Parallel Media Group plc

Report and Financial Statements

Year ended

31 December 2004

630968

Parallel Media Group plc

Report and financial statements for the year ended 31 December 2004

Contents

Page:

Parallel Media Group plc

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Directors and advisors

Directors	David Ciclitira Keld Kristiansen Tan Sri Mohd Razali Abdul Rahman (Chairman)
Alternate director	Li Li Lim
Company No.	630968
Secretary and registered office	Elizabeth Roberts 56 Ennismore Gardens London SW7 1AJ
Nominated Adviser and Broker	City Financial Associates Ltd Pountney Hill House 6 Laurence Pountney Hill London EC4R 0BL
Auditors	PKF (UK) LLP Farringdon Place, 20 Farringdon Road, London, EC1M 3AP
Solicitors	Nicholson Graham & Jones 110 Cannon Street London, EC4N 6AR
Bankers	National Westminster Bank PO Box 2162 20 Dean Street London W1A 1SX
Registrars	Capita IRG Plc Balfour House 390-398 High Road Ilford Essex, IG1 1NQ

Parallel Media Group plc

Chairman's statement

Dear Shareholder,

This is my first annual report to shareholders as Non-Executive Chairman of Parallel Media Group plc ("PMG"). I am pleased to report that this year has seen the further development of PMG's unique golfing assets. The key changes since 31 December 2003 to date can be summarised as follows:

- The acquisition in March 2004 through its 49.975% associate Parallel Media (2003) Asia Limited ("PMA") of 100% of the Asian PGA Tour Limited, now renamed, Parallel Media Golf Asia Limited ("ATL"). ATL currently has the right to, and has recently promoted, the following five PGA European Tour/Asian Tour co-sanctioned events: Hong Kong Open, Singapore Masters, Malaysian Open, TCL Classic and a new event, the Indonesian Open, which was staged between 24 to 27 March 2005 making your Group the largest single promoter on the PGA European and Asian Tours.

- The signing of an agreement on March 17th 2004 with the PGA European Tour for the creation of an "Asian Swing" within their European Tour Schedule. Under this agreement the PGA European Tour and ATL act as joint promoters of ATL's existing events and selected future events. PMG also has the exclusive right to market the commercial rights to the Asian Swing and has appointed PMA as its sponsorship and sales marketing agent. PMG also has the right to jointly exploit the television rights to the Swing with the PGAET.

- The launching of two new Ladies European Tour co-sanctioned events in Singapore and Thailand - the Samsung Ladies Masters in Singapore (February 2005) and the Thailand Ladies Open (April 2005).

- The launching of a new Tour De Las Americas Tournament, The American Express Dominican Republic Open held at Casa del Campo.

- The announcement on 28 April 2005 of a new Challenge Tour Event, - the Kazakhstan Open, to be staged between 22 to 25 September 2005

Turnover for the year ended 31 December 2004 was £3.7 million with a loss of £2.6 million as opposed to a turnover of £7.5 million and a loss of £4.3 million for the period ending 31 December 2003. (The difference in turnover being due to the fact that Parallel Media Asia (2003) Limited ("PMA") is now an associate of the Company as opposed to a subsidiary, PMG now currently owns 49.975% of PMA). Now that your Group has control of its assets I am pleased to indicate that there has been a significant improvement in trading in 2005.

Whilst the Company's business has been without doubt strengthened, your Directors feel that it is prudent to ensure that the Group and its associated companies have enough working capital to develop and increase their business over the next 12 months.

To strengthen your Company's working capital position, the Company is proposing to raise between £750,000 and £1.1 million from investors by a new issue of convertible secured loan stock. Agreement in principal has been reached for David Ciclitira and an external investor to subscribe approximately a further £750,000 into the Company by way of a three year convertible loan which is convertible at 1.5p per ordinary share. Details of this, together with some proposed changes to the share capital structure required to implement the proposals are set out in a separate document which will be sent to shareholders.

Outlook

The last 18 months have been an extraordinary period for the Group; to have promoted seven major events in the first three months of this new financial year is an achievement that everybody is proud of.

Your Company now appears to be in a better position to generate growth and I am proud to have been able to assist over the last 18 months particularly in the area of Asia, which I know so well.

Tan Sri Mohd Razali Abdul Rahman

Chairman

Parallel Media Group plc

Financial report

Overview to 31 December 2004

In this year the Group shows a retained loss of £2.57 million. The adjusted loss per share figure for the period was 10.98p, against a prior period loss per share figure of 17.95p.

Accounting Review

In March 2004 both Parallel Media Group Plc and Tibbles Participation Corp subscribed for $0.284 million of new share capital in Parallel Media Asia (2003) Limited (PMA), and PMA acquired the remaining 50.1% of shares in Parallel Media Golf (Asia) Limited (formerly Asian PGA Tour Limited). At the same time the right to control the board of PMA passed to Tibbles Participation Corp. In the consolidated accounts, due to this change in the control of the PMA board, PMA is treated as an associated undertaking from March 2004 and Parallel Media Golf (Asia) Limited (PMGA) is treated as a subsidiary of PMA.

Turnover

Group turnover for the period was £3.70 million compared to turnover of £7.50 million relating to continuing operations in the prior period. The major reason for this decrease is the fact that PMA was a subsidiary of the Group in the period ended 31 December 2003 and PMGA was a joint venture whereas since March 2004 in the current period both PMA and PMGA have been treated as associated undertakings.

Operating Loss

After deducting rights fees and other direct costs from the Group's gross revenues a gross profit of £1.04 million was generated in the year. The operating loss before exceptional administrative expenses equalled £1.29 million.

Exceptional Administrative Expenses and Items

The exceptional administrative expenses charge of £150k relates to a partial provision against amounts owing from associated undertakings. The exceptional item relates to the profit on disposal of 5% of the ordinary share capital in PGAA Media Limited (formerly Tour de las Americas Limited). There were no other exceptional items recorded in the year.

Net liabilities

The net liabilities of the Group at the period end are £3.82 million, this position would be improved if there was any conversion of the £2.90 million convertible loans that are currently in place.

Interest and Taxation

The Group paid net interest of £0.397 million arising from convertible loan interest, the US$3 million facility from Bumiputra Commerce Bank and other loans.

There was no corporation tax charge during the year.

Loss Per Share

Adjusted loss per share in the year was 10.98p compared to 17.95p in the period ended 31 December 2003. The adjusted loss as shown in Note 11 to the accounts is based upon the attributable profit of the continuing operations after adjusting for goodwill and all exceptional items. At the end of this year, the Company made no final dividend recommendation.

The directors present their report together with the audited financial statements for the year ended 31 December 2004.

Principal activities

The principal activity of the Group during the year ended 31 December 2004 is that of sports media, marketing and management.

Results

The results for the year are set out on page 10. The loss for the year is £2.57 million (loss for period from 23 January 2003 to 31 December 2003: £4.35 million).

A review of the development of the business of the Group during the year and on future developments are given in the Chairman's Statement on pages 2 to 3 and the Financial Report on page 4.

Dividend

The directors do not recommend the payment of a dividend (period ended 31 December 2003 £ Nil).

