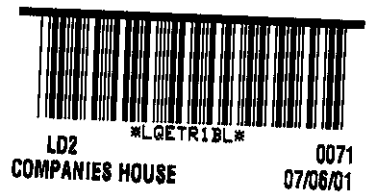


Sky New Media Ventures plc (formerly Castleville plc)

Accounts for the period from incorporation on
18 November 1999 to 30 June 2000
together with the Directors' and Auditors' reports
Registered number: 3879726



Directors and Officers

For the period from 18 November 1999 to 30 June 2000

Directors

Sky New Media Ventures plc's ("the Company's") present directors and those who served during the period from the date of incorporation on 18 November 1999 are as follows:

R F C Blundell	(appointed 15 December 1999)
M D Stewart	(appointed 15 December 1999)
J P Swingewood	(appointed 15 December 1999; resigned 21 May 2001)
RM Company Services Limited	(appointed 18 November 1999, resigned 15 December 1999)
RM Nominees Limited	(appointed 18 November 1999, resigned 15 December 1999)

Company Secretary

D J Gormley	(appointed 15 December 1999)
RM Registrars Limited	(appointed 18 November 1999; resigned 15 December 1999)

Registered office

Grant Way
Isleworth
Middlesex
TW7 5QD

Auditors

Arthur Andersen
1 Surrey Street
London
WC2R 2PS

Directors' report

The directors present their annual report on the affairs of the Company, together with the accounts and the auditors' report, for the period from 18 November 1999 to 30 June 2000.

Principal activity

The principal activity of the Company is to act as a holding company for investments in new media companies, on behalf of British Sky Broadcasting Group plc ("BSkyB"), its ultimate parent undertaking.

Results for the period and dividends

The loss after taxation for the period was £38,981,000. The directors do not recommend the payment of a dividend for the period ended 30 June 2000.

Company name

The Company changed its name on 1 February 2000 from Castleville plc to Sky New Media Ventures plc.

Directors and their interests

The directors of the Company are shown on page 1.

The directors who held office at 30 June 2000 had the following interests in the shares of group undertakings:

Options over shares in BSkyB							
	On appointment	Exercised during the period	At 30 June 2000	Exercise Price	Market price at date of exercise	Date from which exercisable	Expiry date
R F C Blundell	8,414 (a)	(8,414)	-	£2.05	£18.355	N/A	N/A
	152,734 (b)	-	152,734	£5.01	N/A	01.12.2001	01.12.2005
	68,911 (b)	-	68,911	£6.385	N/A	29.10.2002	29.10.2009
J P Swingewood	214,231(b)	-	214,231	£6.535	N/A	01.11.2002	01.11.2009
M D Stewart	2,110 (a)	(2,110)	-	£4.62	£9.715	N/A	N/A
	2,096 (a)	-	2,096	£4.62	N/A	01.01.2000	01.07.2003

(a) Options granted under the BSkyB Sharesave Scheme.

(b) Options granted under the Unapproved Scheme

Under the BSkyB Long Term Incentive Plan (LTIP) M D Stewart had the following outstanding awards receivable:

	On appointment	Awarded during the period	At 30 June 2000
M D Stewart	350,000	150,000	500,000

The award during the period is in the form of a combination of options with an exercise price of £21.415 and with a cash bonus of £21.415 receivable on exercise of each option. Further details regarding the operation of the LTIP are disclosed in the accounts of BSkyB for the year ended 30 June 2000.

Directors' report (continued)

Creditor payment policy

The Company had no trade creditors during the period.

Post balance sheet events

Details of all post balance sheet events are given in note 15 to these accounts.

Auditors

Arthur Andersen were appointed as auditors on 17 December 1999, and have indicated their willingness to continue in office. A resolution that they be re-appointed will be proposed at the Annual General Meeting.

Grant Way
Isleworth
Middlesex
TW7 5QD

By order of the Board,



M D Stewart
Director
6 June 2001

Directors' responsibilities

Accounts including the adoption of going concern basis

Company law requires the directors to prepare accounts 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 for that year. In preparing the accounts 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to assume that the company will continue in business.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Other matters

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts 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.

The directors confirm that these accounts comply with the above requirements.

Auditors' report

To the Shareholders of Sky New Media Ventures plc:

We have audited the accounts on pages 6 to 13 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the accounts, as described on page 4, in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the Company at 30 June 2000 and of the Company's loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS

6 June 2001

Profit and loss account

From incorporation on 18 November 1999 to 30 June 2000

	Notes	Period from 18 November 1999 to 30 June 2000 £'000
Turnover	2	554
Amortisation of URLs	5	(27)
Operating profit		<hr/> 527
Amounts provided against investments	6	(39,508)
Loss on ordinary activities before taxation	3	<hr/> (38,981)
Taxation	4	-
Retained loss for the period	10	<hr/> <hr/> (38,981)

Details of movements in reserves are shown in note 10.

