Company Registration No. 1579589

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

Report and Financial Statements

31 July 2003

Deloitte & Touche LLP
London

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

REPORT AND FINANCIAL STATEMENTS 2003

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NEXT FIFTEEN COMMUNICATIONS GROUP PLC

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Thomas Lewis	Chairman
Timothy Dyson	Chief Executive Officer +
David Dewhurst, ACA	Finance Director
Brendan Magee, FCA	Non-executive Director #*+
Ian Taylor, MBE, MP	Non-executive Director #*+

Member of the Audit Committee
* Member of the Remuneration Committee
+ Member of the Nomination Committee

COMPANY SECRETARY

Mark Sanford, Solicitor

REGISTERED OFFICE

Power Road Studios
114a Power Road
London W4 5PY

Registered in England and Wales No. 1579589

REGISTRAR

Capita IRG PLC
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

SOLICITORS

Salans
Clements House
14-18 Gresham Street
London EC2V 7NN

JOINT FINANCIAL ADVISERS

ARM Corporate Finance Limited
12 Pepper Street
London
E14 9RP

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
London

STOCKBROKERS AND JOINT FINANCIAL ADVISERS

Evolution Beeson Gregory Limited
100 Wood Street
London
EC2V 7AN

BANKERS

Barclays Bank PLC
Barclays Business Centre
P O Box No. 15162
2nd Floor
50 Pall Mall
London SW1A 1QB

DIRECTORS' REPORT

The Directors present their annual report together with the audited financial statements of Next Fifteen Communications Group plc ("the Company") and its subsidiaries ("the Group") for the year ended 31 July 2003.

PRINCIPAL ACTIVITY

The principal activity of the Group during the year continued to be that of the provision of public and press relations services, for clients predominantly in the technology sector and those that are using technology to drive their businesses forward.

REVIEW OF BUSINESS AND FUTURE PROSPECTS

The state of the Group's affairs during the year and at the balance sheet date was satisfactory. The activities of the Group are organised within three independent subsidiary brands that operate as autonomous businesses: Text 100 International, Bite Communications and AUGUST.ONE COMMUNICATIONS. The Group has made a satisfactory start to the new financial year. We believe that the signs of market improvement are there to be seen, most notably in our largest market the USA and it will take a sudden macroeconomic reverse to stall this progress.

RESULTS AND DIVIDENDS

The interim dividend paid during the year was 0.3p per share (2002: nil). A final dividend of 0.7p (2002: 0.9p) per share has been proposed, making the total for the year £371,000 (2002: £361,000). The Group made a profit attributable to members of the holding company for the year of £911,000 (2002: £2,381,000).

ACQUISITION OF OWN SHARES

In August 2002, the Company funded the acquisition of two million of its' own shares by the Employee Share Ownership Trust (ESOT). The total consideration paid for these shares was £527,000. The purchase will enable the Group to continue to offer equity motivation to employees without further diluting existing shareholdings.

SUBSEQUENT EVENTS

On 8 September 2003, the Company announced the acquisition of the public relations division of Applied Communications Group ("Applied"), based in San Francisco and Amsterdam. This was followed by the purchase of the research business of Applied on 2 October 2003. The consideration for these acquisitions will be a maximum of £1,067,000 payable in cash over three years, subject to performance criteria. The net liabilities acquired had a fair value of £42,000. (See note 23).

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year and their beneficial interests in the shares of the Company were:

	Ordinary shares of 2.5p each	
	31 July 2003	**1 August 2002**
T Lewis (Chairman)[1]	6,666,672	6,771,862
T Dyson	5,745,304	5,750,494
B Magee[2]	487,400	487,400
D M Dewhurst[3]	89,000	89,000
I Taylor	38,285	38,285

1 Including 2,000,000 shares held through The Thomas Lewis Discretionary Settlement Trust of which he is a trustee.

2 Including 156,000 shares held through Levitt Tomkins Limited, 37,860 shares held by his wife, Hilary Magee and 32,000 shares held through BFS Nominees Limited.

3 Including 20,000 shares held by his wife, Mary Dewhurst.

DIRECTORS' REPORT (continued)

The market price of the Company's shares, during the year, was as follows:

Price at 1 August 2002	24.5p
Highest price	50.5p
Lowest price	24.5p
Price at 31 July 2003	44.0p

The directors have no other interests in shares or debentures of the Company or any other Group company such as would be required to be disclosed by the Companies Act 1985.

SUBSTANTIAL INTERESTS

On 10 November 2003 the following interests in 3% or more of the issued share capital had been notified to the company:

	Ordinary shares of 2.5p each
T Lewis (Chairman)	6,666,672
T Dyson	5,745,304
M Ravden	4,534,294
3i Smaller Quoted Companies Trust plc	1,376,666

NEW GROUP COMPANIES AND BRANCHES

During the year branches of Text 100 Limited (UK) were established, which operate in Denmark and Korea and a branch of Text 100 Pty Limited (Australia) was established in Taiwan. Two new companies were also set up: Beijing Text 100 Consulting Services Limited which operates in China, and Inferno Communications Limited a UK company, jointly owned by Bite Communications Group Limited and AUGUST.ONE COMMUNICATIONS International Limited.

CHARITABLE DONATIONS

During the year the Group made charitable donations of £3,000 (2002: £7,000).

POLITICAL DONATIONS

It is not the Group's policy to make donations for political purposes.

PAYMENTS TO SUPPLIERS

It is the policy of the Group to agree suitable terms and conditions for its business transactions with all suppliers. These terms and conditions range from standard written terms to individually drafted contracts. Once such terms are agreed, it is the Group's policy to adhere fully to them, including payment schedules, provided the supplier has also complied with the terms and conditions. The number of days taken by the Group to pay suppliers on the basis of trade creditors at 31 July and average daily purchases for the year is 38 days (2002: 43 days).

DIRECTORS' REPORT (continued)

EMPLOYEE INVOLVEMENT

The Group operates a policy of regularly informing all employees of the Group's financial performance through a combination of meetings and electronic communication. In addition, the Group's Employee Share Option Schemes and bonus schemes encourage employees at all levels to contribute to the achievement of the Group's short and long-term goals.

EMPLOYMENT OF DISABLED PERSONS

The Group gives full and fair consideration to all applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. The Group's policies for training, career development and promotion policies do not disadvantage these employees.

PENSIONS

All UK employees, who have been with the Group longer than three months, are offered the chance to participate in a personal pension scheme. The company offers all such employees a pension contribution of at least 3% of their salary.

AUDITORS

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

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

Mark Sanford

Mark Sanford
Company Secretary

10 November 2003

REMUNERATION REPORT

INTRODUCTION

This report has been prepared with reference to the Directors' Remuneration Report Regulations 2002. The report also meets the relevant requirements of the Listing Rules of the Financial Sevices Authority and describes how the Board has applied the Principles of Good Governance relating to directors' remuneration. The Regulations require the auditors to report to the Company's members on the audited parts of the Remuneration Report and these reports have been marked as (audited).

The Remuneration Committee's principal function is to determine the remuneration packages of the Group's executive directors. It takes into consideration the performance of the executive directors and sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of shareholders. No executive director may participate in decisions regarding his own remuneration.

The Committee also makes recommendations to the Board concerning the allocation of both share options and bonuses to senior employees.

The Committee consists solely of non-executive directors, Ian Taylor (Chairman) and Brendan Magee. The Committee has access to professional advice as and when it considers this necessary.

REMUNERATION POLICY

The Group's overall remuneration policy aims are to:

- attract, develop, motivate and keep talented people at all levels throughout the Group;
- pay competitive salaries and benefits to all of its people; and
- encourage the holding of shares in the Company as an effective way of aligning the interests of employees with those of shareholders.