Directors

The present directors are shown on page 1. Details on further changes in directors during the period and subsequent to the period end are below:

	Date of resignation
Graham Axford	13 July 2004

Directors' interests in shares and options

The beneficial interests in the ordinary share capital of the Company of the directors in office at 31 December 2004 or subsequently appointed were as follows:

	31 December 2004 Ordinary shares of 5p		31 December 2003 Ordinary Shares of 20p		
	Fully Paid	Options	Fully Paid	Options	Reference
D Ciclitira	12,418,243	280,000	12,418,243	280,000	1
K Kristiansen	352,698	302,875	352,698	302,875	

1. 2,237,797 of the shares are held by Walbrook International Trust Company Ltd, a trustee of a discretionary trust, "Witco 16", of which D Ciclitira is a potential beneficiary. 8,666,666 are held by Walbrook Trustees (Jersey) Ltd and 180,447 are held by Luna Trading Ltd, both of these companies are wholly owned by a discretionary trust, the Tokyo Settlement, of which D Ciclitira is a potential beneficiary.

D Ciclitira and Tan Sri Mohd Razali Abdul Rahman have the right to subscribe for ordinary share capital in the Company via convertible loans, for details on the convertible loans refer to note 16 of the accounts. Except for Tan Sri Mohd Razali Abdul Rahman's interest in the shares of Parallel Media Asia (2003) Limited (who jointly with a third party owns 50% of the ordinary share capital), no other director had any other shares or any other right to subscribe to shares or debentures of the entity or any body corporate in the Group. There have been no changes in directors interests in the ordinary share capital of the Company since the period end.

Further details on the directors beneficial interests in the share options are given in note 18 of the financial statements.

Substantial shareholdings

In addition to D Ciclitira's holding (56%) shown above, the following investors notified the directors that they hold or are beneficially interested in 3% or more of the Company's ordinary share capital, as set out below as at 20 June 2005.

	Ordinary 5p shares	% holding
Pershing Keen Nominees Limited	1,322,675	5.96%

Post balance sheet events

For details on the post balance sheet events refer to note 30 of the financial statements.

Creditors payment policy

It is Group policy that appropriate terms and conditions for its transactions be agreed with its suppliers and that payment should be made in accordance with those terms and conditions, provided that the supplier has also complied with them. The Group does not follow any code or standard on payment practice. The number of creditor days of the Group outstanding at 31 December 2004 was 86 days (at 31 December 2003: 67 days).

Charitable and political contributions

No *political or charitable contributions were made during the period.*

Auditors

On 23 May 2005, PKF transferred their business to PKF (UK) LLP, a limited liability partnership. Under section 26(5) of the Companies Act 1989, the company consented to extend the audit appointment to PKF (UK) LLP from 23 May 2005. Accordingly, the audit report has been signed in the name of PKF (UK) LLP and a resolution for the reappointment of PKF (UK) LLP will be proposed at the forthcoming annual general meeting.

On behalf of the Board

D Ciclitira
Director

29 June 2005

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 Group and the Company 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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

The directors are also responsible for ensuring that the Directors' Report is prepared in accordance with company law in the United Kingdon.

Parallel Media Group plc

Report of the independent auditors

Independent auditor's report to the members of Parallel Media Group plc

We have audited the financial statements of Parallel Media Group Plc for the year ended 31 December 2004 which comprise the Consolidated Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement and the Financial Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Independent auditor's report to the members of Parallel Media Group plc (continued)

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental uncertainties

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the assumptions underlying the directors' financial forecasts and the consequent uncertainty over the appropriateness of the going concern basis of accounting. We have also considered the disclosures made in notes 14 and 15 concerning the uncertainty over the carrying value (in the company's balance sheet) of the investment in subsidiaries and the recoverability of the amounts owed by associated companies. In view of the significance of these uncertainties we consider that they should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2004 and of the Group's loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

PKF (UK) LLP

PKF (UK) LLP
Registered Auditors
London, UK
29 June 2005

Parallel Media Group plc

Consolidated profit and loss account for the year ended 31 December 2004

	Note	Year ended 31 December 2004 £'000	Period 23 January 2003 to 31 December 2003 £'000
Turnover: Group and share of joint venture	3	3,702	7,545
Less share of turnover of joint venture	3	(723)	(3,439)
Turnover		2,979	4,106
Cost of Sales		(1,943)	(1,928)
Gross Profit		1,036	2,178
Administrative Expenses		(2,474)	(5,380)
Other operating Income		-	-
Operating loss before exceptional items		(1,288)	(2,793)
Administrative expenses – exceptional	7	(150)	(409)
Operating Loss		(1,438)	(3,202)
Share of operating loss in joint ventures		(226)	(2,566)
Share of operating (loss)/profit in associates		(672)	314
Exceptional items – profit on sale of subsidiary	4	-	247
Exceptional items – loss on sale of associated undertaking	4	-	(180)
Exceptional items – profit on partial disposal of subsidiary		16	-
Loss on ordinary activities before interest and tax		(2,320)	(5,387)
Interest receivable	5	1	-
Interest payable	6	(397)	(147)
Loss on ordinary activities before tax	7	(2,716)	(5,534)
Tax on loss on ordinary activities	10	-	(3)
Loss on ordinary activities after tax		(2,716)	(5,537)
Minority interests		144	1,192
Loss for the financial period	20	**(2,572)**	**(4,345)**
Loss per share			
- basic and diluted	11	(11.58p)	(19.57p)
- adjusted	11	(10.98p)	(17.95p)

The notes on pages 14 to 39 form part of these financial statements

Parallel Media Group plc

Statement of total recognised gains and losses for the year ended 31 December 2004

	Year ended 31 December 2004 £'000	Period ended 31 December 2003 £'000
Loss for the financial period		
- Group	(1,674)	(2,093)
- Joint ventures	(226)	(2,566)
- Associated undertakings	(672)	314
	(2,572)	(4,345)
Currency translation differences on foreign currency net investments		
- Group	(7)	(81)
- Joint ventures & associated undertakings	150	193
Total recognised gains and losses for the period	**(2,429)**	**(4,233)**

The notes on pages 14 to 39 form part of these financial statements

Parallel Media Group plc

Balance sheets at 31 December 2004

	Note	Group 31 December 2004 £'000	Group 31 December 2003 £'000	Company 31 December 2004 £'000	Company 31 December 2003 £'000
Fixed assets					
Intangible assets	12	-	-	-	-
Tangible assets	13	62	89	9	11
Joint venture – share of gross assets	14	-	705	-	-
Joint venture – share of gross liabilities	14	-	(2,474)	-	-
Goodwill in joint venture	14	-	1,817	-	-
		-	48	-	-
Investments	14	883	224	3,010	2,822
		945	361	3,019	2,833
Current assets					
Debtors - Due within one year	15	923	1,130	1,449	1,680
- Due after one year	15	1,890	2,000	1,890	1,259
		2,813	3,130	3,339	2,939
Cash		47	565	-	201
		2,860	3,695	3,339	3,140
Creditors: amounts falling due *within one year*	16	(2,003)	(3,514)	(1,447)	(2,656)
Net current assets		857	181	1,892	484
Total assets less current liabilities		1,802	542	4,911	3,317
Creditors: amounts falling due after one year:	16	(5,468)	(2,401)	(5,468)	(2,401)
Provisions for liabilities and charges					
Associates	14	(156)	(156)	-	-
Net (liabilities)/assets		**(3,822)**	**(2,015)**	**(557)**	**916**
Capital and reserves					
Called up share capital	18	1,110	1,110	1,110	1,110
Share premium account	20	-	-	-	-
Other reserves	20	5,591	5,591	5,591	5,591
Profit and loss account	20	(10,413)	(7,984)	(7,258)	(5,785)
Shareholders' funds - equity		(3,712)	(1,283)	(557)	916
Minority interest - equity		(110)	(732)	-	-
		(3,822)	**(2,015)**	**(557)**	**916**

