

**TEAMtalk Media Group Limited (formerly  
TEAMtalk Media Group plc and TEAMtalk.com  
Group plc)**

Financial statements  
for 15 months ended 30 June 2002  
Registered number 3921392



## Company information

Company number	3921392
Directors	P Dubens E Semel D Annat AM Galvin M Woodhead
Secretary	C Kennedy
Registered office	Apsley House Wellington Street Leeds LS1 2EQ
Auditor	KPMG Audit Plc 1 The Embankment Neville Street Leeds LS1 4DW

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## **Directors' report**

The directors submit their report and the audited financial statements for the 15 months ended 30 June 2002.

### **Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to prepare the financial statements on the basis that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the 15 months ended 30 June 2002 and that applicable accounting standards have been followed.

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

### **Results and dividends**

The loss on the ordinary activities of the group before taxation amounted to £31,402,000 (2001: £15,343,000). After deducting taxation a loss of £31,402,000 (2001: £15,352,000) has been transferred from reserves. The directors do not recommend payment of a dividend.

### **Principal activity and business review**

The principal activity of the Group continued to be that of the provision of sports information and news via the internet, radio, premium rate telephony, SMS and text.

After the period end the Group was acquired by ukbetting plc. This resulted in a change to the previous management policies and the curtailment of the loss making radio activities. Under new ownership the Group is reviewing all business operations to stem cash outflow and move to profitability as quickly as possible.

During the year the Company changed its name from TEAMtalk.com Group plc to TEAMtalk Media Group plc. Following the acquisition of the Group by ukbetting plc, the company's shares ceased to be listed, accordingly, the company changed its name to TEAMtalk Media Group Limited.

### **Post balance sheet events**

On 12 July 2002, the entire issue share capital of the company was acquired by ukbetting plc. On 16 August 2002 the company delisted from the London Stock Exchange.

**Directors' report** *(continued)***Directors and their interests**

The directors who served during the period were as follows:

WR Wilson	(resigned 26 April 2002)
IT Holding	(resigned 10 July 2002)
AWF Steenberg	(resigned 12 July 2002)
C Oakley	(resigned 12 July 2002)
R Denning	(resigned 12 July 2002)
K Kerr	(resigned 12 July 2002)
AM Galvin	(appointed 12 July 2002)
P Dubens	(appointed 12 July 2002)
E Semel	(appointed 12 July 2002)
D Annat	(appointed 12 July 2002)
M Woodhead	(appointed 22 June 2001)

Of the directors who held office during the period, the following had a direct interest in the company.

	Notes	Shares held at 31 March 2001	Acquisition of shares during the year	Shares held at 30 June 2002
<b>Executive Directors</b>				
WR Wilson	<i>a,b</i>	18,076,650	-	18,076,650
AWF Steenberg	<i>b</i>	68,430	-	68,430
IT Holding	<i>b</i>	399,910	-	399,910
<b>Non-Executive Directors</b>				
R Denning		98,995		98,995
C Oakley		10,500	-	10,500
K Kerr		-	5,000	5,000

**Notes:**

- a. WR Wilson's beneficial holding amounted to 18,076,650, of which 3,074,365 shares are held directly and 15,002,285 are held through Brendene Investments Limited, a discretionary trust for the beneficiaries, who are members of the WR Wilson's immediate family.
- b. The Executive Directors, by reason of their being Directors of the Company, are, also, regarded as being interested in the 5,960,651 shares held by the TEAMtalk.com Group Employee Share Trust ('Trust'). They do not hold any of these shares in the Company directly. The Trust is a discretionary trust established prior to the demerger and operated in conjunction with the Company's Shares Schemes. The Trust is constituted by a trust deed entered into between the Company and Maurant & Co. Trustees Limited, which is resident in Jersey. Any ordinary shares acquired by the trustee are held on trust for the beneficiaries, who are the employees and former employees of the Company and its subsidiaries (together with their dependants). After the acquisition of the Company by ukbetting plc, the shares of the Trust were acquired by ukbetting plc except for those shares required to fulfil the Deferred Share Bonus Scheme that were granted to WR Wilson, IT Holding and AWF Steenberg.

