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**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003
FOR
INTERNATIONAL SPORTS MANAGEMENT LIMITED**



INTERNATIONAL SPORTS MANAGEMENT LIMITED

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for the Year Ended 31 December 2003**

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INTERNATIONAL SPORTS MANAGEMENT LIMITED

COMPANY INFORMATION
for the Year Ended 31 December 2003

DIRECTORS:

A H Chandler
J Chandler
D Brookes
D Heather
K A Salter

SECRETARY:

L Chandler

REGISTERED OFFICE:

Cherry Tree Farm
Cherry Tree Lane
Rostherne
Cheshire
WA14 3RZ

REGISTERED NUMBER:

2386775 (England and Wales)

AUDITORS:

Hanley & Co.
Spring Court
Spring Road
Hale
Cheshire
WA14 2UQ

INTERNATIONAL SPORTS MANAGEMENT LIMITED

REPORT OF THE DIRECTORS for the Year Ended 31 December 2003

The directors present their report with the financial statements of the company for the year ended 31 December 2003.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of sports marketing services, event management and the representation of professional sportsmen and sportswomen.

REVIEW OF BUSINESS

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

DIVIDENDS

An interim dividend of £1,440 per share was paid on 15 August 2003. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 December 2003 will be £144,000.

DIRECTORS

The directors during the year under review were:

A H Chandler
J Chandler
D Brookes
D Heather
K A Salter

The directors holding office at 31 December 2003 did not hold any beneficial interest in the issued share capital of the company at 1 January 2003 or 31 December 2003.

Under the terms of an Agreement for Waiver dated 6th August 2003, Mr A H Chandler acquired the entire share capital of the company's ultimate parent undertaking, ISM Group Limited.

At 31st December 2002, the beneficial interests in the £1 ordinary shares of the company's ultimate parent undertaking, Sports Resource Group plc, of those directors who are not also directors of that company comprised:-

Mrs J Chandler	£2,319,900
Mr D Brookes	£360,000

At 31st December 2002, Mrs J Chandler's interests in the shares of the ultimate parent undertaking are included within the total interests of Mr A H Chandler, which are disclosed in the Directors' Statement on Corporate Governance, of that company's financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INTERNATIONAL SPORTS MANAGEMENT LIMITED

**REPORT OF THE DIRECTORS
for the Year Ended 31 December 2003**

AUDITORS

The auditors, Hanley & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
A H Chandler - Director

Date: 5-10-2004

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
INTERNATIONAL SPORTS MANAGEMENT LIMITED**

We have audited the financial statements of International Sports Management Limited for the year ended 31 December 2003 on pages five to fourteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 Report of the Directors 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 the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

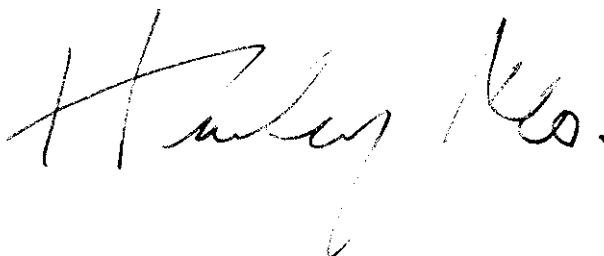
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hanley & Co.
Spring Court
Spring Road
Hale
Cheshire
WA14 2UQ

A handwritten signature in dark ink, appearing to read 'Hanley & Co.', is written over a light background.

5 October 2004

INTERNATIONAL SPORTS MANAGEMENT LIMITED

**PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2003**

	Notes	31.12.03 £	31.12.02 £
TURNOVER		5,668,272	2,157,586
Cost of sales		<u>4,492,841</u>	<u>923,473</u>
GROSS PROFIT		1,175,431	1,234,113
Administrative expenses		<u>900,053</u>	<u>1,512,127</u>
		275,378	(278,014)
Other operating income		<u>234,425</u>	<u>-</u>
OPERATING PROFIT/(LOSS)	3	509,803	(278,014)
Interest receivable and similar income		<u>11,813</u>	<u>5,144</u>
		521,616	(272,870)
Interest payable and similar charges	4	<u>3,630</u>	<u>32,276</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		517,986	(305,146)
Tax on profit/(loss) on ordinary activities	5	<u>3,329</u>	<u>(68,125)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		514,657	(237,021)
Dividends	6	<u>144,000</u>	<u>-</u>
RETAINED PROFIT/(DEFICIT) FOR THE YEAR		<u>370,657</u>	<u>(237,021)</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year.