The financial statements were approved by the board of directors on 29 June 2005 and were signed on its behalf by:

David Ciclitira
Director

The notes on pages 14 to 39 form part of these financial statements

Parallel Media Group plc

Consolidated cash flow statement for the year ended 31 December 2004

	Note	31 December 2004 £'000	31 December 2004 £'000	31 December 2003 £'000	31 December 2003 £'000
Net cash outflow from operating activities	23		(2,404)		(5,347)
Returns on investments and servicing of finance					
Interest paid		(397)		(147)	
Interest received		1		-	
Dividend received from associated undertaking		-		85	
Net cash outflow from returns on investments and servicing of finance			(396)		(62)
Tax paid					
Corporation tax refund		-		-	
Overseas withholding tax paid		-		(3)	
			-		(3)
Capital expenditure					
Payments to acquire tangible fixed assets		(48)		(108)	
Receipts from sales of tangible fixed assets		-		28	
Net cash outflow from capital expenditure and financial investment			(48)		(80)
Acquisitions and disposals					
Further investment in associated undertaking	14	(158)		-	
Sale of subsidiary undertaking		-		500	
Net (cash)/overdrafts sold with subsidiary		(242)		(33)	
Purchase of other investments		(30)			
Sale of associated undertaking		-		86	
Sale of other investments		-		14	
			(430)		567
Net cash outflow before management of liquid resources & financing			(3,278)		(4,925)
Financing					
Proceeds from new ordinary share issues		-		-	
Bank facility		1,562		-	
Proceeds from shares issued in subsidiaries		-		596	
Convertible loan		678		2,220	
Loan from shareholder		-		-	
Loan from director		514		-	
			2,754		2,816
Decrease in cash	25		**(524)**		**(2,109)**

The notes on pages 14 to 39 form part of these financial statements

1. *Accounting policies*

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

The following principal accounting policies have been applied:

Basis of preparation – Going concern

The directors have prepared trading and cash flow forecasts for the group for the 30 month period to 31 December 2007. These forecasts incorporate, inter alia, the following assumptions:-

a) as stated in the Chairman's statement, there will be a further cash injection of £750k in the company in the near future
b) the company's associated undertaking, Parallel Media Golf (Asia) Ltd ("PMGA"), will continue to repay its debt due to the company at the rate of $60k per month (plus interest)
c) the directors are in discussion with the directors of Parallel Media Asia (2003) Ltd an associated undertaking of the Company with a view to strengthening the latter's financial position by means of a substantial cash injection
d) certain creditors will continue to acquiesce in receiving payment in instalments

Based on the above assumptions, the directors believe these forecasts to be realistic, and consequently have prepared the financial statements on the going concern basis, which assumes that the group will continue in operational existence for the foreseeable future.

If any or all of the above assumptions prove to be inaccurate, the going concern basis might not be appropriate, and the financial statements do not contain any adjustments which might prove necessary as a consequence thereof.

Basis of consolidation

The consolidated financial statements incorporate the results of the Company and all of its subsidiary undertakings as at 31 December 2004 using the acquisition method of accounting. Under the acquisition method the results of subsidiary undertakings are included from the date of acquisition. On disposal, the results are included up to the date of disposal.

Goodwill on consolidation

Goodwill arising on consolidation represents the difference between the fair value of purchase consideration and the fair value of the net assets acquired.

Goodwill is amortised to the profit and loss account on a systematic basis over its estimated useful economic life. The estimated remaining useful economic life is twenty years.

Impairment tests on the carrying value of goodwill are undertaken:
- At the end of the first full year following acquisition;
- In other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Joint ventures

An entity is treated as a joint venture where the Group has a long-term interest and shares control under a contractual agreement.

In the Group accounts, interests in joint ventures are accounted for using the equity method of accounting. The consolidated profit and loss account includes the Group's share of the joint venture's turnover, operating results, interest, pre-tax results and attributable taxation of such undertakings based on audited financial statements. In the consolidated balance sheet, the Group's share of identifiable assets, including any unamortised premium paid on acquisition, and its share of liabilities attributable to the joint venture are shown separately.

The premium on acquisition is dealt with under the goodwill policy.

1. Accounting policies (continued)

Associates

An entity is treated as an associated undertaking where the Group has a participating interest and exercises significant influence over its operating and financial decisions.

In the Group accounts, interests in associated undertakings are accounted for using the equity method of accounting. The consolidated profit and loss account includes the Group's share of the operating results, interest, pre tax results and attributable taxation of such undertakings based on audited financial statements. In the consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets including any unamortised premium paid on acquisition.

The premium on acquisition is dealt with under the goodwill policy.

Turnover and revenue recognition

Turnover includes management fees and other fees earned, income from sponsorship, income from sales of commercial and broadcasting rights, income from the sale of options for television and broadcasting rights, and income from sales of television programmes and production costs.

Revenue is recognised when the Group has earned the right to receive consideration for its performance, measured on the following basis:

(i) Management fees and other fees earned – on rendering of services to third parties.
(ii) Income from sales of sponsorship and commercial rights – on a straight line basis in accordance with the terms of the agreement.
(iii) Income from sales of broadcasting rights – on delivery of the programmes to broadcasters in accordance with the terms of the agreement.
(iv) Income from sales of television programmes and production costs - on delivery of the programmes to customers.

Barter transactions

When services are rendered in exchange for dissimilar goods or services, the revenue generated for the services rendered is measured at the fair value of the goods or services received, adjusted for the amount of any cash or cash equivalents transferred.

Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets so as to write them off over their anticipated useful lives at the following rates on a straight line basis:

Fixtures, fittings and equipment	- 10% – 20%
Motor vehicles	- 33%

1. Accounting policies (continued)

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. Differences on exchange have been written off to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings and from translating the profit and loss account at an average rate are taken to reserves.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the Group has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the Group anticipates to make sufficient taxable *profits in the future to absorb the reversal of underlying timing differences.*
- deferred tax balances are not discounted.

Leases

Leases being acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their anticipated lives. The obligation to make future rental payments, net of future finance charges, is recognised as a liability in the balance sheet. The interest element of the lease is charged at a constant rate over the period of the agreement.

Rentals under operating leases are charged to the profit and loss account as incurred.

Investments

Investments held as fixed assets are stated at cost less provision for diminution in value.