In framing this policy, the Remuneration Committee and the Board has given full consideration to the provision of the Combined Code. In determining remuneration packages, the Remuneration Committee has regard to the importance of attracting, retaining and motivating executive directors of the calibre required to continue the Group's growth and development. In arriving at its recommendations, the Committee considers salary surveys covering the international PR industry as well as quoted UK companies of a comparable size. As one of the Group's directors is located abroad, the Committee also considers published cost-of-living surveys for the appropriate countries and cities.

Directors' remuneration includes an element of performance related pay so that directors' awards can be aligned to improvements in shareholders' value. The level of these bonuses is entirely at the discretion of the Remuneration Committee. These bonuses are based on the Committee's assessment of the performance of individual directors against personal targets and performance of the Group as a whole against budgets.

DIRECTORS' SERVICE CONTRACTS

All executive directors have rolling contracts that are terminable on six months' notice. There are no other contractual entitlements to compensation on termination of the employment of any of the directors. The executive directors are not allowed to accept appointments and retain payments from sources outside the Group unless such appointment is approved by the Board. Tim Dyson and David Dewhurst are due to retire by rotation and offers themselves for re-election.

All non-executive directors have rolling contracts that are terminable on three months' notice.

NON-EXECUTIVE DIRECTORS

The executive directors are responsible for setting the non-executive directors' fees. Under the terms of their appointment, all non-executive directors' appointments are terminable by either party immediately on written notice signed by all other directors without prejudice to any contractual rights. Non-executive directors cannot participate in the Company Share Option Schemes and are not entitled to any pension benefit.

REMUNERATION REPORT

DIRECTORS' REMUNERATION (AUDITED)

	Contract date	Salary and fees £'000	Performance related bonus £'000	Pension contri-butions £'000	Taxable benefits £'000	2003 Total £'000	2002 Total £'000
Executive Directors:							
T Lewis	01.02.97	103	-	7	2	112	112
T Dyson	01.06.97	235	10	6	10	261	271
D Dewhurst	07.07.99	147	10	6	2	165	152
Non-Executive Directors:							
B Magee	19.10.99	24	-	-	-	24	23
I Taylor	12.01.99	30	-	-	-	30	59
		539	20	19	14	592	617

Taxable benefits relate to private healthcare provision and company car benefits. In 2002, included within the total remuneration of £617,000 are pension contributions of £20,000.

The Group's main board focuses on corporate matters that affect the broader interests of shareholders. Responsibility for many brand level operational matters has been delegated to the Executive Council. The Executive Council, which is chaired by the Group CEO, consists of the CEOs of the Group's core brands and the Group Finance Director.

Details of payments made to related parties for any of the above directors are detailed in note 24 to the accounts.

DIRECTORS' SHARE OPTIONS (AUDITED)

The remuneration committee recommends the award of share options to executive directors in order to incentivise and retain them, except in cases where the director already has a substantial beneficial interest.

At 31 July 2003, the following directors held options to purchase 2.5p ordinary shares:

	Date granted	Exercise price/share	Surrendered during the year	Unexercised share options at 31 July 2003	Unexercised share options at 1 August 2002
D Dewhurst	30.7.1999	47.25p	-	150,000	150,000
	22.11.2000	215.0p	110,000	-	110,000
	23.10.2001	23.5p	-	90,000	90,000
	22.10.2002	30.0p	-	200,000	-

The share options become exercisable on the following dates:

- the first third of the total number granted on the third anniversary of the date of granting;
- the second one third of the total number granted on the fourth anniversary of the date of granting; and
- the final one third of the total number granted on the fifth anniversary of the date of granting.

The share options held by the director cannot be exercised after the earlier of one of the following events:

- twelve months after the death of the director;
- one month after the date on which a Court sanctions an arrangement under s.425 of the Companies Act 1985;
- the date of cessation of the director's employment by the Group; or
- ten years after the date on which the share options were granted.

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

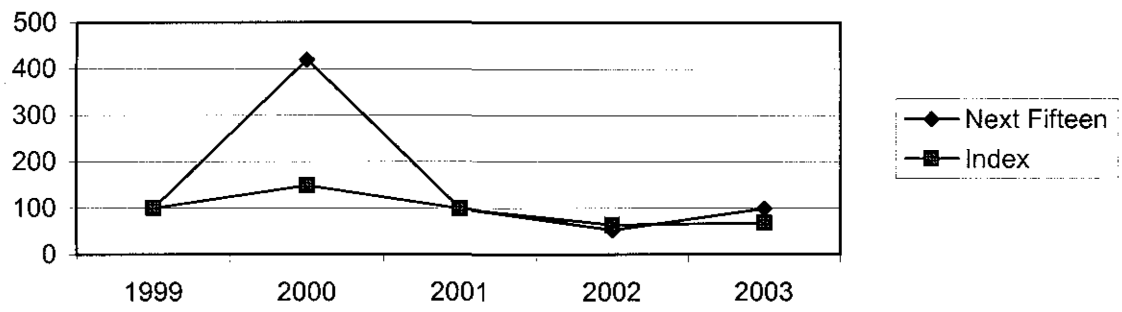
REMUNERATION REPORT

DIRECTORS' SHARE OPTIONS (continued)

For all OPTIONS granted after 30 November 1999 there is a performance criteria that the options may not be exercised unless the Company's earnings per share has, over a three year period beginning not earlier than the financial year preceding the date the option is granted, grown by at least 30%. Options granted before this date did not have specific performance criteria. Share price growth was expected to be derived from earnings per share growth but without a hurdle rate for exercise.

PERFORMANCE GRAPH

The following graph illustrates the Company's total shareholder return since 31 July 1999 relative to the FTSE Media and Entertainment Index. The starting point reflects the end of the financial year prior to the Company's shares becoming fully-listed on the London Stock Exchange. The Company is listed within the Media and Entertainment sector and the Committee considers that a comparison of the Company's total shareholder return to that of similar businesses is more relevant than a comparison with a general FTSE index based on size of company.



The graph looks at the value, by the end of July 2003, of £100 invested in the Company compared to £100 invested in the FTSE Media & Entertainment Index.

By Order of the Board

I Taylor
Chairman of Remuneration Committee

10 November 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those 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; and
- state whether applicable accounting standards have been followed.

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

CORPORATE GOVERNANCE

The Group is committed to high standards of corporate governance. This report sets out how the principles of the Combined Code have been applied. The Combined Code was issued by the Financial Services Authority and is a combination of recommendations from three committees formed to advise on corporate governance within UK industry.

Statement of compliance

The board has reviewed the Company's compliance with the Code of Best Practice as set out in Section 1 of the Combined Code of Coporate Governance ('the Combined Code'). The board confirms that throughout the year and up to the date of the approval of the accounts the Company has complied with the provisions of the Combined Code with the following exceptions:

(i) there are only two non-executive directors who are Brendan Magee and Ian Taylor MP, rather than the three recommended by the Combined Code (Code Provision D3.1). Both non-executive directors are on the Audit Committee.

(ii) the non-executive directors have rolling contracts terminable on three months' notice rather than fixed term contracts (Code Provision A6.1).

Board of directors

The board of directors consists of five directors, including two non-executives. They are responsible for the strategic direction, investment decisions and effective control of the Group. Responsibility for many brand level operational matters is delegated to the Executive Council. The board meets monthly by conference call, and at other times when required, because Tim Dyson, the Chief Executive, is located in San Francisco. They have met face to face at least quarterly. There is a schedule of matters reserved for board approval which is regularly reviewed and includes, amongst other things, approval of the Group's annual budget, establishment of new subsidiaries, property leases, significant acquisitions or disposals of fixed assets and client contracts valued at more than £200,000 fee income per year.

Prior to each monthly board meeting every member of the Board receives an agenda and monthly trading results together with a detailed commentary. The non-executive directors are encouraged to ask for further information if necessary. The roles of the Chairman and Group Chief Executive are separate and clearly defined. The Chairman, Tom Lewis, is responsible for managing the Board and the Chief Executive, Tim Dyson, is responsible for managing the Group's operations.