The accompanying notes are an integral part of this profit and loss account.

All results relate to continuing activities.

There were no recognised gains or losses in the period other than those included within the profit and loss account.

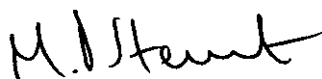
Balance sheet

As at 30 June 2000

	Notes	2000 £000
Fixed Assets		
Intangible assets	5	276
Investments	6	<u>1,900</u>
		2,176
Current Assets		
Debtors	7	13
Creditors: Amounts falling due within one year	8	<u>(41,157)</u>
Net current liabilities		<u>(41,144)</u>
Total assets less current liabilities		<u>(38,968)</u>
Net liabilities		<u>(38,968)</u>
Capital and reserves – equity		
Called-up equity share capital	9	13
Profit and loss account	10	<u>(38,981)</u>
Total shareholders' deficit		<u>(38,968)</u>

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

Signed on behalf of the Board



M D Stewart
Director
6 June 2001

Notes to accounts

1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the period, are summarised below:

a) Basis of accounting

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

Under the provisions of Financial Reporting Standard Number 1 (Revised), the Company has not presented a cash flow statement because its ultimate parent undertaking, BSkyB, has prepared consolidated accounts which include the results of the Company for the period and which contain a cash flow statement.

The Company has taken advantage of s228 of the Companies Act 1985 and has not prepared group accounts for the period.

b) Taxation

Corporation tax payable is provided at current rates on all taxable profits. Losses are surrendered between companies in the group for no consideration.

c) Fixed asset investments

Fixed asset investments are shown at cost less provision for impairment in value.

d) Intangible assets

Uniform Resource Locators ("URLs") are included at cost and are being amortised over a period of 7 years on a straight line basis, which is estimated to be their useful economic life. Provision is made for any impairment.

e) Deferred taxation

Deferred taxation is provided using the liability method at the rates ruling at the year end. Net deferred tax assets resulting from tax losses and other timing differences are not recognised except to the extent that it is assured beyond reasonable doubt that future taxable profits will be sufficient to recover them. Any deferred tax assets not recognised in the year that they arise are subsequently only recognised as they are realised.

f) Turnover

Turnover, which excludes VAT, arises from the provision of internet advertising services.

2 Turnover

This comprises revenues derived from Internet advertising services provided by the Company. All revenue arises wholly within the UK.

Notes to accounts (continued)

3 Loss on ordinary activities before taxation

There are no staff costs during the period as the Company had no employees. Services are provided by employees of other companies within the Group, with no charge being made for their services. The directors did not receive any remuneration during the period in respect of their services to the Company.

Amounts paid to the auditors for audit services were borne by another Group undertaking. No amounts for other services have been paid to the auditors in the period.

4 Taxation

No taxation has been provided as any taxable profit is covered by group relief for which no consideration is payable.

5 Intangible assets

	URLs £'000
Cost	
At 18 November 1999	-
Additions during the period	303
At 30 June 2000	<u>303</u>
Amortisation	
At 18 November 1999	-
Charge for the period	(27)
At 30 June 2000	<u>(27)</u>
Net book amount	
At 18 November 1999	-
At 30 June 2000	<u>276</u>

During the period the URL names Sky.com and Skysports.com were purchased for £247,000 and £56,000 respectively.

Notes to accounts (continued)

6 Fixed asset investments

The movement in the year was as follows:

	Subsidiary undertakings (see note 14) £000	Other investments £000	Total £000
Cost			
At 18 November 1999	-	-	-
Additions	1,900	39,508	41,408
At 30 June 2000	1,900	39,508	41,408
Provision			
At 18 November 1999	-	-	-
Amounts provided against investments	-	(39,508)	(39,508)
At 30 June 2000	-	(39,508)	(39,508)
Net Book Value			
At 18 November 1999	-	-	-
At 30 June 2000	1,900	-	1,900

Subsidiary undertakings

During the period the Company acquired 100% of Sky Sports Store Limited and 95% of Astorlock Limited.

Other investments

During the period the Company purchased a listed investment in gameplay.com plc, which is included in other investments at a net book value of £22,644,000. The market value of this investment at 30 June 2000 was £12,001,000.