Pension costs

The Group contributes to Provident Fund schemes in its overseas operations which are available to all employees. Contributions to the schemes represent amounts payable at rates specified in the rules of the schemes. The Group's contributions to these schemes are expensed as they fall due. As part of some directors' remuneration packages, emoluments are provided for the contribution to their personal pension schemes.

Cash flow

Liquid resources comprise short term deposits.

Financial instruments

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

2. Profit/(loss) for the financial period

The Company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The Group loss for the period includes a loss after tax and before dividends of £1,473,000 (period ended 31 December 2003: loss £3,711,000) which is dealt with in the financial statements of the parent Company.

Discontinued activities in the period ended 31 December 2003

The profit and loss account for the period ended 31 December 2003 included both discontinued and continuing operations. A copy of the profit and loss account for the period ended 31 December 2003 is below.

	Period ended 31 December 2003		
	Continuing operations £'000	Discontinued £'000	Total £'000
Turnover: Group and share of joint venture	7,495	50	7,545
Less share of turnover of joint venture	(3,439)	-	(3,439)
Turnover	4,056	50	4,106
Cost of Sales	(1,894)	(34)	(1,928)
Gross Profit	2,162	16	2,178
Administrative Expenses	(5,032)	(348)	(5,380)
Operating (loss)/profit before goodwill amortisation and exceptional items	(2,461)	(332)	(2,793)
Administrative expenses – exceptional	(409)	-	(409)
Operating Loss	(2,870)	(332)	(3,202)
Share of operating loss in joint ventures	(2,566)	-	(2,566)
Share of operating profit in associates	-	314	314
Exceptional items – profit on sale of subsidiary	-	247	247
Exceptional items – loss on sale of associated undertaking	-	(180)	(180)
(Loss)/profit on ordinary activities before interest and tax	(5,436)	49	(5,387)
Interest payable	(147)	-	(147)
(Loss)/profit on ordinary activities before tax	(5,583)	49	(5,534)
Tax on profit/(loss) on ordinary activities	(3)	-	(3)
(Loss)/profit on ordinary activities after tax	(5,586)	49	(5,537)
Minority interests	1,192	-	1,192
(Loss)/profit for the financial period	**(4,394)**	**49**	**(4,345)**

3. Analysis of results

	Turnover		Pre-tax (loss)/profit		Net assets/(liabilities)	
	Year ended 31 December 2004 £'000	Period ended 31 December 2003 £'000	Year ended 31 December 2004 £'000	Period ended 31 December 2003 £'000	31 December 2004 £'000	31 December 2003 £'000
Analysis by geographical market:						
Group						
Asia	287	1,231	30	(244)	(3,724)	(619)
Europe	2,357	2,432	(1,587)	(2,514)	55	(681)
Americas	335	443	(261)	(533)	(632)	(607)
Africa	-	-	-	9	-	-
	2,979	4,106	(1,818)	(3,282)	(4,301)	(1,907)
Associates						
Asia	-	-	(672)	-	635	-
Europe	-	-	-	289	(156)	(156)
Americas	-	-	-	-	-	-
Africa	-	-	-	25	-	-
	-	-	(672)	314	479	(156)
Joint ventures						
Asia	723	3,439	(226)	(2,566)	-	48
Europe	-	-	-	-	-	-
Americas	-	-	-	-	-	-
Africa	-	-	-	-	-	-
	723	3,439	(226)	(2,566)	-	48
Total	3,702	7,545	(2,716)	(5,534)	(3,822)	(2,015)
Analysis by sport						
Golf	3,167	6,705				
Rugby	535	552				
Other	-	288				
Total	3,702	7,545				

Many of the costs are centralised by geographical area, it therefore has not been possible to provide the pre-tax profits and net asset positions for the individual sports.

Barter transactions

During the period the Group entered into barter transactions whereby it sold sponsorship to customers and received services in return. The total revenues and costs recognised in the Group accounts relating to barter transaction was £36,000. The services received by the Group are travel and accommodation of £33,000 and event staging services of £18,000.

4. Exceptional items

The profit on the partial disposal of a subsidiary relates to the disposal of 5% of the share capital of PGAA Media Limited.

In the period ended 31 December 2003 the net loss on the sale of two associated undertakings totalling £180,000 comprised of the loss on the sale of Worldsport South Africa (Pty) Limited of £190,000 and the profit on the sale of Ladies European Tour Enterprises Limited £10,000. The net profit on the sale of two subsidiary companies totalling £247,000 comprised the loss on sale of Parallel Media Germany GmbH of £22,000 and the profit on the disposal of 50% of the share capital of Parallel Media Asia (2003) Limited of £269,000. The loss on sale of Parallel Media Germany GmbH was made up of the profit on sale of net liabilities of £406,000, disposal costs of £17,000 and the write off of inter group balances of £411,000.

5. Interest receivable

	Year ended 31 December 2004 £'000	Period ended 31 December 2003 £'000
Bank interest receivable	1	-

6. Interest payable

	Year ended 31 December 2004 £'000	Period ended 31 December 2003 £'000
On bank overdrafts wholly repayable within five years	75	67
On convertible loans	131	38
On other loans	33	42
Other interest	158	-
Total	397	147

7. Operating loss on ordinary activities before tax

	Year ended 31 December 2004 £'000	Period ended 31 December 2003 £'000
This is stated after charging/(crediting)		
Depreciation	32	95
Hire of other assets – operating leases	150	141
Loss on foreign exchange	177	162
Auditors' remuneration – audit fee Company	17	20
– audit fee rest of group	30	40

Fees payable to the auditor and its associates in respect of non-audit services amount to £20,000 (period ended 31 December 2003: £23,525).

The exceptional items included in administrative expenses for the year comprise provisions against amounts owed from associates of £150,000 (period ended 31 December 2003: provisions against loans receivable of £409,000).

8. Employees

The average number of employees including directors during the period was:

	Year ended 31 December 2004	Period ended 31 December 2003
Administration	26	41
The aggregate payroll costs were:	**£'000**	**£'000**
Wages, salaries and fees	933	1,702
Social security costs	41	71
Other pension costs	-	-
Compensation for loss of office	-	-
	974	1,773

9. Remuneration of directors

	Year ended 31 December 2004			Period ended 31 December 2003		
	Salary & fees £000	Pension contributions £000	**Total £000**	Salary & fees £000	Pension contributions £000	**Total £000**
D Ciclitira	220	-	**220**	240	-	**240**
G Andrews	-	-	-	135	30	**165**
G Axford	30	-	**30**	24	-	**24**
K Kristiansen	120	-	**120**	114	-	**114**
R Littleboy	-	-	-	26	-	**26**
L Fine	-	-	-	6	-	**6**
	370	-	**370**	545	30	**575**

David Ciclitira's fees were paid to Elysian Group Ltd for the period up until 31 March 2004 and Luna Trading Limited from April 2004 to 31 December 2004, both companies are under the control of David Ciclitira.

Keld Kristiansen's fees were paid by Parallel Media Asia (2003) Limited, an associated undertaking of the Group.

Pension contributions were provided to the directors for the contribution into their personal pension schemes. The number of directors to whom benefits were accruing under money purchase pension schemes was nil (period ended 31 December 2003: nil).