The directors have adopted a number of policies and procedures to help them operate effectively. These include access to independent professional advice and the advice of the company secretary.

All directors are subject to re-election every three years. This year Tim Dyson and David Dewhurst will retire and will be subject to re-election.

Non-executive directors

Both non-executive directors are independent and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. Whilst Brendan Magee has served as a director for more than ten years we do not believe this affects his independence. Rather we believe that this means Brendan has the in-depth knowledge of the Company to properly challenge the executive directors. In addition Brendan has aligned his interests with those of the shareholders by investing his own funds in the company. Whilst he is not a significant shareholder he has invested substantially more in the company than the annual director fee that he earns.

The non-executive directors have significantly different backgrounds and bring a wide range of experience to the company. Ian Taylor MP has been appointed the Senior Independent Director. Both non-executive directors are encouraged to voice any concerns they may have at the monthly board meetings. Both are members of the Company's Audit Committee, Remuneration Committee and Nominations Committee that have been established to assist the board.

CORPORATE GOVERNANCE (continued)

The Audit Committee – comprises both of the non-executive directors. It meets periodically and at least annually with the external auditors, and with other directors and management attending by invitation. Its terms of reference cover reviewing the findings of the audit work undertaken by the Group's auditors, reviewing the effectiveness of the financial reporting and internal control procedures and reviewing the relationship with external auditors, together with determining the level of their fees.

The Nomination Committee – comprises Tim Dyson, Brendan Magee and Ian Taylor (chairman). It meets as necessary to review the Board structure, size and composition. It is also responsible for identifying and nominating candidates to fill board vacancies and to make recommendations for the continuance (or not) of the service of a director.

The Remuneration Committee – The report of the Remuneration Committee is set out on pages 5 to 7.

Relationship with investors

The Company meets regularly with its institutional shareholders and is keen to encourage shareholder participation at the Annual General Meeting. Proxy votes are disclosed following a show of hands on each resolution. The Company also has an internet site **www.nextfifteen.com** on which it publishes its annual and interim reports, press releases and analyst reports on the Company. The Company has started to provide an audio webcast of its results presentations, available on the above website. These measures enable information on the Company to reach a greater number of investors and interested stakeholders. The Company is committed to the ongoing improvement of the information on its website.

Internal control

The Combined Code requires that the board review the effectiveness of the Group's internal controls to cover all controls including financial, operational, compliance and risk management.

The directors of the Company have overall responsibility for the system of internal control for the Group and for reviewing its effectiveness. It is the responsibility of management to implement board policies on risk and control. The Group's system of internal control is designed to manage rather than eliminate risk and can only provide reasonable and not absolute assurance against material misstatement or loss.

The procedures put in place to satisfy the criteria in "Internal Control: Guidance for Directors on the Combined Code", have remained in place throughout the year and up to the approval date of the annual report and accounts. Each of the core brands have their own key risks document and review the extent and likelihood of each significant risk and the effectiveness of the controls that manage these risks. The board have reviewed the risk document for the Group and are therefore aware of the effectiveness of the Group's internal controls in accordance with the recommendations of the Turnbull Committee.

The board considers the most significant risks to the Group to be (i) client risk - whilst the Group has a strong blue chip client base there is a risk of over-reliance on a small number of clients (ii) sector risk – over the last year the public relations sector as a whole has suffered a continued downturn. The biggest threat is considered to be clients taking their public relations work in-house. The board considers diversification periodically but currently do not believe offering new services outside public relations to be the right strategy for the group and (iii) current losses in some jurisdictions cannot be relieved for tax purposes and materially affect the earnings per share.

Several new controls have been implemented during the year and other controls have been improved as a result of last year's review process. Further action points have been identified to improve and implement new controls as a result of this year's risk review that reflect the change in risk profile of the group over the last twelve months. These action points have been prioritised and there will be a continual process of improvement. The board has considered the need for a separate internal audit function but has decided that because of the size of the Group this function will continue to be carried out by existing finance staff. Once again, this decision will be reviewed next year.

Going concern

The directors have reviewed the Group's budget and cash requirements for the year ending 31 July 2004 and considered outline plans for the Group thereafter. The directors are satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEXT FIFTEEN COMMUNICATIONS GROUP PLC

We have audited the financial statements of Next Fifteen Communications Group plc for the year ended 31 July 2003 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated balance sheet, the company balance sheet, the cash flow statement and the related notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the directors' remuneration report that is described as having been audited.

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

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the annual report including the directors' remuneration report. Our responsibility is to audit the financial statements and the part of the directors' remuneration report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

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

Basis of audit opinion

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEXT FIFTEEN COMMUNICATIONS GROUP PLC (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 July 2003 and of the profit of the group for the year then ended; and
- the financial statements and the part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

11 November 2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 July 2003

	Note	£'000	2003 £'000	£'000	2002 £'000
TURNOVER	2		39,740		40,250
Other external charges			(4,582)		(4,458)
NET REVENUE			35,158		35,792
Staff costs	4	22,604		22,975	
Depreciation, amortisation and amounts written off intangible assets		1,732		1,820	
Other operating charges:					
Reorganisation costs	5	794		947	
Other operating charges		8,431		8,999	
			(33,561)		(34,741)
OPERATING PROFIT	3		1,597		1,051
Exceptional profit relating to sale of trademark			-		3,132
Interest receivable and similar income			102		62
Interest payable and similar charges	7		(55)		(178)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2		1,644		4,067
Tax on profit on ordinary activities	8		(692)		(1,614)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			952		2,453
Minority interests			(41)		(72)
PROFIT ATTRIBUTABLE TO MEMBERS			911		2,381
Equity dividends paid and proposed	9		(371)		(361)
Retained profit for the financial year	21		540		2,020
Basic earnings per share	10		2.371p		5.937p
Diluted earnings per share	10		2.305p		5.781p
Adjusted earnings per share	10		3.731p		2.184p

There are no differences between the profit stated on an historical cost basis and the profit as presented above and therefore no note of historical cost profits and losses is presented. The Company's loss after tax for the financial year was £614,000 (2002 profit after tax: £2,286,000).

The results presented above derive from continuing operations.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 July 2003

	Note	2003 £'000	2002 £'000
Profit attributable to members		911	2,381
Currency translation differences on foreign currency net investments		143	(117)
Total recognised gains and losses relating to the year		1,054	2,264

NEXT FIFTEEN COMMUNICATIONS GROUP PLC

CONSOLIDATED BALANCE SHEET
As at 31 July 2003

	Note	£'000	2003 £'000	£'000	2002 £'000
FIXED ASSETS					
Intangible assets	11		57		-
Tangible assets	12		2,603		3,228
Investments	13		2,036		1,509
			4,696		4,737
CURRENT ASSETS					
Debtors	14	7,371		6,470	
Cash at bank and in hand		3,828		4,724	
		11,199		11,194	
CREDITORS: amounts falling due within one year	15	(6,234)		(6,941)	
NET CURRENT ASSETS			4,965		4,253
TOTAL ASSETS LESS CURRENT LIABILITIES			9,661		8,990
CREDITORS: amounts falling due after more than one year	16		(96)		(208)
PROVISIONS FOR LIABILITIES AND CHARGES	18		(521)		(410)
NET ASSETS			9,044		8,372
CAPITAL AND RESERVES					
Called up share capital	19		1,121		1,121
Share premium account	21		2,711		2,711
Profit and loss account	21		5,148		4,465
EQUITY SHAREHOLDERS' FUNDS			8,980		8,297
Minority interests			64		75
			9,044		8,372

These financial statements were approved by the Board of Directors on 10 November 2003.