The notes form part of these financial statements

INTERNATIONAL SPORTS MANAGEMENT LIMITED

BALANCE SHEET
31 December 2003

	Notes	31.12.03 £	31.12.02 £
FIXED ASSETS			
Tangible assets	7	145,994	136,791
CURRENT ASSETS			
Stocks	8	11,232	-
Debtors	9	861,259	758,436
Cash at bank and in hand		<u>381,315</u>	<u>420,568</u>
		1,253,806	1,179,004
CREDITORS			
Amounts falling due within one year	10	<u>1,031,339</u>	<u>1,320,935</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>222,467</u>	<u>(141,931)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		368,461	(5,140)
CREDITORS			
Amounts falling due after more than one year		33,766	30,822
		<u>334,695</u>	<u>(35,962)</u>
CAPITAL AND RESERVES			
Called up share capital	15	100	100
Profit and loss account	16	<u>334,595</u>	<u>(36,062)</u>
SHAREHOLDERS' FUNDS	20	<u>334,695</u>	<u>(35,962)</u>

ON BEHALF OF THE BOARD:



.....
A H Chandler - Director

Approved by the Board on 5.10.04.....

The notes form part of these financial statements

INTERNATIONAL SPORTS MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2003

1. ACCOUNTING POLICIES

Accounting convention

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

The principal accounting policies of the company, which have been reviewed in accordance with FRS 18 Accounting Policies, have remained unchanged from the previous year and are set out below.

Turnover

Turnover derived from client representation is recognised in line with the benefits accruing to the client which is typically over the term of the contract to which it relates or in line with the contractual invoicing patterns. In the case of event management and corporate hospitality, turnover is typically recognised on completion of the related event or events. Where an annual programme of events is managed, turnover is recognised evenly over that period.

Turnover excludes value added tax and similar sales-related taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures and fittings	- 20% on cost
Motor vehicles	- 20% on cost
Computer equipment	- 33.33% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date except to the extent that, in the opinion of the directors, there is a reasonable probability that the timing difference will not crystallise in the foreseeable future.

Foreign currencies

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

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

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

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

INTERNATIONAL SPORTS MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2003

2. STAFF COSTS

	31.12.03	31.12.02
	£	£
Wages and salaries	716,016	697,794
Social security costs	80,061	77,691
Other pension costs	40,788	51,582
	<u>836,865</u>	<u>827,067</u>

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

31.12.03	31.12.02
20	16

3. OPERATING PROFIT/(LOSS)

The operating profit (2002 - operating loss) is stated after charging:

	31.12.03	31.12.02
	£	£
Other operating leases	80,006	66,321
Depreciation - owned assets	34,208	26,026
Depreciation - assets on hire purchase contracts	14,632	16,571
Loss/(Profit) on disposal of fixed assets	4,171	(4,497)
Auditors remuneration	12,500	12,000
Foreign exchange differences	<u>18,733</u>	<u>18,628</u>
Directors' emoluments	258,779	427,500
Directors' pension contributions to money purchase schemes	<u>32,637</u>	<u>40,138</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>3</u>	<u>3</u>
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Information regarding the highest paid director is as follows:

	31.12.03	31.12.02
	£	£
Emoluments etc	134,225	229,000
Pension contributions to money purchase schemes	<u>7,500</u>	<u>19,919</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31.12.03	31.12.02
	£	£
Other interest payable	-	27,223
Hire purchase	<u>3,630</u>	<u>5,053</u>
	<u>3,630</u>	<u>32,276</u>

INTERNATIONAL SPORTS MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2003

5. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit on ordinary activities for the year was as follows:

	31.12.03	31.12.02
	£	£
Current tax:		
UK corporation tax	3,329	(73,000)
Prior period adjustment	<u>-</u>	<u>4,875</u>
Total current tax	<u>3,329</u>	<u>(68,125)</u>
 Tax on profit/(loss) on ordinary activities	 <u>3,329</u>	 <u>(68,125)</u>

Factors affecting the tax charge/(credit)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.03	31.12.02
	£	£
Profit/(loss) on ordinary activities before tax	<u>517,986</u>	<u>(305,146)</u>
 Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2002 - 30%)	 98,417	 (91,544)
Effects of:		
Expenses not deductible for tax purposes	23,091	19,544
Marginal relief	-	(1,000)
Adjustment in respect of prior period	-	4,875
Group relief	<u>(118,179)</u>	<u>-</u>
 Current tax charge/(credit)	 <u>3,329</u>	 <u>(68,125)</u>

Corporation tax has been calculated at the small companies rate of 19%, taking into consideration that sufficient group losses will be available for surrender.

6. DIVIDENDS

	31.12.03	31.12.02
	£	£
Equity shares:		
Dividends paid	<u>144,000</u>	<u>-</u>

INTERNATIONAL SPORTS MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2003

7. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 January 2003	111,334	95,599	63,807	270,740
Additions	-	61,500	6,459	67,959
Disposals	<u>(4,295)</u>	<u>(14,827)</u>	<u>-</u>	<u>(19,122)</u>
At 31 December 2003	<u>107,039</u>	<u>142,272</u>	<u>70,266</u>	<u>319,577</u>
DEPRECIATION				
At 1 January 2003	53,405	37,150	43,393	133,948
Charge for year	14,664	21,112	13,064	48,840
Eliminated on disposal	<u>-</u>	<u>(9,205)</u>	<u>-</u>	<u>(9,205)</u>
At 31 December 2003	<u>68,069</u>	<u>49,057</u>	<u>56,457</u>	<u>173,583</u>
NET BOOK VALUE				
At 31 December 2003	<u>38,970</u>	<u>93,215</u>	<u>13,809</u>	<u>145,994</u>
At 31 December 2002	<u>57,929</u>	<u>58,449</u>	<u>20,414</u>	<u>136,792</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 January 2003	60,675
Additions	32,000
Disposals	<u>(14,827)</u>
At 31 December 2003	<u>77,848</u>
DEPRECIATION	
At 1 January 2003	9,957
Charge for year	14,632
Eliminated on disposal	<u>(9,205)</u>
At 31 December 2003	<u>15,384</u>
NET BOOK VALUE	
At 31 December 2003	<u>62,464</u>
At 31 December 2002	<u>50,718</u>

