and other intangible assets	-	-	**-**	9,171	**9,171**

Balance Sheet	Political £'000	Continuing Operations £'000	Education (Discontinued) £'000	Consolidated £'000
Assets				
Segment assets	39,049	**39,049**	15,640	**54,689**
Head Office assets		**(5,815)**	-	**(5,815)**
Consolidated total assets		**33,234**	15,640	**48,874**
Liabilities				
Segment liabilities	(10,429)	**(10,429)**	(1,359)	**(11,788)**
Head Office liabilities		**(3,570)**	-	**(3,570)**
Consolidated total liabilities		**(13,999)**	(1,359)	**(15,358)**
Consolidated net assets		**19,235**	14,281	**33,516**

Geographical segments

The following table provides an analysis of the Group's performance and assets by geographical market. Segment revenue is based on the geographical location of customers and segment assets on the basis of location of assets.

	Revenue by geographical market		Carrying amount of segment assets		Additions to property plant and equipment and intangible assets	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000	**2010 £'000**	2009 £'000
UK	**12,475**	13,579	**38,134**	32,702	**1,366**	179
Continental Europe and rest of world	**3,635**	3,756	**557**	532	**-**	2
Continuing operations	**16,110**	17,335	**38,691**	33,234	**1,366**	181
UK (discontinued)	**1,461**	7,617	**-**	15,640	**-**	380
Continental Europe and rest of world (discontinued)	**88**	334	**-**	-	**-**	-
	17,659	25,286	**38,691**	48,874	**1,366**	561

Notes to the Consolidated Financial Statements continued

at 31 December 2010

4 Non-trading items

	2010 £'000	2009 £'000
Redundancy and people related costs	217	178
Abortive deal costs	38	-
Office move costs	127	-
	382	178

Redundancy and people related costs represent the effect of a Group initiative to reduce costs.

5 Profit / (loss) before tax

	2010 £'000	2009 £'000
Depreciation of property, plant and equipment	121	109
Amortisation of intangible assets acquired through business combinations	1,339	1,349
Amortisation of other intangible assets	403	355
Cost of inventories recognised as an expense	587	649
Writeback of inventories recognised as an expense	1	7
Staff costs (see note 7)	8,402	8,498
Non-trading items (see note 4)	382	178
Operating lease charge	384	383

Auditors' remuneration	2010 £'000	2009 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	44	57
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries, pursuant to legislation	26	42
Other services	418	-
	488	99

Amounts paid to the Company's auditor and their associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

Notes to the Consolidated Financial Statements continued

at 31 December 2010

6 Directors' remuneration

The remuneration of the directors of the Company for the year ended 31 December 2010 is set out below:

	Salaries	Fees	Pension contributions	Cash bonus	2010	2009
	£	£	£	£	£	£
Executive directors						
G Murray	236,250	-	35,442	10,000	**281,692**	271,692
R Levy	150,000	-	22,500	10,000	**182,500**	172,500
Non-executive directors						
K Hand	-	35,000	-	-	**35,000**	35,000
R Flaye	-	25,000	-	-	**25,000**	25,000
Total	**386,250**	**60,000**	**57,942**	**20,000**	**524,192**	504,192

Directors' interests

The current Directors and their interests in the share capital of the Company at 31 December 2010 are disclosed within the Directors' Report.

7 Staff costs

The average number of persons employed by the Group (including executive directors) during the year within each category was:

	2010	2009
Editorial and production staff	**62**	59
Sales and marketing staff	**85**	84
Managerial and administration staff	**45**	44
	192	187

The aggregate payroll costs in respect of these employees (including executive directors) were:

	2010	2009
	£'000	£'000
Wages and salaries	**7,465**	7,603
Social security costs	**829**	836
Pension and other costs	**64**	71
Share based payment charge/(credit)	**44**	(12)
	8,402	8,498

8 Finance income

	2010	2009
	£'000	£'000
Bank interest receivable	**8**	14

Notes to the Consolidated Financial Statements continued

at 31 December 2010

9 Financing costs

	2010 £'000	2009 £'000
On bank loans and overdrafts	**331**	567
Net exchange losses	**117**	2
	448	569

10 Taxation

	2010 £'000	2009 £'000
Current tax		
Current tax on income for the year at 28% (2009: 28%)	**52**	573
Adjustments in respect of prior periods	**(18)**	(11)
	34	562
Double taxation relief	**-**	(1)
Overseas tax		
Current tax expense on income for the year at 28% (2009: 28%)	**-**	1
Total current tax expense	**34**	562
Deferred tax (see note 24)		
Origination and reversal of temporary differences	**(796)**	(500)
Benefit from previously unrecognised tax losses/losses utilised	**-**	(3)
Total deferred tax income	**(796)**	(503)
Total income tax (credit)/charge	**(762)**	59

The effect of non-trading items charged during the year is to increase the tax charge by £107,000 (2009: increase of £50,000).

The credit to the income statement in respect of deferred tax of £796,000 (2009: £503,000) is stated after recording a deferred tax asset of £nil (2009: £3,000) in respect of tax losses.

Included within the tax credit to the income statement is £nil of tax-related goodwill written off on the impairment of the education division (2009: £1,631,000), which is included in the results of discontinued operations (see note 11).

Notes to the Consolidated Financial Statements continued

at 31 December 2010

10 Taxation (continued)

The tax charge for the period differs from the standard rate of corporation tax in the UK of 28% (2009: 28%). The differences are explained below:

	2010 £'000	2009 £'000
Income tax reconciliation		
(Loss)/profit before tax	**(718)**	12
Notional tax charge at standard rate of 28% (2009: 28%)	**(201)**	3
Effects of:		
Expenses not deductible for tax purposes	**1,417**	607
Accelerated capital allowances and temporary differences	**(2,091)**	(527)
Adjustments to tax charge in respect of prior periods	**(18)**	(11)
Difference between UK and French tax rates	**9**	(10)
Other	**(2)**	-
Losses for the year not relieved	**124**	-
Recognition of previously unrecognised tax losses	**-**	(3)
Total income tax (credit)/expense	**(762)**	59

11 Discontinued operations

Discontinued operations relates to the results of the Education Division, which was sold on 19 March 2010. The Education Division included Letts Educational Ltd, Leckie & Leckie Ltd and the division Lonsdale which was held within Dods (Group) PLC. Results attributable to this business were as follows:

	2010 £'000	2009 £'000
Revenue	**1,549**	7,951
Cost of sales	**(1,109)**	(4,452)
Gross profit	**440**	3,499
Non-trading items	**-**	(398)
Amortisation of intangible assets acquired through business combinations	**(142)**	(1,003)
Impairment of goodwill and intangible assets (see notes 15 and 16)	**-**	(9,171)
Other administrative expenses	**(560)**	(2,382)
Operating loss	**(262)**	(9,455)
Net finance costs	**-**	2
Loss before tax	**(262)**	(9,453)
Related income tax credit	**-**	84
Deferred tax credit arising from intangible assets impaired	**-**	1,631
Loss on sale of discontinued operations (net of tax)	**(1,099)**	-
Loss for the period	**(1,361)**	(7,738)

Notes to the Consolidated Financial Statements continued

at 31 December 2010

11 Discounted operations (continued)

	2010	2009
Basic loss per share	(0.90) p	(5.09) p
Diluted loss per share	(0.90) p	(5.09) p

Effect of disposal on the financial position of the Group	2010 £'000
Cash received (less transaction costs)	8,472
Less: assets/liabilities disposed of:	
Property, plant and equipment	(140)
Intangible assets (excluding goodwill)	(5,908)
Inventories	(3,235)
Trade and other receivables	(1,241)
Cash and cash equivalents	(68)
Trade and other payables	1,021
Loss on disposal	(1,099)

12 Dividends

	2010 £'000	2009 £'000
The aggregate amount of dividends comprises:		
Final dividends paid in respect of the previous year but not recognised as liabilities in that year	-	-

The Board declared a interim dividend of 0.25p per Ordinary share on 3 November 2010 in respect of the year ending 31 December 2010, which was paid on 11 January 2011 to shareholders on the register at 24 December 2010.

13 (Loss)/earnings per share

	2010 £'000	2009 £'000
Loss attributable to shareholders	(1,317)	(7,785)
Add: non-trading items net of tax	275	128
Add: amortisation of intangible assets acquired through business combinations	1,339	1,349
Add: results of discontinued operations	1,361	7,738
Add/(deduct): share based payment charge/(credit)	44	(12)
Normalised profit attributable to shareholders post tax	1,702	1,418

Notes to the Consolidated Financial Statements continued

at 31 December 2010

13 (Loss)/earnings per share (continued)

	2010 Ordinary shares	2009 Ordinary shares
Weighted average number of shares		
In issue during the year - basic	**151,998,453**	151,998,453
Dilutive potential ordinary shares	**-**	-
In issue during the year - diluted	**151,998,453**	151,998,453
Loss per share - basic	**(0.87) p**	(5.12) p
Loss per share - diluted	**(0.87) p**	(5.12) p
Normalised earnings per share (as defined above) - basic	**1.12 p**	0.93 p
Normalised earnings per share (as defined above) - diluted	**1.12 p**	0.93 p
Earnings per share on continuing operations		
Earnings/(loss) per share - basic	**0.03 p**	(0.03) p
Earnings/(loss) per share - diluted	**0.03 p**	(0.03) p

14 Assets and liabilities held for sale

As at 31 December 2009, the Education Division was classified as held for sale and included within discontinued operations (please see note 11). The Education Division comprised of Letts Educational Ltd, Leckie & Leckie Ltd and Lonsdale division held within Dods (Group) PLC.

The major classes of assets and liabilities comprising the assets and liabilities held for sale were as follows:

	2010 £'000	2009 £'000
Intangible assets	**-**	7,583
Property, plant and equipment	**-**	106
Inventories	**-**	2,063
Trade and other receivables	**-**	981
Total assets classified as held for sale	**-**	10,733
Trade and other payables	**-**	1,158
Deferred tax liabilities	**-**	201
Total liabilities classified as held for sale	**-**	1,359

The Education Division was classified as held for sale at the previous balance sheet date as the division was sold on 19 March 2010 for £10 million to Harper Collins Publishers Ltd. The Group incurred costs to sell amounting to £1.53 million.

Notes to the Consolidated Financial Statements continued

at 31 December 2010

15 Goodwill

Cost & Net book value	2010 £'000	2009 £'000
Opening balance	**18,906**	22,847
Impairment	**-**	(3,941)
Closing balance	**18,906**	18,906

Goodwill acquired in a business combination is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	2010 £'000	2009 £'000
Political Division	**18,906**	18,906
	18,906	18,906

The Group tests annually for impairment or more frequently if there are indications that goodwilll might be impaired.

Political Division

The recoverable amount of the CGU is determined from value in use calculations.

Value in use was determined by discounting future cash flows generated from the continuing use of the titles and was based on the following most sensitive assumptions:
- cash flows for 2011 were projected based on the budget for 2011;
- cash flows for 2012 to 2015 were extrapolated using conservative growth rates at an average of 5%, based on management's view on likely trading and likely growth;
- cash flows beyond 2015 are extrapolated using 3% growth rate;
- cash flows were discounted using the CGU's pre-tax discount rate of 12.24%.

The Directors recognise that the determination of an appropriate discount rate is judgmental and is the key assumption in the value in use calculation and therefore sensitivities were performed which address how increases in the discount rate might affect the value in use.

The value in use calculation exceeds the carrying value by £2.5 million. If the discount rate was increased to 12.9%, this would lead to the recoverable equalling the carrying amount of the CGU.

The Directors have considered the current market capitalisation of the Group compared with their value in use calculations, and believe that current market capitalisation is below their view of the value of the Group for the following reasons:
- General advice from external financial advisors;
- The free float percentage of the Group, leading to illiquidity of shares due to Group shareholder profiles;
- Specialist / niche focus of their media assets, when compared to the general media assets.

Based on the result of the value in use calculations undertaken, supported also by the other factors explained, the Directors conclude that the recoverable amount of goodwill in the Political CGU exceeds its carrying value.