Signed on behalf of the Board of Directors

T Lewis
Chairman

D Dewhurst
Finance Director

COMPANY BALANCE SHEET
As at 31 July 2003

	Note	£'000	2003 £'000	£'000	2002 £'000
FIXED ASSETS					
Tangible assets	12		139		206
Investments	13		2,157		1,585
			2,296		1,791
CURRENT ASSETS					
Debtors	14	3,774		4,523	
Cash at bank and in hand		700		2,538	
		4,474		7,061	
CREDITORS: amounts falling due within one year	15	(1,749)		(2,853)	
NET CURRENT ASSETS			2,725		4,208
TOTAL ASSETS LESS CURRENT LIABILITIES			5,021		5,999
CREDITORS: amounts falling due after more than one year	16		-		(35)
PROVISIONS FOR LIABILITIES AND CHARGES	18		(90)		(48)
NET ASSETS			4,931		5,916
CAPITAL AND RESERVES					
Called up share capital	19		1,121		1,121
Share premium account	21		2,711		2,711
Profit and loss account	21		1,099		2,084
EQUITY SHAREHOLDERS' FUNDS			4,931		5,916

These financial statements were approved by the Board of Directors on 10 November 2003.

Signed on behalf of the Board of Directors

T Lewis
Chairman

D Dewhurst
Finance Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 July 2003

		2003 £'000		2002 £
Net cash inflow from operating activities (note 28(1))		3,594		4,284
Returns on investments and servicing of finance				
Interest received	102		62	
Interest paid	(55)		(178)	
Minority interest dividends paid	(75)		(36)	
Net cash outflow from returns on investments and servicing of finance		(28)		(152)
Net cash outflow from taxation		(1,948)		(702)
Capital expenditure and financial investment				
Proceeds/(payments) for long term deposits	17		(53)	
Payments relating to sale of trademark	-		(73)	
Payments to acquire tangible fixed assets	(1,177)		(977)	
Payments to acquire own shares	(527)		-	
Proceeds relating to sale of trademark	-		3,205	
Proceeds from sale of own shares	16		8	
Proceeds from sale of tangible fixed assets	35		209	
Net cash (outflow)/inflow from capital expenditure and financial investment		(1,636)		2,319
Acquisitions and disposals				
Payments to acquire trade and assets (note 11)	(40)		-	
Net cash outflow from acquisitions and disposals		(40)		-
Equity dividends paid		(461)		-
Net cash (outflow)/inflow before financing		(519)		5,749
Financing				
Issue of shares to minorities	4		-	
Net capital outflow from bank loans	(75)		(2,256)	
Capital element of finance lease rental payments	(239)		(415)	
Redemption of minorities (note 11)	(91)		-	
Net cash outflow from financing		(401)		(2,671)
(Decrease)/increase in cash for the year (note 28(3))		(920)		3,078

NOTES TO THE ACCOUNTS
Year ended 31 July 2003

1. ACCOUNTING POLICIES

The Group's and the Company's financial statements are prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies are as follows:

Basis of preparation

The financial statements are prepared under the historical cost convention.

The Group's financial statements consolidate the financial statements of Next Fifteen Communications Group plc and all of its subsidiary undertakings drawn up to 31 July each year using the acquisition method of accounting. No profit and loss account has been presented for the Company as permitted by section 230 of the Companies Act 1985.

The consolidated financial statements are available to the public and can be obtained from Power Road Studios, 114a Power Road, London W4 5PY.

Turnover

Turnover represents the invoiced value of services supplied excluding all sales taxes after adjusting for any change in the level of accrued income during the year.

Accrued income and profit recognition

Accrued income is valued on the basis of the cost of services provided up to the balance sheet date and not yet invoiced. Profit is taken on all work completed by that date.

Goodwill

Purchased goodwill, which is the difference between the consideration paid and the fair value of the net assets acquired, is capitalised in the year in which it arises and is amortised over its estimated useful life up to a maximum of 20 years. The directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period.

Tangible fixed assets

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

Leasehold premises	Over the term of the lease, or until the first break clause
Office equipment	20% - 30% per annum straight line
Office furniture	20% per annum straight line
Motor vehicles	25% per annum straight line

Foreign currencies

The results of overseas subsidiaries are translated at the average rates during the year and the balance sheets of these undertakings are translated at the year end exchange rates. Exchange differences arising on retranslation of opening net assets of foreign subsidiaries and branches are taken to reserves.

Monetary assets and liabilities denominated in foreign currencies are expressed in sterling at the rate of exchange ruling at the balance sheet date. Foreign currency transactions are expressed in sterling at the rates of exchange ruling at the dates of the transactions. Exchange gains and losses and translation differences are taken directly to the profit and loss account.

Financial instruments

Derivative instruments utilised by the group are forward exchange contracts. The group does not enter into speculative derivative contracts. All such instruments are used to alter the risk profile of an underlying exposure of the group in line with the group's risk management policies. Premiums payable under foreign exchange contracts are expensed over the life of the contract.

NOTES TO THE ACCOUNTS (continued)
Year ended 31 July 2003

1. ACCOUNTING POLICIES (continued)

Hire purchase and leasing transactions

Assets financed by hire purchase are included in the balance sheet at cost less accumulated depreciation. The interest element on these obligations is charged to the profit and loss account so as to approximate a constant interest rate over the life of each agreement. Operating lease rentals are charged to the profit and loss account as in equal amounts over the lease term.

Pension costs

Pension costs, which relate to payments made by the Company to employees' own defined contribution pension plans, are charged to the profit and loss account as incurred.

Investments

Fixed asset investments are stated at cost less provisions for impairment.

Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. SEGMENTAL INFORMATION

Analyses of turnover, profit before taxation and net assets by geographic origin and destination are stated below. The turnover relates to one class of business, being the provision of public relations services.

	Year ended 31 July 2003			Year ended 31 July 2002		
	Turnover £'000	Profit before taxation £'000	Net assets £'000	Turnover £'000	Profit before taxation £'000	Net assets £'000
Continuing activities:						
Europe, Middle East and Africa	22,363	1,157	6,100	22,504	*3,842	*6,341
North America	13,569	529	1,220	13,186	377	789
Asia Pacific	3,808	(53)	(340)	4,560	(154)	(208)
Non-allocated assets	-	11	2,064	-	2	1,450
	39,740	1,644	9,044	40,250	4,067	8,372

* In 2002, the Europe, Middle East and Africa region includes, in its profit before tax, the exceptional profit on sale of the trademark of £3,132,000 and in its net assets, the exceptional profit after tax on sale of the trademark of £2,192,000.

The directors consider these regions to be separate geographic markets and the markets within which the Group operates.

NOTES TO THE ACCOUNTS (continued)
Year ended 31 July 2003

3. OPERATING PROFIT

	2003 £	2002 £
Operating profit is stated after charging/(crediting):		
Auditors' remuneration		
Audit services – Company only	35	25
Audit services – rest of Group	86	112
Non-audit services	11	96
Amounts written off intangible assets	40	64
Amortisation of intangible assets	5	-
Depreciation of tangible fixed assets		
Owned	1,532	1,508
On hire purchase	155	248
Loss on disposal of tangible fixed assets	202	33
Exchange (gain)/ loss	(25)	125
Operating lease income	(239)	(27)
Operating lease rentals		
Plant and machinery	165	73
Other	2,440	2,231
Reorganisation costs (see note 5)	794	947

The auditors' remuneration for non-audit services primarily relates to tax compliance and advice.

4. STAFF COSTS

	2003 £'000	2002 (As restated) £'000
Staff costs during the year (including directors)		
Wages and salaries	20,005	20,160
Social security costs	2,006	2,077
Pension costs	593	738
	22,604	22,975

Staff costs for the year ended 31 July 2002 have been restated by adding £365,000 relating to medical benefits and the cost of temporary staff that had previously been categorised as other operating charges. This categorisation change has no impact on the operating profit.

The average monthly number of employees during the year by geographic location was as follows:

	2003 No.	2002 No.
Directors	3	3
Other staff		
Europe, Middle East and Africa	313	355
North America	127	125
Asia Pacific	109	122
	552	605

Details of directors' remuneration by director is set out in the remuneration report on page 7.