In the period ended 31 December 2003 in addition to the above R Littleboy received £19,000 in respect of commission on sponsorship sales.

Directors' service contracts are terminable by a notice period not exceeding one year.

10. Tax

	Year ended 31 December 2004 £'000	Period ended 31 December 2003 £'000
UK Corporation tax in respect of current period:		
Refund of UK corporation tax	-	-
Overseas tax payable	-	3
Share of associated undertaking's tax charge	-	-
	-	3
Loss on ordinary activities before tax	(2,716)	(5,534)

The tax assessed for the period is different from the standard UK corporation tax rate of 30% due to the following factors:

Loss on ordinary activities at the standard rate of corporation tax of 30% (2003 – 30%)	(815)	(1,660)
Effect of:		
Expenses not deductible for tax purposes	465	196
Loss on sale of subsidiaries/associates not subject to corporation tax	-	103
Tax losses utilised in period	(19)	(15)
Tax losses carried forward – deferred tax not recognised	369	510
Losses not subject to UK tax	-	849
Difference between depreciation and capital allowances	-	20
	-	3

11. Loss per share

(i) Basic	Year ended 31 December 2004 £'000	Period ended 31 December 2003 £'000
Loss for the financial period	(2,572)	(4,345)
Number of shares in issue	22,203,505	22,203,505
Loss per share	(11.58p)	(19.57p)

(ii) Diluted

Diluted loss and earnings per share is calculated on the same basis as basic loss and earnings per share because the effect of the potential ordinary shares (share options and convertible loans) reduces the net loss per share and is therefore anti-dilutive.

11. Loss per share (continued)

(iii) Adjusted earnings per share

The adjusted earnings per share figure shown below is calculated on attributable loss excluding discontinued operations, exceptional items included in administrative expenses, and exceptional items included after operating profit. This calculation has been used as it is deemed to give a more appropriate indication of the earnings of the continuing operations of the Group.

		***Year ended* 31 December 2004**		***Period ended* 31 December 2003**
	EPS Pence	**Earnings £'000**	**EPS Pence**	**Earnings £'000**
Basic loss per share	(11.58p)	(2,572)	(19.57p)	(4,345)
Discontinued operations	-	-	(0.22p)	(49)
Administrative expenses – Exceptional (continuing operations only)	0.67p	150	1.84p	409
Exceptional items (continuing operations only)	(0.07p)	(16)	-	-
Adjusted loss per share	(10.98p)	(2,438)	(17.95p)	(3,985)

12. Intangible fixed assets

	Goodwill on *Consolidation* £'000
GROUP	
Cost	
At 1 January 2004	31,656
Additions	-
Disposals	-
At 31 December 2004	31,656
Amortisation	
At 1 January 2004	31,656
Amortisation	-
Disposals	-
At 31 December 2004	31,656
Net book value	
At 31 December 2004	-
At 31 December 2003	-

13. Tangible fixed assets

	Motor vehicles £'000	Fixtures, fittings & equipment £'000	Total £'000
GROUP			
Cost			
At 1 January 2004	24	282	306
Additions	42	6	48
Disposals	(42)	(5)	(47)
Foreign exchange	-	(5)	(5)
At 31 December 2004	24	278	302
Depreciation			
At 1 January 2004	3	214	217
Provisions for period	8	24	32
Disposals	-	(5)	(5)
Foreign exchange	-	(4)	(4)
At 31 December 2004	11	229	240
Net book value			
At 31 December 2004	13	49	62
At 31 December 2003	21	68	89

14. Fixed asset investments

	Group		Company	
	31 December 2004 £'000	31 December 2003 £'000	31 December 2004 £'000	31 December 2003 £'000
Investments consist of:				
Subsidiaries	-	-	2,770	2,822
Joint venture	-	48	-	-
Associates	635	-	210	-
Other investments	248	224	30	-
	883	272	3,010	2,822

As disclosed in note 1, the directors have prepared trading and cash flow forecasts for the group for the 30 months to 31 December 2007. These indicate substantially increased profits for the company's subsidiaries in 2006 and 2007 and consequently the directors believe that no impairment is necessary against the carrying value of the investment in subsidiaries in the company's balance sheet. However, in the light of the above, the carrying value remains subject to fundamental uncertainty.

Subsidiaries Investments in subsidiaries are stated at cost less impairment:	**Company £'000**
At 1 January 2004	2,822
Additions	-
Transferred to associates	(52)
Disposals	-
At 31 December 2004	2,770

14. Fixed asset investments (continued)

Where an interest in a particular associate or joint venture has net liabilities this is included in provisions for liabilities and charges on the face of the Group balance sheet.

	Group		Company
	Investments	Provisions	Investments
Associates	£'000	£'000	£'000
At 1 January 2004	-	(156)	-
Additions	-	-	158
Subsidiary transferred to associates	(735)	-	52
Goodwill on further investment	158	-	-
Goodwill transferred	1,817	-	-
Amortisation of goodwill	(96)	-	-
Share of profit for the period	(576)	-	-
Dividends received	-	-	-
Foreign exchange	67	-	-
Disposals	-	-	-
At 31 December 2004	635	(156)	210
Joint venture			
At 1 January 2004	48	-	-
Additions	-	-	-
Impairment of goodwill	-	-	-
Amortisation of goodwill	-	-	-
Share of loss for the period	(226)	-	-
Foreign Exchange	83	-	-
Shareholding transferred to associates	95	-	-
At 31 December 2004	-	-	-

14. Fixed asset investments (continued)

Joint venture	**31 December 2004 £'000**	**31 December 2003 £'000**
Share of joint venture's:		
Fixed assets	-	-
Current assets	-	705
Creditors: amounts falling due within one year	-	(2,474)
Creditors: amounts falling due after one year	-	-
	-	(1,769)
Goodwill in joint venture	-	1,817
	-	48

Other investments	**£'000**
At 1 January 2004	224
Additions	30
Amounts written off investments	(6)
Disposals	-
At 31 December 2004	248

15. Debtors

	Group		Company	
	31 December 2004 £'000	31 December 2003 £'000	31 December 2004 £'000	31 December 2003 £'000
Amounts owed from group undertakings	-	-	879	1,025
Amounts owed from joint venture	-	2,599	-	1,858
Amounts owed from associates	2,431	-	2,355	-
Trade debtors	258	354	-	-
Other debtors	102	60	87	29
Prepayments and accrued income	22	117	18	27
	2,813	3,130	3,339	2,939

The carrying value of the amount owed from associates is dependent upon their continued ability to make repayments. As disclosed in note 1, the directors are in discussion with the directors of one of the associates with regard to possible strengthening of the latter's financial position. Accordingly the directors do not consider that provision is required against the carrying value of the amount owed from associates. However, in the light of the above, the carrying value remains subject to fundamental uncertainty.

All amounts included under debtors are due within one year except amounts of £1,890,000 in respect of the Group debtors and £1,890,000 in respect of the Company debtors included in amounts owed from associates.

At 31 December 2003 £2,000,000 in respect of Group debtors and £1,259,000 in respect of the Company debtors were due after more than one year included in amounts owed from joint ventures.