Notes to the Consolidated Financial Statements continued

at 31 December 2010

16 Intangible assets

	Assets acquired through business combinations £'000	Software £'000	Plate costs £'000	Total £'000
Cost				
At 1 January 2009	37,129	1,414	3,008	41,551
Additions - externally purchased	-	134	352	486
Additions - internally generated	-	152	627	779
Impairment	(6,732)	-	-	(6,732)
Disposals	-	(83)	-	(83)
Transferred to held for sale	(7,785)	(182)	(3,987)	(11,954)
At 1 January 2010	**22,612**	**1,435**	**-**	**24,047**
Additions - externally purchased	-	542	-	542
Additions - internally generated	-	146	-	146
Disposals	-	(76)	-	(76)
Exchange adjustment	-	(8)	-	(8)
At 31 December 2010	**22,612**	**2,039**	**-**	**24,651**
Amortisation				
At 1 January 2009	8,293	737	1,497	10,527
Charged in year	2,352	390	1,014	3,756
Disposals	-	(83)	-	(83)
Impairment	(1,502)	-	-	(1,502)
Transferred to held for sale	(1,735)	(125)	(2,511)	(4,371)
At 1 January 2010	**7,408**	**919**	**-**	**8,327**
Charged in year	1,339	403	-	1,742
Disposals	-	(74)	-	(74)
Exchange adjustment	-	(4)	-	(4)
At 31 December 2010	**8,747**	**1,244**	**-**	**9,991**
Net book value				
At 1 January 2009	28,836	677	1,511	31,024
At 31 December 2009	15,204	516	-	15,720
At 31 December 2010	**13,865**	**795**	**-**	**14,660**

Notes to the Consolidated Financial Statements continued

at 31 December 2010

16 Intangible assets (continued)

Assets acquired through business combinations comprise:	**Net book value 2010 £'000**	Net book value 2009 £'000
Publishing rights	**12,801**	13,642
Brand names	**813**	877
Customer relationships	**251**	628
Customer lists	**-**	56
Other assets	**-**	1
	13,865	15,204

As at 31 December 2010 and 2009, Publishing Rights principally relate to Dods Parliamentary Communications Ltd and Huveaux Politique. These are being written off in equal instalments over the remaining amortisation periods of between 10 and 75 years.

No intangible assets have an indefinite useful economic life.

Included within intangible assets are internally generated assets with a net book value of £245,995 (2009: £1,162,125).

17 Property, plant and equipment

	Leasehold improvements £'000	Equipment and motor vehicles £'000	Total £'000
Cost			
At 1 January 2009	197	968	1,165
Additions	-	75	75
Disposals	(53)	(206)	(259)
Transferred to held for sale	(118)	(283)	(401)
At 1 January 2010	26	554	580
Additions	546	278	824
Disposals	(23)	(119)	(142)
At 31 December 2010	**549**	**713**	**1,262**
Depreciation			
At 1 January 2009	123	664	787
Charge for the year	66	144	210
Disposals	(53)	(201)	(254)
Transferred to held for sale	(110)	(185)	(295)
At 1 January 2010	**26**	**422**	**448**
Charge for the year	19	102	121
Disposals	(23)	(119)	(142)
At 31 December 2010	**22**	**405**	**427**

Notes to the Consolidated Financial Statements continued

at 31 December 2010

17 Property, plant and equipment (continued)

	Leasehold improvements £'000	Equipment and motor vehicles £'000	Total £'000
Net book value			
At 1 January 2009	74	304	378
At 1 January 2010	-	132	132
At 31 December 2010	**527**	**308**	**835**

The Group did not have any assets recognised from obligations under finance leases in either the current or prior year.

18 Subsidiaries

The results of each of the following principal subsidiary undertakings have been included in the Group accounts as at 31 December 2010 and 31 December 2009:

Company	Activity	% Holding	Country of registration
Vacher Dod Publishing Limited (i)	Dormant	100	England and Wales
Training Journal Limited	Holding company	100	England and Wales
Fenman Limited (ii)	Publishing	100	England and Wales
Dods Parliamentary Communications Limited	Publishing	100	England and Wales
Monitoring Services Limited (iii)	Dormant	100	England and Wales
Political Wizard Limited (iii)	Dormant	100	England and Wales
Huveaux Politique SAS	Publishing	100	France

All subsidiaries are owned directly except as noted below.

(i) The Company owns the entire issued share capital of Vacher Dod Publishing Limited, which is comprised of: 223,306 Ordinary "A" shares of £1 each; 156,581 Ordinary "B" shares of £1 each; 21,750 Ordinary "C" shares of £1 each; and 178,363 Ordinary "D" shares of £1 each.
(ii) The Company directly owns 50% of the issued share capital of Fenman Limited with the residual 50% being owned by Training Journal Limited, of which the company owns 100%. The Company therefore controls the entire issued share capital of Fenman Limited.
(iii) Dods Parliamentary Communications Limited owns 75% of the issued share capital of Political Wizard Limited with the residual 25% being owned by Monitoring Services Limited, of which Dods Parliamentary Communications Limited owns 100%. The Company owns 100% of the issued share capital of Dods Parliamentary Communications Limited and therefore controls the entire issued share capital of Political Wizard Limited.

19 Inventories

	2010 £'000	2009 £'000
Work-in-progress	**43**	38
Finished goods	**68**	85
	111	123

Notes to the Consolidated Financial Statements continued

at 31 December 2010

20 Financial instruments

The Group has exposure to several forms of risk through its use of financial instruments. Details of these risks and the Group's policies for managing these risks are included below.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's principal financial assets are trade and other receivables, and cash.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

At 31 December 2010, £440,000 of the Group's trade receivables were exposed to risk in countries other than the United Kingdom (2009: £584,000).

The ageing of trade receivables at the reporting date was:

	Gross 2010 £'000	**Provided 2010 £'000**	Gross 2009 £'000	Provided 2009 £'000
Overdue by less than 3 months	**1,931**	**9**	2,092	7
Overdue by between 3 and 12 months	**179**	**31**	98	34
Overdue by more than 12 months	**-**	**-**	45	34
	2,110	**40**	2,235	75

Provisions against trade receivables are based on an ageing analysis of overdue receivables and any other indications which suggest an impairment as estimated by management.

The movement in allowance for doubtful accounts in respect of trade receivables during the year was as follows:

	2010 £'000	2009 £'000
Balance at 1 January	**75**	249
Movement	**(35)**	(174)
Balance at 31 December	**40**	75

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group has in place a working capital facility with Bank of Scotland for the purpose of providing funds in the event of any significant delay in converting working capital into cash. For further details on this facility see note 23.