NOTES TO THE ACCOUNTS (continued)
Year ended 31 July 2003

5. REORGANISATION COSTS

Reorganisation costs of £794,000 (2002: £947,000) relate to the cost of office space, which is surplus to current requirements and redundancies and other costs arising from the closure of non-core offices. The reorganisation costs also include the one-off costs of merging the activities of Joe Public Relations with those of AUGUST.ONE COMMUNICATIONS to create a much stronger and more broadly focused business.

6. RECONCILIATION OF PROFORMA FINANCIAL MEASURES

	2003 £'000	2002 £'000
Profit on ordinary activities before taxation	1,644	4,067
Reorganisation costs	794	947
Exceptional profit relating to sale of trademark	-	(3,132)
Adjusted profit on ordinary activities before taxation	2,438	1,882
Depreciation and amortisation	1,732	1,820
Net interest (receivable)/ payable	(47)	116
Adjusted profit before interest, depreciation and amortisation (EBITDA)	4,123	3,818

Adjusted profit on ordinary activities before taxation and EBITDA have been presented to provide additional information which may be useful to the readers of the accounts.

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £'000	2002 £'000
Bank interest	5	143
Finance leases	50	35
	55	178

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003 £'000	2002 £'000
UK corporation tax at the standard rate of 30% (2002 – 30%) on the results for the year	365	1,110
Overseas taxation	539	639
Total current tax charge for the period	904	1,749
Prior year under/ (over) provision (UK)	35	(82)
Prior year (over)/ under provision (Overseas)	(30)	109
Deferred taxation	(217)	(162)
Total tax charge on profit on ordinary activities	692	1,614

The tax charge is higher than a standard UK rate as a result of unrelieved overseas losses and profits being generated in high tax regimes. The prior year UK tax charge included the one off gain on the disposal of the trademark, the tax on disposal being £940,000.

NOTES TO THE ACCOUNTS (*continued*)
Year ended 31 July 2003

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

There are £1.9m overseas tax losses available to carry forward and utilise against future profits in the relevant territories. A deferred tax asset has not been recognised in respect of these losses as the Group does not expect taxable profits to arise in the immediate future. In time it is expected that companies in the countries with losses will be profitable as the start-up companies mature and established operations benefit from new contracts won. The estimated value of the deferred tax asset not recognised, measured at 28% by using the weighted effective rate of the countries with losses, is £528,000.

Reconciliation of current year tax charge	**2003 £'000**	**2002 £'000**
Profit on ordinary activities before taxation	1,644	4,067
Tax on profit on ordinary activities at standard rate 30% (2002: 30%)	493	1,220
Factors affecting charge:		
Disallowed expenses	18	16
Depreciation in excess of capital allowances	67	75
Overseas losses arising in the year that cannot be utilised	196	186
Higher rates of tax on overseas earnings	121	201
Other	9	51
	904	1,749

9. EQUITY DIVIDENDS PAID AND PROPOSED

	2003 £'000	**2002 £'000**
Interim dividend of 0.3 pence per ordinary share (2002: nil)	100	-
Final dividend of 0.7 pence per ordinary share (2002: 0.9p)	271	361
	371	361

The ESOT waived its right to dividends in the financial year ended 31 July 2003 (£62,000) and the year ended 31 July 2002 (£42,000).

The final dividend, if approved at the AGM on 21 January 2004 will be paid on 23 January 2004 to all shareholders on the Register of Members on 19 December 2003. The ex-dividend date for the shares is 17 December 2003.

NOTES TO THE ACCOUNTS (continued)
Year ended 31 July 2003

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares during the year, determined in accordance with the provisions of FRS14, Earnings per share.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all the potentially dilutive ordinary shares. The Group has only one category of dilutive potential shares, being share options granted where the exercise price is less than the average price of the company's ordinary shares during the year.

Adjusted earnings per share is calculated by dividing the earnings attributed to ordinary shareholders before reorganisation costs after tax, by the weighted average number of ordinary shares during the year. For 2002, the adjusted earnings per share is calculated by dividing earnings attributed to ordinary shareholders before reorganisation costs after tax and after deduction of the exceptional profit arising from the sale of the OneMonday trademark, by the weighted average number of ordinary shares during the year.

	2003 £'000	2002 £'000
Basic and diluted earnings attributable to ordinary shareholders	911	2,381
Reorganisation costs after taxation	522	687
Exceptional profit on sale of OneMonday trademark after taxation	-	(2,192)
Adjusted earnings attributable to ordinary shareholders	1,433	876
Weighted average number of ordinary shares	38,416,045	40,108,105
Dilutive share options	1,099,136	1,079,982
Adjusted weighted average number of ordinary shares	39,515,181	41,188,087
Basic earnings per share	2.371p	5.937p
Diluted earnings per share	2.305p	5.781p
Adjusted earnings per share	3.731p	2.184p

Adjusted earnings per share has been presented to provide additional information which may be useful to the readers of the accounts.

NOTES TO THE ACCOUNTS (continued)
Year ended 31 July 2003

11. INTANGIBLE FIXED ASSETS

	Goodwill £'000
Cost	
At 1 August 2002	64
Additions	102
At 31 July 2003	166
Accumulated amortisation	
At 1 August 2002	64
Charge for the year	5
Provision for impairment	40
At 31 July 2003	109
Net book value	
At 31 July 2003	57
At 31 July 2002	-

On 13 January 2003, the Group purchased a further 1.345% of the equity share capital of Bite Communications Group Limited from one of the minority shareholders for total consideration of £61,000 paid in cash. The fair value of the assets and liabilities acquired was £13,000 giving rise to goodwill of £48,000 which has been capitalised and will be amortised over its useful economic life of five years.

On 30 April 2003 the group purchased the trade and assets of Elite Public Relations in China for total consideration of £40,000 paid in cash. The fair value of the assets and liabilities acquired was nil giving rise to goodwill of £40,000. The goodwill has been capitalised but a provision for impairment of £40,000 has been made against the asset during the year on the basis that the business is expected to make moderate losses for the next couple of years whilst it establishes itself.

On 30 June 2003, the Company purchased the remaining 7.5% of Joe Public Relations Limited from the minority shareholder for initial consideration of £30,000 paid in cash. Subject to future performance targets being met, maximum deferred consideration of £16,000 will be paid in cash during December 2003. The fair value of the assets and liabilities acquired was £32,000 giving rise to goodwill of £14,000 which has been capitalised and will be amortised over its useful economic life of five years.

NOTES TO THE ACCOUNTS (continued)
Year ended 31 July 2003

12. TANGIBLE FIXED ASSETS

Group	Short leasehold premises £'000	Office equipment £'000	Office furniture £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 August 2002	1,336	5,719	1,490	185	8,730
Exchange differences	9	117	27	5	158
Additions	453	664	129	18	1,264
Disposals	(281)	(1,159)	(579)	(62)	(2,081)
At 31 July 2003	1,517	5,341	1,067	146	8,071
Accumulated depreciation					
At 1 August 2002	487	3,952	948	115	5,502
Exchange differences	6	96	19	2	123
Charge for the year	399	1,058	209	21	1,687
Disposals	(214)	(1,056)	(536)	(38)	(1,844)
At 31 July 2003	678	4,050	640	100	5,468
Net book value					
At 31 July 2003	839	1,291	427	46	2,603
At 31 July 2002	849	1,767	542	70	3,228

The net book amount of tangible fixed assets includes £244,000 of office equipment (2002: £289,000) and £52,000 of office furniture (2002: £77,000) in respect of assets held under hire purchase contracts.