16. Creditors

	Group		Company	
	31 December 2004 £'000	31 December 2003 £'000	31 December 2004 £'000	31 December 2003 £'000
Amounts falling due within one year:				
Bank overdrafts	6	-	6	-
Bank facility	539	-	539	-
Amounts owed to group undertakings	-	-	-	509
Trade creditors	801	1,932	307	1,033
Other creditors	59	173	13	46
Other tax and social security	253	255	253	255
Accruals and deferred income	345	1,154	329	813
	2,003	3,514	1,447	2,656
Amounts falling due in more than one year:				
Bank facility (1 to 2 years)	1,023	-	1,023	-
Convertible loans (2 to 5 years)	3,032	2,220	3,032	2,220
Loans (2 to 5 years)	728	181	728	181
Other creditors (1 to 2 years)	156	-	156	-
Other creditors (2 to 5 years)	529	-	529	-
	5,468	2,401	5,468	2,401

The bank facility shown in amounts falling due within one year and falling due in more than one year is the Company's facility with Bumiputra - Commerce Bank Berhad. The security on this facility includes a personal guarantee of Tan Sri Mohd Razali Abdul Rahman up to USD3,000,000, a personal guarantee of David Ciclitira of up to USD750,000, a corporate guarantee of Peremba Malaysia Sdn Bhd, and an omnibus debenture over all the fixed and floating assets of the company. Interest is charged at 2% above USD LIBOR.

16. Creditors (continued)

The loans included in amounts falling due in more than one year is made up of two amounts, a £194,000 loan from Elysian Group Limited (a company under the control of David Ciclitira), this loan is unsecured and interest is charged at 8% per annum, the second amount is a £514,000 loan from Snowy Invest & Trade Inc plus accrued interest of £20,000, this loan is unsecured and interest is charged at Euro LIBOR plus 3%.

The convertible loans included in amounts falling due in more than one year is made up of two loans of £1,110,000 and a loan of £678,484. £1,110,000 is owed to Walbrook Trustees (Jersey) Limited, a company that is wholly owned by a discretionary trust (the Tokyo Settlement) of which D Ciclitira is a potential beneficiary. Two loans, one of £1,110,000 and one of £678,484 are owed to Snowy Invest & Trade Inc, a company in which Tan Sri Mohd Razali Abdul Rahman has a beneficial interest. The remaining amount of £134,000 relates to interest accrued on the convertible loans.

The convertible loans are secured via fixed and floating charges over all the undertakings and assets of the Company and its subsidiary companies including its holding of shares in its subsidiary companies other than where the giving of such charge would require third party consent or give rise to a breach of any agreement. The security is sub-ordinated to the security provided to Bumiputra – Commerce Bank. Interest is charged at 3% above Euro LIBOR. The two £1,110,000 loans can be converted into ordinary shares at the price of 6.75 pence at any time between now and 30 November 2008 at the option of the lender. The £678,484 loan can be converted into ordinary shares at the price of 6.75 pence at any time between now and 30 November 2008 at the option of the lender The loans less any amounts exercised are repayable in cash on 30 November 2008.

17. Deferred taxation

The actual and potential liability to deferred tax are nil. Due to the availability of tax losses, subject to agreement with the HM Revenue and Customs, there is an estimated deferred tax asset in the region of £3.2 million which has not been recognised in these accounts (31 December 2003: £2,900,000).

18. Called up share capital

	31 December 2004 £'000	31 December 2003 £'000
Authorised		
199,936,502 ordinary shares of 5p each	9,997	9,997
	9,997	9,997
Issued and fully paid		
22,203,505 ordinary shares of 5p each	1,110	1,110
	1,110	1,110

18. Called up share capital (continued)

(ii) Share options

- Approved Share Option Scheme
The following share options have been granted and were outstanding at 31 December 2004:

Exercisable between:	Exercise price	Number
August 2004 and August 2011	£7.65	61,255

Options granted to directors under the Company's Approved Share Option Scheme and not exercised at 31 December 2004 were as follows:

Name	Exercise price	Number
K Kristiansen	£7.65	3,921

- Unapproved Share Option Scheme
The following share options have been granted and were outstanding at 31 December 2004:

Exercisable between:	Exercise price	Number
August 2004 and August 2011	£7.65	28,104

Options granted to directors under the Company's Unapproved Share Option Scheme and not exercised at 31 December 2004 were as follows:

Name	Exercise price	Number
K Kristiansen	£7.65	18,954

- Executive Share Option Scheme
The following share options have been granted and were outstanding at 31 December 2004:

Exercisable between:	Exercise price	Number
March 2002 and March 2009	£12.50	1,300

- Approved Discretionary Share Option Scheme
On 21 January 2004 share options were granted under the Company's Approved Discretionary Share Option Scheme. The following share options have been granted and were outstanding at 31 December 2004:

Exercisable between:	Exercise price	Number
January 2006 to January 2013	£0.15	630,000

Options granted to directors under the Company's Approved Discretionary Share Option Scheme and not exercised at 31 December 2004 were as follows:

Name	Exercise price	Number
D Ciclitira	£0.15	200,000
K Kristiansen	£0.15	200,000

18. Called up share capital (continued)

- Unapproved Discretionary Share Option Scheme

On 21 January 2003 share options were granted under the Company's Unapproved Discretionary Share Option Scheme. The following share options have been granted and were outstanding at 31 December 2004:

Exercisable between:	**Exercise price**	**Number**
January 2006 to January 2013	£0.15	160,000

Options granted to directors under the Company's Unapproved Discretionary Share Option Scheme and not exercised at 31 December 2004 were as follows:

Name	**Exercise price**	**Number**
D Ciclitira	£0.15	80,000
K Kristiansen	£0.15	80,000

(iv) Share warrants

On 4 December 2001, the Company issued warrants to subscribe for 105,221 ordinary shares of 20p each at a price of 47.519p, exercisable by 4 December 2011. Post the capital re-organisation on 20 January 2003 the terms of the warrants were amended whereby the warrants were consolidated on a 1 to 5 basis. Post capital reorganisation the warrants allow the subscription for 21,044 ordinary shares at a price of £2.38.

19. Reconciliation of movements in shareholders' funds

	Group		**Company**	
	Year ended 31 December 2004 £'000	**Period ended 31 December 2003 £'000**	**Year ended 31 December 2004 £'000**	**Period ended 31 December 2003 £'000**
Loss for the financial period	(2,572)	(4,345)	(1,473)	(3,711)
Error re opening share capital	-	2	-	2
Foreign Exchange	143	112	-	-
Net decrease in shareholders' funds	(2,429)	(4,231)	(1,473)	(3,709)
Opening shareholders' funds	(1,283)	2,948	916	4,625
Closing shareholders' funds/(deficit)	**(3,712)**	**(1,283)**	**(557)**	**916**

20. Reserves

	Other reserves £'000	Profit and loss account £'000	Total £'000
Group			
31 December 2003	5,591	(7,984)	(2,393)
Loss for the period	-	(2,572)	(2,572)
Foreign Exchange	-	143	143
At 31 December 2004	5,591	(10,413)	(4,822)

	Other reserves £'000	Profit and loss account £'000	Total £'000
Company			
31 December 2003	5,591	(5,785)	(194)
Loss for the period	-	(1,473)	(1,473)
At 31 December 2004	5,591	(7,258)	(1,667)

21. Commitments and contingencies

(i) Capital commitments

At the period end the Group had no capital commitments.