The contractual cash flows of each financial liability is materially the same as their carrying amount.

Currency risk

The Group is exposed to currency risk on transactions denominated in Euros.

The Group uses currency derivatives to reduce its exposure to foreign exchange movements. Two separate forward contracts to sell €1,250,000 into Sterling were taken out and redeemed in 2010. The Sterling : Euro rates on these transactions were 1.2354 and 1.2344. A maximum of 75% of the Group's profits or cash flows can be hedged under the Group's treasury policy.

Notes to the Consolidated Financial Statements continued

at 31 December 2010

20 Financial instruments (continued)

Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. For further details of share capital see note 25.

Sensitivity analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings.

At 31 December 2010, it is estimated that a general increase of one percentage point in interest rates would have decreased the Group's profit/(loss) before tax by approximately £3,000 (2009: £6,000).

It is estimated that a general increase of one percentage point in the value of the Euro against Sterling would have increased the Group's profit/(loss) before tax by approximately £19,000 (2009: £21,000).

Fair values

The directors consider that the fair value of financial instruments is materially the same as their carrying amounts.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

21 Other financial assets

Trade and other receivables	2010 £'000	2009 £'000
Trade receivables	**2,070**	2,160
Other receivables	**335**	143
Prepayments and accrued income	**288**	494
	2,693	2,797

Trade and other receivables denominated in currencies other than Sterling comprise £440,000 (2009: £584,000) denominated in Euros.

Cash	2010 £'000	2009 £'000
Net cash	**1,486**	428

Net cash includes £1,439,000 (2009: £332,000) with Bank of Scotland. Please refer to note 23 for details of the facility available as at 31 December 2010.

Cash includes an overdraft of £700,000 (2009: £594,000) denominated in Euros.

Notes to the Consolidated Financial Statements continued

at 31 December 2010

22 Current liabilities

Trade and other payables	**2010 £'000**	2009 £'000
Trade creditors	**987**	605
Other creditors including tax and social security	**841**	856
Accruals and deferred income	**2,656**	2,616
	4,484	4,077

Trade creditors and accruals comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 33 days (2009: 20 days).

Current liabilities denominated in currencies other than Sterling comprise £102,000 (2009: £157,000) denominated in Euros.

Provisions for liabilities and charges	£'000
At 1 January 2010	-
Charge to the profit and loss account (see note 4)	382
Utilised	(382)
At 31 December 2010	-

23 Interest bearing loans and borrowings

Borrowings are repayable as follows:

	2010 £'000	2009 £'000
On demand or within one year	**125**	2,130
Between one and two years	**94**	2,130
Between two and five years	**-**	2,750
After five years	**-**	-
	219	7,010
Less: Amounts due for settlement within 12 months	**(125)**	(2,130)
Amount due for settlement after 12 months	**94**	4,880

Borrowings are taken out in the following currencies:

	Interest	Principal Thousands	**2010 £'000**	2009 £'000
Sterling	Floating linked to LIBOR	£13,400	**-**	7,010
Sterling	3.5%plus LIBOR	£250	**219**	-
Total			**219**	7,010

The weighted average interest rate paid on the bank loans was 5.7% (2009: 5.8%).

Notes to the Consolidated Financial Statements continued

at 31 December 2010

23 Interest bearing loans and borrowings (continued)

The Sterling loan of £250,000 represents a loan taken out in 2010 with Bank of Scotland to finance the fit-out costs of the new office premises at 21 Dartmouth Street. The last repayment is due in December 2012.

The Sterling loan of £13,400,000 (balance outstanding at 31 December 2009: £7,010,000) represents two loans taken out in 2006 to finance the acquisition of Monitoring Services Limited and Political Wizard Limited. These loans were repaid in full on 19 March 2010, subsequent to the sale of the Education Division.

In connection with the Group's banking and borrowing facilities with the Bank of Scotland, the Company and its UK subsidiary undertakings have entered into a cross guarantee, which gives a fixed and floating charge over the assets of the UK trading companies of the Group.

The Group estimates the fair value of its loans to be the same as the carrying amount.

At 31 December 2010, the Group had available £nil (2009: £2,000,000) of undrawn facilities under its working capital facility. The Group negotiated and confirmed an overdraft facility of £300,000 with the Bank of Scotland during January 2011.

24 Deferred tax liability

The following are the major deferred tax liabilities and assets recognised by the Group, and movements thereon during the current and prior year.

	Liabilities		Assets		
	Intangible assets £'000	Accelerated capital allowances £'000	Tax losses £'000	Employee benefits £'000	**Total £'000**
At 1 January 2009	4,646	640	(349)	-	**4,937**
Charge to income	(559)	59	(3)	-	**(503)**
Impairment	(1,632)	-	-	-	**(1,632)**
Transferred to held for sale	-	(236)	35	-	**(201)**
At 1 January 2010	2,455	463	(317)	-	**2,601**
Charge to income	(353)	(443)	-	-	**(796)**
At 31 December 2010	**2,102**	**20**	**(317)**	**-**	**1,805**

Deferred tax assets and liabilities have been offset in both the current and preceding year as the current tax assets and liabilities can be legally offset against each other, and they relate to taxes levied by the same taxation authority or the Group intends to settle its current tax assets and liabilities on a net basis.

At the balance sheet date, the Group has unused tax losses of £1,573,968 (2009: £1,256,000) available for offset against future profits. A deferred tax asset of £317,000 (2009: £352,000) has been recognised in respect of such losses.

Notes to the Consolidated Financial Statements continued

at 31 December 2010

25 Called-up share capital

	2010 £'000	2009 £'000
Authorised:		
200,000,000 Ordinary shares of 10p each (2009: 200,000,000)	**20,000**	20,000
Allotted, called-up and fully paid:		
151,998,453 Ordinary shares of 10p each (2009: 151,998,453)	**15,200**	15,200

The Company has one class of ordinary shares which carry no right to fixed income.