Company	Office equipment £'000
Cost	
At 1 August 2002	313
Additions	11
Disposals	-
At 31 July 2003	324
Accumulated depreciation	
At 1 August 2002	107
Charge for the year	78
Disposals	-
At 31 July 2003	185
Net book value	
At 31 July 2003	139
At 31 July 2002	206

The net book amount of tangible fixed assets includes £60,000 (2002: £87,000) in respect of assets held under hire purchase contracts.

NOTES TO THE ACCOUNTS (continued)
Year ended 31 July 2003

13. INVESTMENTS

Cost and net book value:	Group 2003 £'000	Group 2002 £'000	Company 2003 £'000	Company 2002 £'000
Shares in subsidiary undertakings	-	-	121	76
Investment in own shares	2,036	1,509	2,036	1,509
	2,036	1,509	2,157	1,585

Subsidiary undertakings:

Name	Country of incorporation	Cost of investment at 31 July 2003 £'000	Cost of investment at 31 July 2002 £'000	% voting rights held by Group
Text 100 International Limited	England	1	1	100
Bite Communications Group Limited	England	1	1	92.166
Bite Staff Incentives Limited	England	1	1	100
Joe Public Staff Incentives Limited	England	1	1	100
Joe Public Relations Limited	England	47	1	100
EVUS Limited	England	-	1	85
AUGUST.ONE COMMUNICATIONS International Limited	England	1	1	100
Text 100 GmbH	Germany	69	69	100
		121	76	

The increase in the cost of investment in Joe Public Relations Limited is a result of the purchase of the minority interest (see note 11).

NOTES TO THE ACCOUNTS (continued)
Year ended 31 July 2003

13. INVESTMENTS (continued)

Indirectly held

Name	**Country of incorporation**	**% voting rights held by Group**
Text 100 EURL	France	100
Text 100 Ireland Limited	Ireland	100
Text 100 (Pty) Limited	South Africa	100
Text 100 BV	Netherlands	100
Text 100 Corp	USA	100
Text 100 AB	Sweden	100
Text Hundred India Private Limited	India	100
Text 100 SL	Spain	100
Text 100 Italy SRL	Italy	100
Text 100 Pty Limited	Australia	100
Text 100 Limited	England	100
Text 100 PTE Limited	Singapore	100
Text 100 Japan KK	Japan	100
Beijing Text 100 Consulting Services Limited	China	100
Next Fifteen Communications Hong Kong Limited	Hong Kong	100
AUGUST.ONE COMMUNICATIONS Limited	England	100
AUGUST.ONE COMMUNICATIONS New Zealand Limited	New Zealand	100
AUGUST.ONE COMMUNICATIONS Pty Limited	Australia	100
AUGUST.ONE COMMUNICATIONS Hong Kong Limited	Hong Kong	100
AUGUST.ONE COMMUNICATIONS Corp.	USA	100
Bite communications Limited.	England	92.166
Bite Communications Corp.	USA	92.166
Bullet Online Limited	England	92.166
Joe Public Relations Corp.	USA	100
Inferno Communications Limited	England	92.949

The directors consider the value of investments in subsidiary undertakings to be not less than that stated in the balance sheet of the Company.

All subsidiary companies are consolidated.

The principal activity of the subsidiary undertakings is public relations work specialising in the technology sector with the exception of Joe Public Relations, which specialises in consumer public relations and AUGUST.ONE COMMUNICATIONS, which also covers non-technology sectors.

Investment in own shares

The investment in own shares of £2,036,000 (2002: £1,509,000) represents the cost of shares held by the Employee Share Ownership Trust (ESOT) in the Company at 31 July 2003. The nominal value of shares held was £159,000 (2002: £117,000), and the market value at 31 July 2003 was £2,797,000 (2002: £1,149,000). (see note 27).

NOTES TO THE ACCOUNTS (continued)
Year ended 31 July 2003

14. DEBTORS

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Trade debtors	5,260	4,570	-	-
Amount owed by subsidiary undertakings	-	-	3,226	4,383
Other debtors	166	113	14	31
Prepayments and accrued income	1,125	1,333	123	76
Corporation tax recoverable	172	-	370	-
Deferred tax asset	423	222	41	33
Total debtors due within one year	7,146	6,238	3,774	4,523
Long term deposits:				
Due after more than one year	225	232	-	-
Total debtors	7,371	6,470	3,774	4,523

Analysis of deferred tax balances

	2003 £'000	2002 £'000
Short term timing differences	362	247
Accelerated capital allowances	77	(6)
	439	241
Exchange differences	(16)	(19)
	423	222

Analysis of movement in deferred tax asset

	2002 £'000	Movement in profit and loss £'000	Exchange differences £'000	2003 £'000
Deferred tax	222	217	(16)	423

NOTES TO THE ACCOUNTS (continued)
Year ended 31 July 2003

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Bank loan	-	75	-	75
Bank overdraft	-	154	-	478
Obligations under finance lease	220	267	35	7
Trade creditors	874	1,068	-	-
Amount owed to subsidiary undertakings	-	-	1,040	941
Corporation tax	-	864	-	540
Other taxation and social security	752	764	24	24
Other creditors	482	309	86	133
Accruals and deferred income	3,630	3,009	293	294
Dividends	276	431	271	361
	6,234	6,941	1,749	2,853

The obligations under hire purchase contracts are secured on the assets concerned.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Obligations under finance leases	96	208	-	35

Obligations under finance leases are secured on the assets concerned and are repayable between one and three years. For maturity profile see note 17(a).

17. FINANCIAL INSTRUMENTS

The group's financial instruments, other than derivatives, comprise finance leases, cash and liquid resources and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance the group's operations.

The group also enters into derivative transactions (principally forward foreign currency contracts). The purpose of such transactions is to protect profits and surplus funds arising in principal markets from currency fluctuations.

It is, and has been throughout the period under review, the group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk and foreign currency risk.

Interest rate risk

During 2002, the group financed its operations by a mixture of retained profits, bank borrowings and finance leases. Following the sale of the OneMonday trademark during 2002, the Group used surplus cash to settle all bank borrowings and loans and so during 2003, the group has financed its operations by retained profits and finance leases only. See interest rate profile.

Liquidity risk

The Group has had surplus funds throughout the year and so it has not had to borrow funds. However, in order to maintain flexibility, the Group has maintained some overdraft facilities and lines of credit.

NOTES TO THE ACCOUNTS (continued)
Year ended 31 July 2003

17. FINANCIAL INSTRUMENTS (continued)

Currency risk

The Group has overseas subsidiaries that operate in North America, Continental Europe, Africa and the Asia Pacific region. Their revenues and expenses are denominated substantially in their functional currency, however some subsidiaries invoice in a currency other than their functional currency. Where this billing is significant, the Group enters into forward currency contracts to eliminate the currency exposure on these sales. In addition, some intra-group recharges are not denominated in functional currency. Group policy is that intra-group recharges should be settled, where possible, within one month of invoice to minimise the foreign exchange exposure. See currency profile.

Short term debtors and creditors have been omitted from all of the following disclosures other than the currency profile (as permitted by FRS13, Derivatives and other financial instruments).