(ii) Commitments under operating leases

The amounts payable in the next year in respect of operating leases are shown below, analysed according to the expiry date of the leases. All of the operating leases relate to the rental of premises.

	Group 31 December 2004 £'000	Group 31 December 2003 £'000
Leases which expire		
Within 1 year	-	-
2 – 5 years	150	150

There are no operating leases within the Company.

22. Pension schemes

The Group contributes to Provident Fund schemes in its overseas operations which are available to all employees. Contributions to the schemes represent amounts payable at rates specified in the rules of the schemes. The Group's contributions to these schemes are expensed as they fall due. The pension costs included in the profit and loss account for the period total £Nil (period ended 31 December 2003: £Nil).

23. Reconciliation of operating loss to net cash outflow from operating activities

	Year ended 31 December 2004 £'000	Period ended 31 December 2003 £'000
Operating loss after exceptional items	(1,422)	(3,135)
Impairment of investments	6	81
Depreciation	32	95
(Profit)/loss on sale of fixed assets	-	(1)
Loss on sale of associates	-	180
Gain on disposal of subsidiaries	(16)	(675)
(Increase)/decrease in debtors	(508)	(535)
(Decrease)/Increase in creditors	(506)	(1,397)
Foreign exchange	10	40
Net cash outflow from operating activities	(2,404)	(5,347)

24. Analysis of net debt

	At 31 December 2003 £'000	Cash flow £'000	Subsidiary becoming associate £'000	Convertible debt £'000	Bank Facility £'000	At 31 December 2004 £'000
Cash at bank and in hand	565	(276)	(242)	-	-	47
Overdrafts	-	(6)	-	-	-	(6)
Cash	565	(282)	(242)	-	-	41
Liquid resources	-	-	-	-	-	-
Convertible loan	(2,220)	-	-	(678)	-	(2,898)
Bank facility	-	-	-	-	(1,562)	(1,562)
Financing	(2,220)	-	-	(678)	(1,562)	(4,460)
Total	(1,655)	(282)	(242)	(678)	(1,562)	(4,419)

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

	£'000
Decrease in cash in the period	(524)
Cash flow from decrease in liquid resources	-
Change in net debt resulting from cash flows	(524)
Convertible loan	(678)
Bank facility	(1,562)
Movement in net funds in the period	(2,764)
Net funds at 31 December 2003	(1,655)
Net debt at 31 December 2004	(4,419)

26. Disposals during the period

Reclassification of Parallel Media Asia (2003) Limited as an associate

In March 2004 the Company transferred one of the shares it held in Parallel Media Asia (2003) Limited (PMA) to Tibbles Participation Corp for the consideration of £1, at the same time the Tibbles Participation Corp gained the entitlement to nominate and appoint four directors to the board and the PMG's entitlement reduced to three. This transaction has led to the Company no longer consolidating the results of PMA as a subsidiary and reclassifying PMA as an associated undertaking.

	£'000
Consideration	-
Group's share of net liabilities before disposal	(735)
Group's share of net liabilities post disposal	(735)
Profit on disposal	-

Partial disposal of PGAA Media Limited

In February 2005 the company disposed of 5% of the total share capital of PGAA Media Limited (formerly Tour de las Americas Enterprises Limited). There was no consideration for this transaction.

	£'000
Consideration	-
Group's share of net liabilities before disposal	(281)
Group's share of net liabilities post disposal	(265)
Profit on disposal	16

27. Cashflows relating to acquisitions and disposals

	Reclassification of subsidiary to an associate £'000
Operating cash flows	(9)
Returns on investments and servicing of finance	-
Taxation	-
Capital expenditure and financial investment	-
Acquisitions and disposals	-
Financing	-
Net cash inflow	(9)

28. Related parties

The following transactions took place between the Group and its associated undertakings during the period:

	Year ended 31 December 2004 Received £'000	Period ended 31 December 2003 Received £'000
Commission invoiced	427	1,119
Recharges	-	368
Interest charged	122	103
Dividend received	-	85

The movements in the receivable balances relating to associated undertakings during the period were as follows:

	Short term loans £'000	Trading Balances £'000
At 1 January 2004	1,702	897
Net short-term loan movements advances/(repayments)	615	426
Trading in period	-	490
Interest charged	122	-
Subsidiary transferred to associates	(166)	(1,169)
Provision	(150)	-
Capitalisation of loan	(158)	-
Foreign exchange	(150)	(28)
At 31 December 2004	1,815	616

The movements in the receivable balances relating to associated undertakings during the period ended 31 December 2003 were as follows:

	Short term loans £'000	Trading Balances £'000
At 22 January 2003	561	94
Net short-term loan movements advances/(repayments)	1,345	(629)
Trading in period	-	1,488
Interest charged	103	-
Disposals	(6)	5
Waiver of payable balances	(143)	-
Foreign exchange	(158)	(61)
At 31 December 2003	1,702	897

28. *Related parties (continued)*

Graham Axford is the Executive Chairman of Corporate Finance Partners Limited. During the period ended 31 December 2003 professional fees of £100,000 were invoiced by Corporate Finance Partners Limited to the Group.

Walbrook Trustees (Jersey) Limited is a company that is wholly owned by a discretionary trust (the Tokyo Settlement) of which D Ciclitira is a potential beneficiary, the movements in the payable balance due to this company were as follows:

	Year ended 31 December 2004 £'000
At 31 December 2003	(1,129)
Convertible loan	-
Interest charged	(47)
Interest paid	24
At 31 December 2004	(1,152)

The movements in payable balances relating to Walbrook Trustees (Jersey) Limited during period ended 31 December 2003 were as follows:

	Period ended 31 December 2003 £'000
At 23 January 2003	-
Convertible loan	(1,110)
Interest charged	(19)
At 31 December 2003	(1,129)

Snowy Invest & Trade Inc is a company in which Tan Sri Mohd Razali Abdul Rahman has a beneficial interest, the movements in the payable balance due to this company were as follows:

	Year ended 31 December 2004 £'000
At 31 December 2003	(1,129)
Convertible loan	(678)
Unsecured loan	(514)
Interest charged	(93)
At 31 December 2004	(2,414)

The movements in payable balances relating to Snowy Invest & Trade Inc during period ended 31 December 2003.

	Period ended 31 December 2003 £'000
At 23 January 2003	-
Convertible loan	(1,110)
Interest charged	(19)
At 31 December 2003	(1,129)

28. Related parties (continued)

Elysian Group Ltd, Elysian Investments Ltd and Luna Trading Ltd are companies under the control of David Ciclitira, the movements in the payable balances due to these companies were as follows:

	Elysian Group Ltd £'000	Elysian Investments Ltd £'000	Luna Trading Ltd
At 31 December 2003	(181)	(1)	-
Office rent payable	(150)	-	-
Directors fees payable (inc VAT)	(71)	-	(160)
Reimbursement of remote office costs	(39)	-	-
Loan interest	(14)	-	-
Repayment of balances	261	1	160
At 31 December 2004	(194)	-	-

The office rent was payable under normal trading terms and was conducted on an arm's length basis.