26 Operating lease arrangements

Total commitments under non-cancellable leases are as follows:

	2010 Land and buildings £'000	2010 Other £'000	2009 Land and buildings £'000	2009 Other £'000
Expiry date:				
- within one year	**24**	**-**	470	17
- between two and five years	**1,153**	**-**	594	23
- after five years	**266**	**-**	153	-
	1,443	**-**	1,217	40

27 Net cash at bank and in hand

	At 1 January 10 £'000	Cash flow £'000	Reclassification £'000	Exchange movement £'000	At 31 December 10 £'000
Cash at bank and in hand	428	1,041	-	17	**1,486**
Debt due within one year	(2,130)	2,130	(125)	-	**(125)**
Debt due after one year	(4,880)	4,661	125	-	**(94)**
	(6,582)	7,832	-	17	**1,267**

28 Share based payment

Executive Share Option Scheme

The Company operates an Unapproved Executive Share Option Scheme under which share options are granted to selected Group employees. All options are settled by physical delivery of shares in exchange for payment of the aggregated option price. The contractual life of each grant is 10 years.

Notes to the Consolidated Financial Statements continued

at 31 December 2010

28 Share based payment (continued)

Grant date	Number of shares
27 May 2004	1,641,000
2 November 2004	1,495,925
17 November 2005	1,524,075
13 April 2006	50,000
13 October 2006	3,292,500
2 July 2007	120,000
3 September 2007	1,400,000
8 May 2008	2,350,000
6 May 2009	4,250,000
4 November 2010	3,384,075

All options granted are discretionary (as determined by the Remuneration Committee) and carry a pre-exercise performance condition, requiring the Company's Earnings Per Share achievement during any rolling three year financial performance period to exceed the retail/consumer price index by at least 3%, in aggregate, during the same period. No consideration is received for an award and no grants can be made at an option exercise price per share which is less than the market price at the time of grant.

On 4 November 2010, 2,709,075 of existing share options were cancelled and reissued at a lower exercise price of 10 pence per share. The decision was taken due to the existing share options being 'under the water', thus unlikely to ever be exercised. The incremental fair value of the modified equity instrument was recognised.

The charge based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period represented a non material amount, and therefore no additional charge has been recognised as a result of this modification.

Details of the share options outstanding during the year are as follows.

	Number of Ordinary shares	Weighted average exercise price (pence)
At 1 January 2009	3,364,075	23.39
Granted during the year	4,250,000	10.00
Lapsed during the year	(100,000)	32.00
At 1 January 2010	7,514,075	15.70
Granted during the year	3,384,075	10.00
Lapsed during the year	(3,664,075)	21.69
At 31 December 2010	**7,234,075**	**10.00**

Notes to the Consolidated Financial Statements continued

at 31 December 2010

28 Share based payment (continued)

The following options were outstanding under the Company's Executive Share Option Scheme as at 31 December 2010:

	Number of Ordinary shares	Exercise price per share (p)	Exercise Period
Granted			
6 May 2009	3,850,000	10	May 2012 - 2019
4 November 2010	3,384,075	10	November 2013 - 2020
	7,234,075		

The options outstanding at the year end have an exercise price of 10p and a weighted average contractual life of 9 years.

The income statement charge in respect of the Executive Share Option Scheme for the year was £26,000 (2009: credit of £3,000).

Savings Related Share Option Scheme

The Company operates a Savings Related Share Option Scheme which facilitates the grant of options to all employees. This is based on a three to five year share save contract and options may be granted at an option exercise price discounted by up to 20% of the market price at the time of grant. Options are forfeited if the employee leaves the Group on a voluntary basis before the options vest.

Details of the share options outstanding during the year are as follows.

	Number of Ordinary shares	Weighted average price (pence)
At 1 January 2009	1,847,801	11.69
Lapsed during the year	(646,758)	12.44
At 1 January 2010	1,201,043	12.48
Lapsed during the year	(548,063)	15.14
At 31 December 2010	**652,980**	**10.55**

The following options were outstanding under the Company's Savings Related Share Option Scheme as at 31 December 2010:

	Number of Ordinary shares	Exercise price per share (p)	Exercise Period
Granted			
10 May 2006	12,710	38	May 2011
1 July 2008	477,520	10	July 2011
1 July 2008	162,750	10	July 2013
	652,980		

The options outstanding at the year end have an exercise price in the range of 10p to 38p and a weighted average contractual life of 0.3 years.

Notes to the Consolidated Financial Statements continued

at 31 December 2010

28 Share based payment (continued)

The aggregated inputs into the Black-Scholes option pricing model for both schemes are as follows for options granted in the current and preceding year:

Weighted average:	**2010**	2009
Fair value at measurement date	**1.95p**	2.55p
Share price at date of grant	**8.37p**	7.62p
Option exercise price	**10p**	10p
Expected volatility	**55.61%**	50.61%
Option life	**3.92 years**	4.04 years
Risk free interest rate	**1.4%**	2.38%
Dividend yield	**0.00%**	0.00%

The expected volatility is based on the previous 12 months' share price history.

The income statement charge in respect of the Share Related Share Option Scheme for the year was £11,000 (2009: credit of £22,000).

Company Financial Statements

Company Balance Sheet Under UK GAAP

at 31 December 2010

	Note	2010 £'000	2009 £'000
Fixed assets			
Intangible assets	31	**1,357**	3,429
Tangible fixed assets	32	**71**	91
Investments	33	**27,789**	33,766
		29,217	37,286
Current assets			
Stocks	34	**-**	1,157
Debtors	35	**3,955**	8,913
Cash	36	**650**	-
		4,605	10,070
Creditors: Amounts falling due within one year	37	**(2,030)**	(9,737)
Net current assets		**2,575**	333
Total assets less current liabilities		**31,792**	37,619
Creditors: Amounts falling due after more than one year	38	**(470)**	(2,556)
Provision for liabilities	39	**-**	-
Net assets		**31,322**	35,063
Capital and reserves			
Called-up share capital	40	**15,200**	15,200
Share premium account	41	**-**	30,816
Merger reserve	41	**409**	409
Profit and loss account	41	**15,713**	(11,362)
Equity shareholders' funds	41	**31,322**	35,063

The accompanying notes form an integral part of this balance sheet.

These financial statements were approved by the Board of directors and were signed on its behalf by:

Gerry Murray
Chief Executive Officer

Rupert Levy
Finance Director

1 April 2011

Notes to the Parent Company Financial Statements

at 31 December 2010

29 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Under section 408 of the Companies Act 2006, the company is exempt from the requirement to present its own profit and loss account. The loss after taxation attributable to Dods (Group) PLC for the year and dealt with in the financial statements of the Company was £3,780,555 (2009: £11,159,000). Under Financial Reporting Standard 1 the Company is exempt from the requirements to prepare a cash flow statement on the grounds that it is included in the consolidated accounts.

The Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries. The Company has also taken advantage of the exemption in FRS 29 as the disclosure and requirements have been adopted on the Group basis.

Share based payments

The Company operates a number of equity-settled, share based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Deferred tax is recognised where it is likely that tax relief will be available on the difference between exercise price and market price at the balance sheet date.

Where the Company grants options over its own shares to the employees of its subsidiaries, it recognises a movement in the cost of investment in its subsidiaries equivalent to the equity-settled share based payment charge recognised in its subsidiary's financial statements, with the corresponding movement being recognised directly in equity.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post retirement benefits - defined contribution

The Company contributes to independent defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

Dividends

Dividends from subsidiary companies are accounted for when payable. Dividends payable to shareholders are recognised when they are approved by the shareholders at the Annual General Meeting. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Tax

The charge for taxation is based on the profit for the year. Deferred tax is recognised with discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, as allowed by Financial Reporting Standard 19: "Deferred tax".

Notes to the Parent Company Financial Statements continued

at 31 December 2010

29 Accounting Policies (continued)

Intangible assets

Intangible assets represent publishing rights acquired by the Company.

In 2002, the trade and net assets of a subsidiary undertaking were transferred to the Company at their net book value which was less than their fair value. The cost of the Company's investment in that subsidiary undertaking reflected the underlying fair value of its net assets, including intangible assets, at the time of acquisition. As a result of this transfer, the value of the Company's investment in that subsidiary undertaking fell below the amount at which it was stated in the Company's accounting records. Schedule 4 to the Companies Act 1985 that applied at that time required that the investment be written down accordingly and that the amount be charged as a loss in the Company's profit and loss account. However, the directors considered that, as there had been no overall loss to the Company, it would have failed to give a true and fair view to charge that diminution to the Company's profit and loss account for the year ended 31 December 2002 and the amount was re-allocated to the identifiable net assets transferred, so as to recognise in the Company's individual balance sheet the effective cost to the Company of those net assets, including publishing rights. The Group accounts were not affected by this transfer.

In 2006 the Company transferred the trade and net assets of this entity to a different subsidiary undertaking at their book value excluding any amount for the carrying value of publishing rights. As the business no longer exists in the Company, Schedule 4 to the Companies Act 1985 required that these publishing rights be written down accordingly and that the amount be charged as a loss in the Company's profit and loss account. As there was no overall loss to the Company, the directors considered that it would fail to give a true and fair view to charge the amount to the Company's profit and loss account and instead reallocated this amount to the Company's investment in its subsidiaries. The effect of this departure was to increase the Company's fixed asset investments by £4,421,000 and to decrease publishing rights by a corresponding amount.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	Over the remaining life of the lease
Equipment, fixtures and fittings	5 years
Database development costs	5 years
Motor vehicles	4 years
IT systems	3 years

Stock, work in progress and long term contracts

Inventories are stated at the lower of cost and net realisable value. Work in progress consists of internal and third party editorial and production costs prior to print, which are capitalised for new publications and substantial updates of continuing publications. Work in progress is valued at the lower of cost and net realisable value being the recoverable amount based on anticipated forward sales from the first print run. Inventories are expensed through cost of sales.

Fixed asset investments

In the Company's financial statements, investments in subsidiary undertakings and participating interests are stated at cost less any provisions for impairment.

Impairment of fixed assets and goodwill

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

Notes to the Parent Company Financial Statements continued

at 31 December 2010

29 Accounting Policies (continued)

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial liabilities and equity instruments

Financial assets and financial transactions are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities, and includes no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, or, where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and incremental costs directly attributable to the issue, are accounted for on an accruals basis as part of finance expenses in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period that they arise.

Notes to the Parent Company Financial Statements continued

at 31 December 2010

29 Accounting Policies (continued)

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The Company's policy is to provide financial guarantees only to wholly-owned subsidiaries. At 31 December 2010 no guarantees were outstanding (2009: none).

30 Staff costs

The average number of persons employed by the Company (including executive directors) during the year within each category was:

	2010	2009
Editorial and production staff	3	13
Sales and marketing staff	3	13
Managerial and administration staff	6	10
	12	36

The aggregate payroll costs in respect of these employees (including executive directors) were:

	2010 £'000	2009 £'000
Wages and salaries	465	490
Social security costs	61	123
Pension and other costs	46	58
Share based payment charge	18	16
	590	687

Detailed disclosures on Directors' emoluments are given in note 6.

31 Intangible assets

	Publishing rights £'000
Cost and Net book value	
At 1 January 2010	3,429
Disposals	(2,072)
At 31 December 2010	**1,357**

The disposal relates to the sale of the Education Division which was sold on 19 March 2010 to Harper Collins Publishers Ltd for £10 million.

Notes to the Parent Company Financial Statements continued

at 31 December 2010

32 Tangible fixed assets

	Leasehold improvements £'000	Equipment and motor vehicles £'000	**Total £'000**
Cost			
At 1 January 2010	65	295	**360**
Additions	72	3	**75**
Disposals	(65)	(254)	**(319)**
At 31 December 2010	**72**	**44**	**116**
Depreciation			
At 1 January 2010	26	243	**269**
Charge for the year	7	21	**28**
Disposals	(30)	(222)	**(252)**
At 31 December 2010	**3**	**42**	**45**
Net book value			
At 1 January 2010	39	52	**91**
At 31 December 2010	**69**	**2**	**71**

33 Fixed asset investments

	Subsidiary undertakings £'000	**Total £'000**
Cost		
At 1 January 2010	33,766	**33,766**
Reversals in respect of share based payments	23	**23**
Disposals	(6,000)	**(6,000)**
At 31 December 2010	27,789	**27,789**

Detailed disclosures on subsidiary undertakings are given in note 18. Detailed share based payments disclosures are given in note 28.

The disposal relates to the sale of the Education Division which was sold on 19 March 2010 to Harper Collins Publishers Ltd for £10 million.