(a) Maturity profile of financial liabilities

Currency	2003			2002		
	Bank borrowings £'000	Finance leases £'000	Total £'000	Bank borrowings £'000	Finance leases £'000	Total £'000
In one year or less	-	220	220	229	267	496
Between one and two years	-	96	96	-	172	172
Between two and five years	-	-	-	-	36	36
	-	316	316	229	475	704

The group had the following undrawn committed borrowing facilities at 31 July:

	2003 £'000	2002 £'000
In one year or less	1,000	1,346
Between two and five years	2,000	2,000
	3,000	3,346

NOTES TO THE ACCOUNTS (continued)
Year ended 31 July 2003

17 FINANCIAL INSTRUMENTS (continued)

(b) Interest rate profile

Currency	Total £'000	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Fixed rate financial liabilities: Weighted average interest rate %	Fixed rate financial liabilities: Weighted average period for which the rate is fixed (years)
At 31 July 2003:					
Sterling	97	-	97	6.6	1.1
US Dollar	215	-	215	11.3	1.6
Euro	-	-	-	-	-
Other currencies	4	-	4	9.0	0.5
Gross financial liabilities	316	-	316	9.8	1.4
At 31 July 2002:					
Sterling	369	179	190	3.6	2.1
US Dollar	274	-	274	13.8	2.6
Euro	30	30	-	-	-
Other currencies	31	20	11	9.0	1.5
Gross financial liabilities	704	229	475	9.6	2.4

Currency	Total £'000	Floating rate financial assets £'000	Fixed rate financial assets £'000	Other non interest bearing financial assets £'000
At 31 July 2003:				
Sterling	1,670	809	-	861
US Dollar	458	-	-	458
Indian Rupee	427	-	342	85
South African Rand	385	310	-	75
Euro	464	-	-	464
Australian Dollar	193	-	-	193
Swedish Krona	159		-	159
Other currencies	297		-	297
Gross financial assets	4,053	1,119	342	2,592

NOTES TO THE ACCOUNTS *(continued)*
Year ended 31 July 2003

17 FINANCIAL INSTUMENTS (continued)

Currency	Total £'000	Floating rate financial assets £'000	Fixed rate financial assets £'000	Other non interest bearing financial assets £'000
At 31 July 2002:				
Sterling	48	-	-	48
US Dollar	3,353	1,920	-	1,433
Indian Rupee	199	-	-	199
South African Rand	220	-	-	220
Euro	554	-	-	554
Australian Dollar	279	-	-	279
Swedish Krona	180	-	-	180
Other currencies	123	-	-	123
Gross financial assets	4,956	1,920	-	3,036

Financial assets comprise cash in hand and bank £3,828,000 (2002: £4,724,000), and rent deposits of £225,000 (2002: £232,000). Non interest bearing assets (other than rent deposits) are fully liquid and have no maturity period.

Interest on floating rate bank deposits is based on the base rate in the relevant country and these deposits are fully liquid. The weighted average rate and period for fixed rate deposits are 5.25% and 3 months.

(c) Fair values of financial assets and liabilities

The directors believe that the fair value of financial assets and liabilities approximates to their book value.

Derivative financial instruments had book value and fair value of nil as at 31 July 2003, as forecast rates at 31 July 2003 indicate that no cash flows will take place in relation to these instruments.

NOTES TO THE ACCOUNTS (continued)
Year ended 31 July 2003

17 FINANCIAL INSTUMENTS (continued)

(d) Currency profile

The following analysis of the net monetary assets and liabilities shows the Group's currency exposures at 31 July 2003 after the effects of forward contacts and other derivatives used to manage currency exposures. The amounts shown represent transactional (non–structural) exposures which give rise to the net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and liabilities of the group that are not denominated in the operating (or functional) currency of the operating unit involved.

Functional currency of group operation	Sterling £'000	US Dollar £'000	Euro £'000	SEK £'000	AUD £'000	Total £'000
Sterling	-	793	337	(364)	321	1,087
US Dollar	646	-	-	-	-	646
Euro	(517)	(178)	-	-	-	(695)
Swedish Krona	(119)	(31)	-		-	(150)
Australian Dollar	(19)	(29)	-	-	-	(48)
South African Rand	(104)	(35)	-	-	-	(139)
Indian Rupee	-	(17)	-	-	(218)	(235)
Japanese Yen	(3)	(20)	-	-	(72)	(95)
Singapore Dollar	(3)	(16)	-	-	(84)	(103)
Total	(119)	467	337	(364)	(53)	268

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Group 2003 £'000	Company 2002 £'000
Reorganisation provision at 1 August 2002	410	48
Charge to profit and loss account	794	132
Utilised in year	(683)	(90)
Reorganisation provision at 31 July 2003	521	90

The Group reorganisation provision relates to future lease costs on surplus property, redundancies and closures announced prior to the year end.

The Company has provided for future lease costs on surplus property and for costs relating to the merger of the AUGUST.ONE and Joe Public Relations brands.

19. CALLED UP SHARE CAPITAL

	2003 £'000	2002 £'000
Authorised:		
60,000,000 (2002: 60,000,0000) ordinary shares of 2.5p each	1,500	1,500
Called up, allotted and fully paid		
44,848,000 (2002: 44,848,000) ordinary shares of 2.5p each	1,121	1,121

NOTES TO THE ACCOUNTS (continued)
Year ended 31 July 2003

20. SHARE OPTIONS

The Company has issued options over its shares to employees as follows:

Share option Type	Number of Shares	Option price per share	Option issue date
Next Fifteen Communications Executive Share Option Schemes	451,608	4.89p	5 February 1997
	446,668	39.75p	19 May 1998
	40,000	38.75p	15 September 1998
	60,000	39.75p	23 October 1998
	150,000	47.25p	30 July 1999
	833,000	47.25p	19 August 1999
	200,000	133.75p	25 May 2000
	37,302	241.25p	22 November 2000
	273,698	215p	22 November 2000
	823,000	60.0p	21 May 2001
	928,000	23.5p	23 October 2001
	1,795,000	30.0p	22 October 2002
	165,000	33.5p	9 May 2003
	6,203,276		
Next Fifteen Communications Californian Executive Share Option Schemes	120,000	34.75p	29 January 1999
	180,000	47.25p	30 July 1999
	60,000	47.25p	19 August 1999
	79,000	60p	21 May 2001
	252,000	23.5p	23 October 2001
	515,000	30.0p	22 October 2002
	1,206,000		
	7,409,276		

Save as explained hereafter, all options are normally exercisable on or after the third anniversary of the date of grant and remain exercisable until the tenth anniversary of the date of the grant, to the extent that they have vested. Options will vest in respect of one third of the shares on each of the third, fourth and fifth anniversaries of their date of grant. Options granted to employees in California from 23 October 2001 are exercisable at a rate of 20% per year over five years from the date of grant. The vesting of all share options granted after 30 November 1999 is conditional on achievement of a performance criterion of the Group's earnings per share growing over a three year period after the grant by at least 30%.

2,331,000 share options issued by the Company under the Next Fifteen Communications Executive Share Option Scheme are options over un-issued shares. This comprises 1,125,000 options issued under the Next Fifteen Communications Executive Share Option Schemes and 1,206,000 share options issued under the Next Fifteen Communications Californian Executive Share Option Schemes. Shares will be issued when these options are exercised.

The remaining 5,078,276 options were issued over existing shares held by the Employee Share Ownership Trust (ESOT), (see note 27).

NOTES TO THE ACCOUNTS (continued)
Year ended 31 July 2003

21. RESERVES

Group	Profit and loss account £'000	Share premium account £'000	Total reserves £'000
Opening balance at 1 August 2002	4,465	2,711	7,176
Currency translation differences on foreign currency net investments	143	-	143
Retained profit for the year	540	-	540
Closing balance at 31 July 2003	5,148	2,711	7,859

Company	Profit and loss account £'000	Share premium account £'000	Total reserves £'000
Opening balance at 1 August 2002	2,084	2,711	4,795
Retained loss for the year	(985)	-	(985)
Closing balance at 31 July 2003	1,099	2,711	3,810

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £'000	2002 £'000
Profit attributable to members	911	2,381
Currency translation differences on foreign currency net investments	143	(117)
Dividends	(371)	(361)
Net addition to shareholders' funds	683	1,903
Opening shareholders' funds	8,297	6,394
Closing shareholders' funds	8,980	8,297

23. SUBSEQUENT EVENTS

On 8 September 2003, the Company announced the completion of the acquisition of the trade and certain assets of Applied Communications Group's ("Applied") Public Relations division. On 2 October 2003, the Company further announced the acquisition of Applied's research division. The acquired activities are based in San Francisco and Amsterdam. The maximum consideration for the two transactions is £1,067,000 ($1,715,000) payable in cash over three years. £103,000 ($165,000) was paid on completion, £435,000 ($700,000) will be payable in equal instalments over the first two years and the remaining £529,000 ($850,000) is subject to performance criteria. The acquired net liabilities have an estimated value of £42,000 ($67,000). Under the agreements Applied retained accounts receivable, cash and certain intangible assets such as its brand name and intellectual property rights.