During the year ended 31 December 2004 £33,000 in consultancy fees was paid to Ms Merry in respect of her services as a director of subsidiary companies. In the period ended 31 December 2003 the consultancy fees were paid to Elysian Group plc.

The movements in the payable balances due to Elysian Group Ltd, Elysian Investments Ltd and Luna Trading Ltd in the period ended 31 December 2003 were as follows:

	Elysian Group plc £'000	Elysian Investments Ltd £'000	Luna Trading Ltd
At 22 January 2003	(549)	(1)	-
Office rent payable	(150)	-	-
Directors fees payable (inc VAT)	(282)	-	-
Reimbursement of expenses	(41)	-	-
Consultancy fees in respect of the services of Ms Merry, director of subsidiary companies	(74)	-	-
Loan to Group	-	-	-
Loan interest	(46)	-	-
Repayment of balances	961	-	
At 31 December 2003	(181)	(1)	-

Media Mission Sdn Bhd (formerly known as Parallel Sports Sdn Bhd) is a company under the control of Keld Kristiansen, the movements in payable balances due to this company were as follows:

	Year ended 31 December 2004 £'000	Period ended 31 December 2003 £'000
At 31 December 2003	(267)	(48)
Reimbursement of salary costs	(20)	(213)
Reimbursement of event staging costs	-	(19)
Reimbursement of office costs	(26)	(169)
Reimbursement of travel & accommodation costs	(3)	(31)
Reimbursement of administration costs	(17)	(25)
Subsidiary becomes an associate	143	-
Repayment of trading balances	174	238
At 31 December 2004	(16)	(267)

29. Financial instruments

The Group's financial instruments comprise cash, bank overdrafts, convertible loans and liquid resources, and various items, such as trade debtors and trade creditors that arise directly from its operations. The Group holds financial instruments to finance its working capital for its current operations. Funds not immediately required for the Group's operations are invested in bank deposits. Short term debtors and creditors are not treated as financial assets or financial liabilities for disclosure purposes. The Group finances its current operations through cash deposits.

(i) Interest rate risk

The principal risk on the repayment of long term convertible loans is fluctuations in Euro LIBOR rate. At 31 December 2004 the weighted average rate of interest on the convertible loans was 5.15%, fixed for a weighted average of 90 days (31 December 2003: 5.16%). The principal risk on the repayment of the bank facility is fluctuations in US LIBOR rate. At 31 December 2004 the weighted average rate of interest on the bank facility was 4.56%, fixed for a weighted average of 90 days (there were no bank facilities outstanding at 31 December 2004).

(ii) Liquidity risk

The Group's surplus liquid resources were maintained on a mixture of short term and money market deposits which are realisable with 14 – 90 days notice. The interest rates for various terms of deposit are reviewed regularly and the best rate obtained in the context of the Group's cashflow and investment requirements.

(iii) Foreign currency risk

Although the Company is based in the UK, a significant part of the Group's operations are overseas, primarily in Asia, and the operating or functional currency of a large part of the Asian business is in US Dollars. As a result the Company's consolidated sterling accounts can be significantly affected by movements in the US Dollar/sterling exchange rate. The Group seeks to mitigate the effect of this structural currency exposure by borrowing in the functional currency of its main operating units in Asia. The Group also has transactional currency exposure that arises from transactions undertaken by an operating unit in a currency other than the functional currency.

The Group's currency exposure, i.e. those exposures arising from transactions, the net currency gains and losses from which will be recognised in the profit and loss account, is shown in the table below.

Functional currency of group operations	**Net foreign currency monetary assets/(liabilities)**		
	Hong Kong $	Singapore $	Total
	£000	£000	£000
As at 31 December 2004			
Sterling	-	-	-
US Dollar	-	-	-
	-	-	-
As at 31 December 2003			
Sterling	-	-	-
US Dollar	-	-	-
	-	-	-

These 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.

29. Financial instruments (continued)

(iv) Fair value of financial assets and financial liabilities

In the Board's opinion, the carrying value of all financial assets and liabilities at 31 December 2004 and at 31 December 2003 represents the fair value of such assets/liabilities.

(v) Undrawn bank facilities

At 31 December 2004 and 31 December 2003 the Group had undrawn committed bank borrowing facilities available to it of £Nil.

(vi) Hedges

The Group does not intend to hedge currency risk using forward foreign currency contracts for foreign currency debtors and liabilities.

30. Post balance sheet events

There were no significant post balance sheet events affecting the Group.

31. Contingent liabilities

There are no Company or Group contingent liabilities at the period end.

32. Subsidiaries and associated undertakings

The following were subsidiaries or associated undertakings at the end of the period and have all been included in the consolidated financial statements.

	Country of Incorporation	Percentage share holding of ordinary shares	Natures of Business
<u>Holding companies:</u>			
Held Directly			
Parallel Media (Jersey) Ltd	Jersey	100%	Holding company
Held Indirectly			
Parallel Media Group International Ltd	Jersey	100%	Holding company
Parallel Media (Americas) Ltd	BVI	100%	Holding company
<u>Trading subsidiaries:</u>			
Held Directly			
Parallel Media Italia SRL	Italy	75.5%	Marketing of sports events
Held Indirectly			
Parallel Media Europe Ltd	UK	100%	Marketing of sports events
Parallel Television (2001) Ltd	UK	100%	Marketing of sports events
PGAA Media Limited (formerly Tour *de las Americas Enterprises Limited)*	BVI	83.9%	Exploitation and sale of commercial *and broadcasting rights relating to* golf tournaments
<u>Dormant subsidiaries:</u>			
Held Indirectly			
Parallel Media (Asia) Ltd	Jersey	100%	Dormant
Parallel Media Golf Ltd	UK	100%	Dormant
Parallel Media (Middle East) LLC	Abu Dhabi	49%	Dormant
Parallel Media (Middle East) Holdings Ltd	Jersey	100%	Dormant
Parallel Television (International) Ltd	UK	100%	Dormant
<u>Discontinued subsidiaries:</u>			
Held Indirectly			
Parallel Media Americas Inc	US	100%	Discontinued
Parallel Media Group (Golf) Ltd	UK	100%	Discontinued

32. Subsidiaries and associated undertakings (continued)

	Country of Incorporation	Percentage share holding of ordinary shares	Natures of Business
Trading associates:			
Held Indirectly			
Parallel Media Asia (2003) Ltd	Jersey	49.975%	Marketing of sports events
Parallel Media Golf (Asia) Ltd (formerly Asian PGA Tour Ltd)	Hong Kong	49.975%	Exploitation and sale of commercial and broadcasting rights relating to Asian golf tournaments
Dormant associates:			
Held Indirectly			
Golf Festival Asia Pte Ltd	Singapore	25%	Dormant
Ladies World Cup of Golf Ltd	Eire	50%	Dormant
Broadcast Innovations Ltd	UK	50%	Dormant
Hong Kong Golf Promotions Ltd	Hong Kong	49.975%	Dormant