34 Stocks

	2010 £'000	2009 £'000
Finished goods	**-**	1,157

Notes to the Parent Company Financial Statements continued

at 31 December 2010

35 Debtors

	2010 £'000	2009 £'000
Trade debtors	**-**	126
Amounts owed by group undertakings	**3,925**	8,437
Other debtors	**3**	22
Deferred tax asset	**5**	-
Prepayments and accrued income	**22**	328
	3,955	8,913

The elements of deferred tax are as follows:

	2010 £'000	2009 £'000
Accelerated capital allowances	**41**	550
Tax losses	**(317)**	(317)
Undiscounted deferred tax liability	**(276)**	233
Effect of discounting	**271**	(118)
Discounted deferred liability	**(5)**	115

Movements in deferred tax for the year are set out below:

	£'000
At 1 January 2010	(115)
Charge to the profit and loss account	120
At 31 December 2010	**5**

36 Cash

	2010 £'000	2009 £'000
Net cash	**650**	-

Notes to the Parent Company Financial Statements continued

at 31 December 2010

37 Creditors: Amounts falling due within one year

	2010 £'000	2009 £'000
Term loan facility payable (see note 38)	**125**	1,230
Bank overdrafts	**-**	878
Trade creditors	**228**	63
Amounts owed to group undertakings	**1,457**	7,091
Other creditors including tax and social security	**7**	91
Deferred tax liability	**-**	115
Accruals and deferred income	**213**	269
	2,030	9,737

38 Creditors: Amounts falling due after more than one year

	2010 £'000	2009 £'000
Term loan facility	**94**	2,180
Amounts owed to group undertakings	**376**	376
	470	2,556

Borrowings are repayable as follows:

	2010 £'000	2009 £'000
On demand or within one year	**125**	1,230
Between one and two years	**94**	1,230
Between two and five years	**-**	950
	219	3,410
Less: Amounts due for settlement within 12 months (shown within creditors falling due within one year - see note 37)	**(125)**	(1,230)
Amount due for settlement after 12 months	**94**	2,180

39 Provision for liabilities

	£'000
At 1 January 2010	-
Charge to the profit and loss account	38
Utilised	(38)
At 31 December 2010	-

Provision for liabilities relates to non-trading items as described in note 4. Amounts charged in 2010 represent abortive deal costs.

Notes to the Parent Company Financial Statements continued

at 31 December 2010

40 Share capital

	2010 £'000	2009 £'000
Authorised:		
200,000,000 Ordinary shares of 10p each (2009: 200,000,000)	**20,000**	20,000
Allotted, called-up and fully paid:		
151,998,453 Ordinary shares of 10p each (2009: 151,998,453)	**15,200**	15,200

The Company has one class of ordinary shares which carry no right to fixed income.

41 Reconciliation of movement in shareholders' funds

Company	Share Capital £'000	Share premium £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2010	15,200	30,816	409	(11,362)	**35,063**
Capital reduction	-	(30,816)	-	30,816	**-**
Loss for the year	-	-	-	(3,778)	**(3,778)**
Share based payment charge	-	-	-	37	**37**
At 31 December 2010	**15,200**	**-**	**409**	**15,713**	**31,322**

At an Annual General Meeting of the Company held on 16 June 2010, the members of the Company resolved that the Company's share premium account be cancelled.

Following the passing of the resolution an application was made to the Companies Court, Chancery Division, High Court of Justice to approve the capital reduction. The capital reduction was confirmed by the Court on 14 July 2010 and became effective when the order of the Court and minute on reduction of capital and cancellation of share premium account was registered at Companies House on 27 July 2010.

42 Operating lease arrangements

Total commitments under non-cancellable leases are as follows:

	2010 Land and buildings £'000	2010 Other £'000	2009 Land and buildings £'000	2009 Other £'000
Expiry date:				
- within one year	**-**	**-**	427	4
- between two and five years	**1,153**	**-**	508	1
- after five years	**266**	**-**	100	-
	1,419	**-**	1,035	5

Schedule A

Reconciliation between operating profit and non-statutory performance measure
The following tables reconcile operating profit as stated in the income statement to EBITDA, a non-statutory measure which the Directors believe is the most appropriate measure in assessing the performance of the Group.

EBITDA is defined by the Directors as being earnings before interest, tax, depreciation, amortisation of assets acquired through business combinations, and non-trading items. Plate cost amortisation is included within cost of sales in the Education Division as management believe this is an appropriate classification.

Year ended 31 December 2010	**Operating profit/(loss) £'000**	Depreciation* £'000	Amortisation and Impairment of intangible assets £'000	Non-trading** items £'000	**EBITDA £'000**
Political					
Political	**705**	488	1,135	337	**2,665**
Learning	**(163)**	17	204	34	**92**
	542	505	1,339	371	**2,757**
Head Office	**(820)**	17	-	56	**(747)**
Results from continuing operations	**(278)**	**522**	**1,339**	**427**	**2,010**
Education (discontinued)	**(262)**	32	142	-	**(88)**
	(540)	**554**	**1,481**	**427**	**1,922**

Year ended 31 December 2009	**Operating profit/(loss) £'000**	Depreciation* £'000	Amortisation and Impairment of intangible assets £'000	Non-trading** items £'000	**EBITDA £'000**
Political					
Political	**1,663**	430	1,219	17	**3,329**
Learning	**(107)**	17	130	76	**116**
	1,556	447	1,349	93	**3,445**
Head Office	**(989)**	16	-	73	**(900)**
Results from continuing operations	**567**	**463**	**1,349**	**166**	**2,545**
Education (discontinued)	**(9,455)**	119	10,174	385	**1,223**
	(8,888)	**582**	**11,523**	**551**	**3,768**

*including amortisation of software shown within intangibles.

** including share based payments charges/(credits) and profit on disposal of subsidiary undertaking.

Shareholder Information

Shareholder Analysis

As at 2 March 2011, the number of registered shareholders was 1,038 and the number of Ordinary shares in issue was 151,998,453.