8. STOCKS

	31.12.03 £	31.12.02 £
Finished goods	<u>11,232</u>	<u>-</u>

INTERNATIONAL SPORTS MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2003**

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.03	31.12.02
	£	£
Trade debtors	551,287	337,499
Amounts owed by group undertakings	-	277,354
Other debtors	51,835	41,771
Corporation tax debtor	6,750	6,750
Prepayments and accrued income	<u>251,387</u>	<u>95,062</u>
	<u>861,259</u>	<u>758,436</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.03	31.12.02
	£	£
Bank loans and overdrafts (see note 12)	51,359	-
Hire purchase contracts (see note 13)	19,046	13,785
Trade creditors	495,415	593,643
Amounts owed to group undertakings	3,712	540,227
Tax	3,329	-
Social security and other taxes	28,391	48,097
Other creditors	11,571	-
Directors' loan accounts	37,742	-
Accruals and deferred income	<u>380,774</u>	<u>125,183</u>
	<u>1,031,339</u>	<u>1,320,935</u>

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

	31.12.03	31.12.02
	£	£
Hire purchase contracts (see note 13)	<u>33,766</u>	<u>30,822</u>

12. LOANS

An analysis of the maturity of loans is given below:

	31.12.03	31.12.02
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>51,359</u>	<u>-</u>

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	31.12.03	31.12.02
	£	£
Net obligations repayable:		
Within one year	19,046	13,785
Between one and five years	<u>33,766</u>	<u>30,822</u>
	<u>52,812</u>	<u>44,607</u>

INTERNATIONAL SPORTS MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2003

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following payments are committed to be paid within one year:

	Operating leases			
	Land and buildings		Other	
	31.12.03	31.12.02	31.12.03	31.12.02
	£	£	£	£
Expiring:				
Within one year	-	-	2,908	-
Between one and five years	-	-	11,431	19,742
In more than five years	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>-</u>
	<u>55,000</u>	<u>55,000</u>	<u>14,339</u>	<u>19,742</u>

14. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.03	31.12.02
	£	£
Bank overdrafts	51,359	-
Hire purchase contracts	<u>52,812</u>	<u>44,607</u>
	<u>104,171</u>	<u>44,607</u>

The Royal Bank of Scotland plc hold a debenture dated 1st November 1994.

MMC Investments Limited hold a deed of rent deposit dated 21st September 1998.

Monckton Properties Limited hold a rental deposit deed dated 22nd February 2002.

Assets held under hire purchase contracts and finance leases are secured on the assets to which they relate.

The Co-operative Bank plc hold a guarantee limited to £10,000 in respect of the Rugby Football League, expiring on 31st December 2005.

15. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	31.12.03	31.12.02
			£	£
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.03	31.12.02
			£	£
100	Ordinary	£1	100	100
(31.12.02 - NIL)			<u> </u>	<u> </u>

INTERNATIONAL SPORTS MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2003**

16. RESERVES

	Profit and loss account £
At 1 January 2003	(36,062)
Retained profit for the year	<u>370,657</u>
At 31 December 2003	<u>334,595</u>

17. ULTIMATE PARENT COMPANY

At 31st December 2003, the ultimate parent company is ISM Group Limited, a company registered in England & Wales.

Under the terms of an Agreement for Waiver, Hegira Plc ceased to be the ultimate parent company and controlling undertaking with effect from 6th August 2003.

At 31st December 2002, the largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Sports Resource Group Plc. Copies of group financial statements can be obtained from that company's registered office.

18. TRANSACTIONS WITH DIRECTORS

Under the terms of an Agreement for Waiver dated 6th August 2003, A H Chandler acquired the entire share capital of the company's ultimate parent undertaking, ISM Group Limited.

By virtue of his sole shareholding and directorship in ISM Group Limited at 31st December 2003, A H Chandler is the ultimate controlling party.

A H Chandler has provided a guarantee for £35,000 to The Co-operative Bank plc in respect of the bank facility provided to the company.

19. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption in FRS 8 'Related Party Disclosures' and has not disclosed transactions with group undertakings.

Under the terms of an Agreement for Waiver dated 6th August 2003, A H Chandler became the ultimate controlling party of International Sports Management (PTY.) Limited, a company incorporated in South Africa.

At 31st December 2003, the amount owing from International Sports Management (PTY.) Limited was £49,748 (2002 : £218,575).