NOTES TO THE ACCOUNTS (continued)
Year ended 31 July 2003

24. DIRECTORS' INTERESTS AND RELATED PARTIES

During the year the Company paid consultancy fees to the following organisations in which directors had a material interest:

Director	Organisation	2003 £	2002 £
B P Magee	James Magee	24,356	22,948
I Taylor	Fentiman Consultants Limited	22,500	34,000
I Taylor	Interregnum Plc	-	25,000

At 31 July 2003 there was a balance of £ 2,199 (2002: £7,238) owing to James Magee, £nil (2002: £2,938) to Fentiman Consultants and £nil (2002: £11,750) to Interregnum Plc.

The Company and Group have taken advantage of paragraph 3 of the Financial Reporting Standard 8, Related Party Disclosures, in not disclosing transactions with Group undertakings.

25. PENSION COSTS

Employees and directors of the Group belong to defined contribution personal pension plans, the assets of which are held separately from those of the Group.

26. OPERATING LEASE COMMITMENTS

The Group has entered into operating leases and has annual commitments under these leases expiring as follows:

	2003		2002	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	338	69	338	87
Between two and five years	1,353	53	1,473	211
After five years	392	-	416	-

NOTES TO THE ACCOUNTS (continued)
Year ended 31 July 2003

27. EMPLOYEE SHARE OWNERSHIP TRUST (ESOT)

The purpose of the ESOT is to enable the Company to offer participation in the ownership of its shares to Group employees principally as a reward and incentive scheme.

Arrangements for the distribution of benefits to employees which may be the ownership of shares in the Company or the granting of options over shares in the Company held by the ESOT are made at the ESOT's discretion in such manner as the ESOT considers appropriate.

Administration costs of the ESOT are accounted for in the profit and loss account of the Company as they are incurred.

At 31 July 2003 the ESOT held 6,356,119 (2002: 4,691,592) ordinary shares in the Company, which represents 14.2% (2002: 10.5%) of the ordinary share capital, the market value of which was 44.0p (2002: 24.5p) each, being a total of £2,797,000 (2002: 1,149,000).

Of these shares, 842,957 were gifted to the ESOT on 27 January 1997 at nil cost. The Company issued a further 1,600,000 shares to the ESOT on 6 April 1998 at a cost of £644,000. This was funded by a loan from the Company of £644,000. The ESOT purchased a further 503,000 shares on 19 May 1998 from three directors for a total consideration of £200,000. These purchases were funded by a £200,000 bank loan which has now been repaid in full. On 26 July 1999, 162,162 shares were purchased from Mark Adams, a former director, for a consideration of £75,000, financed by a bank loan of £75,000 which has now been repaid in full. On 30 July 1999 a further 1,248,000 shares were issued by the Company to the ESOT for a consideration of £589,000. This was funded by a loan from the Company of £589,000. During August 2002, the ESOT purchased a further 2,000,000 shares for a total consideration of £527,000. This was funded by a loan from the Company of £527,000. The right to receive dividends on all shares has been waived.

During the year to 31 July 2003, several employees exercised their options. In total 335,473 (2002: 180,642) shares were sold by the ESOT, at nil cost (on a first in first out basis), for proceeds of £16,000 (2002: £8,000).

At 31 July 2003, options granted by the ESOT over 5,078,276 (2002: 4,210,749) shares to employees of the Group remain current.

NOTES TO THE ACCOUNTS (continued)
Year ended 31 July 2003

28. NOTES TO THE CASH FLOW STATEMENT

(1) Reconciliation of operating profit to net cash inflow from operating activities

	2003 £'000	2002 £'000
Operating profit	1,597	1,051
Depreciation, amortisation and amounts written off intangible assets	1,732	1,820
Profit on sale of own shares	(16)	(8)
Loss on sale of tangible fixed assets	202	33
Loss on disposal of investments	-	14
(Increase)/decrease in debtors	(388)	1,065
Increase in creditors	362	297
Increase in provisions	105	12
Net cash inflow from operating activities	3,594	4,284

(2) Analysis of changes in net funds during the year

	31 July 2002 £'000	Cashflows £'000	Other changes £'000	Exchange movement £'000	31 July 2003 £'000
Cash at bank and in hand	4,724	(1,074)	-	178	3,828
Bank overdraft	(154)	154	-	-	-
	4,570	(920)	-	178	3,828
Bank loans due within one year	(75)	75	-	-	-
Obligations under finance leases	(475)	239	(87)	7	(316)
Net funds	4,020	(606)	(87)	185	3,512

(3) Reconciliation of net cash flow to movement in net funds

	2003 £'000	2002 £'000
(Decrease)/increase in cash in the year	(920)	3,078
Cash outflow from decrease in debt and lease financing	314	2,671
Change in net funds resulting from cash flows	(606)	5,749
New finance leases	(87)	(544)
Translation differences	185	(69)
Movement in net funds in the year	(508)	5,136
Net funds/(debt) at 1 August	4,020	(1,116)
Net funds at 31 July	3,512	4,020

FIVE YEAR FINANCIAL INFORMATION
Year ended 31 July 2003

	2003 £'000	2002 £'000	2001 £'000	2000 £'000	1999 £'000
Profit and loss					
Turnover	39,740	40,250	44,792	36,440	22,771
Net revenue	35,158	35,792	39,577	30,036	18,889
Operating profit	1,597	1,051	522	2,456	1,797
Net interest receivable/(payable)	47	(116)	(193)	(190)	(97)
Exceptional profit	-	3,132	-	-	-
Profit on ordinary activities before taxation	1,644	4,067	329	2,266	1,700
Tax on profit on ordinary activities	(692)	(1,614)	(294)	(1,078)	(801)
Profit on ordinary activities after tax	952	2,453	35	1,188	899
Minority interests	(41)	(72)	(18)	(69)	(46)
Profit attributable to members of the holding company	911	2,381	17	1,119	853
Dividends	(371)	(361)	(122)	(397)	(309)
Retained profit/(loss) fo the financial year	540	2,020	(105)	722	544
Dividends per share (pence)	1.0	0.9	0.3	1.0	0.8
Balance sheet					
Fixed assets	4,696	4,737	5,332	4,785	3,250
Net current assets	4,965	4,253	4,015	2,485	1,493
Creditors: amounts falling due after more than one year	(96)	(208)	(2,431)	(606)	(409)
Provisions for liabilities and charges	(521)	(410)	(448)	-	(22)
Net assets	9,044	8,372	6,468	6,664	4,312
Equity shareholders' funds	8,980	8,297	6,394	6,582	4,242
Equity minority interests	64	75	74	82	70
Total capital employed	9,044	8,372	6,468	6,664	4,312
Cash flow					
Group operating profit	1,597	1,051	522	2,456	1,797
Depreciation and amounts written off intangible assets	1,732	1,820	1,681	1,031	653
Other non-cash items and working capital	265	1,413	1,626	(965)	(225)
Cash flow from operating activities	3,594	4,284	3,829	2,522	2,225
Returns on investments and servicing of finance	(28)	(152)	(213)	(208)	(105)
Taxation	(1,948)	(702)	(1,416)	(1,093)	(604)
Capital expenditure and investing activities	(1,636)	2,319	(2,195)	(2,661)	(1,242)
Acquisitions and disposals	(40)	-	(50)	-	-
Equity dividends paid	(461)	-	(400)	(185)	(306)
Financing	(401)	(2,671)	1,399	2,109	297
(Decrease)/increase in cash for the year	(920)	3,078	954	484	265