Range of Holdings	Number of Shareholders	Percentage of Shareholders	Number of Shares (million)	Percentage of Total Shares
1 to 1,500	352	33.91	243,382	0.16
1,501 to 5,000	279	26.88	861,385	0.57
5,001 to 10,000	149	14.35	1,136,060	0.75
10,001 to 50,000	160	15.41	3,543,944	2.33
50,001 to 100,000	35	3.37	2,615,223	1.72
100,001 to 250,000	21	2.02	3,624,307	2.38
250,001 to 500,000	8	0.77	2,790,228	1.84
500,001 to 1,000,000	12	1.16	9,125,413	6.00
1,000,001 to 2,500,000	12	1.16	18,541,051	12.20
2,500,001 to 5,000,000	6	0.58	21,898,890	14.41
5,000,001 to highest	4	0.39	87,618,570	57.64
Total	**1,038**	**100.00**	**151,998,453**	**100.00**
Held By: Individuals	**695**	**66.96**	**13,084,919**	**8.61**
Institutions and Companies	**343**	**33.04**	**138,913,534**	**91.39**
Total	**1,038**	**100.00**	**151,998,453**	**100.00**

Company Registrar

Equiniti provide a range of shareholder information on-line. You can check your holding and find practical help on transferring shares and updating your personal details at www.sharereview.co.uk. Equiniti may also be contacted on 0871 384 2639 (calls to this number are charged at 8p per minute from a BT landline. Other telephony providers' costs may vary), or by writing to Equiniti, Aspect House, Spencer Road, Lancing ,West Sussex, BN99 6ZL.

Share Dealing Service

An internet and telephone share dealing service is operated by the Company's registrar, Equiniti, enabling shareholders to buy and sell Dods (Group) PLC Ordinary shares on the London Stock Exchange. Shareholders who are interested in using these services should visit www.sharereview.co.uk or telephone +44 (0) 845 603 737.

Unsolicited Mail

The Company is required by law to make its share register available upon request to the public and organisations which may use it as a mailing list resulting in shareholders receiving unsolicited mail. Shareholders wishing to limit the receipt of such mail should write to the Mailing Preference Service, DMA House, 70 Margaret Street, London W1W 8SS.

ShareGift

Shareholders, who hold only a small number of shares, where dealing costs make it uneconomic to sell them, may wish to consider donating them to charity though ShareGift, a registered charity administered by The Orr Mackintosh Foundation. The relevant share transfer form can be obtained from their website www.sharegift.org or by writing to ShareGift, 5 Lower Grosvenor Place, London SW1W 0EJ, or by telephoning +44 (0)20 7828 1151.

Dividend Payments to Mandated Accounts

Where shareholders have given instruction for future dividends to be paid directly to a bank or building society account, this is done via the Bankers Automated Clearing System (BACS). This facility provides an immediate access to funds, without the inconvenience of waiting for postal delivery or having personally to visit a bank.

Annual General Meeting

The Annual General Meeting of the Company will be held on 13 June 2011 at the London offices of Reynolds Porter Chamberlain at 2pm. A separate circular, comprising a Letter from the Non-Executive Chairman, Notice of Meeting, Explanation of Special Business and a reply-paid Form of Proxy, accompanies this document.

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Fax: +44 (0) 1353 865351
www.fenman.co.uk
www.trainingjournal.com

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www.cenkos.com

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Lloyds Banking Group

Legal Advisors
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Financial Calendar 2011

4 April
2010 Preliminary Results announcement

13 June
Annual General Meeting

September (provisional)
2011 Interim Results announcement

31 December
Financial year-end 2011

Dods (Group) PLC
Key Products and Services

We have built and acquired a quality portfolio of market-leading brands, products and services across each of our selected growth markets. We serve the private and public sectors through a combination of delivery media, including print (magazines, directories, newsletters and books) digital (websites, monitoring and databases), seminars, conferences, events and awards.

Magazines, directories, newsletters and books

Dods Parliamentary Companion
Dods Civil Service Companion
Who's Who in Public Affairs
European Public Affairs Directory
Vacher's Parliamentary Profiles
Vacher's Quarterly

Dods Constituency Guide
Dods Handbook of House of Commons Procedure
Dods Handbook of House of Lords Procedure

The House Magazine
Civil Service World
Public Affairs News
The Parliament Magazine
The Regional Review
The Research Review

Trombinoscope Parlement, Gouvernement & Institutions
Trombinoscope Régions, Départements & Communes
Trombinoscope de la Santé
Trombinoscope Union européenne
Le Trombinoscope de poche « Cabinets Ministériels »
La Lettre du Trombinoscope

Training Journal

Digital

www.dodspeople.com
www.epolitix.com
www.civilservicenetwork.com
www.electus-group.com
www.theparliament.com
www.trombinoscope.com

Dods UK Monitoring
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www.traineractive.com
www.trainingjournal.com

Seminars, conferences & events

Dods Party Conference Fringe Events
Dods Round Tables
Dods Blue Skies Events

Civil Service World Civil Service Conference Series (including – The Coming Year in Parliament)
Civil Service World Civil Service Roundtables

Civil Service Live
Civil Service Live – Regional Events

Westminster Briefing
Westminster Explained

Training Journal – Westminster Briefing
Training Journal Learning & Development 20:20
Master Workshops for Trainers

Training Journal Seminars
Training Journal Annual Conference

Awards

Woman in Public Life Awards
Charity Champion Awards
House Magazine Parliamentary Awards
House Magazine Parliamentary Researcher of the Year Awards
MEP Awards
European Public Affairs Awards
Public Affairs News Awards
Civil Service Awards
Diversity & Equality Awards
Prix Trombinoscope de l'Homme Politique de l'année
TJ'S Annual Industry Best Practice Awards

Other

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Electus Network Search
Electus Advertised Selection
Electus Executive Search
Electus Freelance/Interim Management

Polling

Dods Polling
Dods European Polling

Training Materials

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Training Manuals
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CIVIL SERVICE AWARDS 2010

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fenman Professional Training Resources

DODS EU EVENTS

REGIONAL REVIEW

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DODS EU MONITORING

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Dods is a public limited company registered in England No. 04267888. Its Ordinary shares are listed on the Alternative Investment Market (AIM) (ticker DODS.L).

Dods (Group) PLC is the parent company of the Dods Group of companies. Unless otherwise stated, the text in this Annual Report does not distinguish between the activities and operations of the parent company and those of its subsidiary undertakings.

This is the Annual Report of Dods (Group) PLC for the 12 month period ended 31 December 2010 and complies with UK legislation and regulations. It is also available on the Company's website: www.dodsgroupplc.com

Cautionary Statement
The purpose of this Interim Report is to provide information to the members of the Company.
The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve risk and uncertainty, since future events and circumstances can cause results and developments to differ from those anticipated. Nothing in this Annual Report should be construed as a profit forecast.

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