During the period the Company purchased unlisted investments in Toyzone.co.uk Limited; Static 2358 Limited, Sportal Investment Limited; StreetsOnLine Limited; Letsbuyit.com N.V. and mykindaplace Limited.

Subsequent to year end the Company performed a review of its other investments, resulting in a full provision against these investments. This provision was determined subsequent to the publication of the British Sky Broadcasting Group plc Annual Report for the year ended 30 June 2000.

Notes to accounts (continued)

7 Debtors

	2000 £'000
Amounts owed by parent undertaking	<u>13</u>

8 Creditors: Amounts falling due within one year

	2000 £000
Amounts owed to parent undertaking	38,996
Accruals and deferred income	<u>2,161</u>
	<u>41,157</u>

Amounts due to parent undertaking are non-interest bearing and are payable on demand.

Accruals and deferred income comprises deferred non-cash consideration associated with the purchase during the year of certain of the other investments (see note 6). Such consideration is expected to be paid over the next 12 months.

9 Called-up equity share capital

	2000 £'000
<i>Authorised</i>	
50,000 ordinary shares of £1 each	<u>50</u>
<i>Allotted, called-up and fully-paid</i>	
12,500 ordinary shares of £1 each	<u>13</u>

On 15 December 1999, British Sky Broadcasting Limited and British Sky Broadcasting Group plc ("BSkyB") each acquired one share in the Company at nominal value. On 15 December 1999, a further 12,498 shares were issued to British Sky Broadcasting Limited at nominal value.

Notes to accounts (continued)

10 Reconciliation of movement in shareholders' funds

	Share capital £000	Profit and loss account £000	Total shareholders' deficit £000
At date of incorporation 18 November 1999	-	-	-
Shares issued on incorporation	-	-	-
Issue of share capital	13	-	13
Loss for the period	-	(38,981)	(38,981)
At 30 June 2000	13	(38,981)	(38,968)

11 Transactions with related parties

The Company has taken advantage of the exemption given by Financial Reporting Standard 8 "Related Party Disclosures" not to provide further details of the transactions with fellow Group undertakings or BSKyB's joint ventures, as it is a wholly owned subsidiary of BSKyB, and disclosures of such transactions are made in the consolidated accounts of the Group, which are publicly available.

12 Financing

The Company's balance sheet at 30 June 2000 showed net current liabilities of £41,144,000 and net liabilities of £38,968,000.

The directors of British Sky Broadcasting Limited have confirmed that they will continue to provide support to the Company to enable it to meet its third party liabilities as they fall due for at least twelve months from the date of signing these accounts.

Accordingly, the accounts have been prepared assuming that the Company will continue as a going concern.

13 Ultimate parent undertaking

The Company is a 99.99% owned subsidiary undertaking of British Sky Broadcasting Limited, a company registered in England and Wales.

The only Group in which the results of the Company are consolidated is that headed by BSKyB, the Company's ultimate parent undertaking. The consolidated accounts of this Group are available to the public and may be obtained from the Secretary, British Sky Broadcasting Group plc, Grant Way, Isleworth, Middlesex, TW7 5QD.

Notes to accounts (continued)

14 Principal subsidiaries

Details of the subsidiaries of the company are as follows:

Name	County of incorporation/operation	Description and proportion of shares held (%)	Principle activity
Sky Sports Store Limited	England and Wales	2 ordinary £1 "A" shares (100%)	Online branded sports merchandise retailer.
Astorlock Limited *	England and Wales	1,900,000 ordinary shares of £1 each (95%)	Development of the WML language
WAPTV Limited (100% subsidiary of Astorlock Limited) **	Scotland	1,000 ordinary shares of £1 each held by Astorlock Limited (100%)	Not trading

* On 12 December 2000, Astorlock Limited changed its name to WAPTV Limited

** On 1 November 2000, WAPTV Limited changed its name to APPCO Limited

15 Post balance sheet events

On 25 August 2000, the Company subscribed for a further 948 "A" shares in Sky Sports Store Limited in consideration for providing a £4 million marketing contribution in each of the first and second years following the launch of Skysportsstore.com. In addition the Company agreed to provide to Sky Sports Store Limited a loan of up to £5 million bearing interest of LIBOR plus one per cent. SCI Investments (formerly Definedome Limited) acquired a 5% stake on 25 August 2000, thereby diluting the Company's holding to 95%. Sky Sports Store Limited ceased trading on 8 March 2001 and this investment was provided for subsequent to the period end.

On 29 May 2001, the Company transferred its investment in WAP TV Limited (formerly Astorlock Limited) to BSkyB at cost.