**Director's report** *(continued)***Directors and their interests** *(continued)*

	<i>Notes</i>	<b>Date of grant</b>	<b>At 31 March 2001</b>	<b>Granted in period</b>	<b>At 30 June 2002</b>	<b>Exercise price</b>	<b>Earliest date for exercise</b>	<b>Expiry date</b>
WR Wilson	<i>b</i>	10 April 2000	620,689	-	620,689	145p	10 April 2003	10 April 2010
	<i>c</i>	10 April 2000	496,551	-	496,551	0p	10 April 2003	10 April 2003
	<i>d</i>	28 April 2000	22,529	-	22,529	43p	28 April 2003	28 October 2003
	<i>b</i>	27 June 2001	-	1,350,000	1,350,000	11.75p	28 June 2004	27 June 2011
AWF Steenberg	<i>a</i>	10 April 2000	286,004	-	286,004	145p	10 April 2003	10 April 2010
	<i>b</i>	10 April 2000	58,823	-	58,823	145p	10 April 2003	10 April 2010
	<i>c</i>	10 April 2000	275,862	-	275,862	0p	10 April 2003	10 April 2003
	<i>d</i>	28 April 2000	39,244	-	39,244	43p	28 April 2003	28 October 2005
	<i>b</i>	27 June 2001	-	750,000	750,000	11.75p	27 June 2004	27 June 2011
IT Holding	<i>b</i>	10 April 2000	275,862	-	275,862	145p	10 April 2000	10 April 2010
	<i>c</i>	10 April 2000	220,689	-	220,689	0p	10 April 2000	10 April 2003
	<i>d</i>	28 April 2000	22,529	-	22,529	43p	28 April 2000	28 October 2003
	<i>b</i>	27 June 2001	-	600,000	600,000	11.75p	27 June 2004	27 June 2011
M Woodhead	<i>b</i>	10 April 2000	172,014	-	172,014	145p	10 April 2003	10 April 2010
	<i>d</i>	28 April 2000	23,529	-	23,529	43p	28 April 2003	28 April 2003
	<i>b</i>	27 June 2001	-	575,000	575,000	11.75p	27 June 2004	27 June 2011

**Notes:**

- Granted under the Company's Inland Revenue Approved Employee Share Option Scheme
- Granted under the Company's Unapproved Employee Share Option Scheme
- Granted under the Company's Deferred Share Bonus Scheme
- Granted under the Company's Inland Revenue Approved Sharesave Scheme

No options lapsed during the period. No other Directors have been granted share options in the Company or other Group entities.

Following the acquisition of the Company by ukbetting, the Deferred Bonus Share Scheme became paid up and all other options lapsed.

**Payment to creditors**

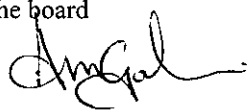
It is company policy to agree the terms and conditions, including terms of payment, under which business transaction are carried out. Suppliers are made aware of such terms of payment and the payment of suppliers is made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions. At 30 June 2002 the amount of trade creditors shown in the balance sheet represents 32 days of average purchases for the company (2001: 24 days).

**Auditors**

On 29 July 2002, PricewaterhouseCoopers resigned as auditors to the company. On 29 July 2002 KPMG Audit Plc were appointed by the directors in their place to fill the casual vacancy. A resolution for the reappointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board

**A Galvin**  
Director





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## **Report of the independent auditor to the members of TEAMtalk Media Group Limited (formerly TEAMtalk Media Group plc and TEAMtalk.com Group plc)**

We have audited the financial statements on pages 5 to 26.

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 are responsible for preparing the directors' report and, as described on page 1, the financial statements 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.

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.

### **Basis of audit 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 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 affairs of the Company and the Group as at 30 June 2002 and loss of the Group for the 15 month period then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*  
**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

28 April 2003

**Consolidated profit and loss account**  
*for the 15 months ended 30 June 2002*

	<i>Note</i>	<b>15 months ended 30 June 2002 £000</b>	<b>13 months ended 31 March 2001 £000 (as restated)</b>
<b>Turnover</b>			
Continuing operations		10,386	8,933
Acquisitions		850	-
<b>Total continuing operations</b>		<b>11,236</b>	<b>8,933</b>
Discontinued operations		977	367
<b>Group turnover</b>	<i>1,2,3</i>	<b>12,213</b>	<b>9,300</b>
Cost of sales	<i>3</i>	(12,363)	(8,914)
<b>Gross (loss)/profit</b>		<b>(150)</b>	<b>386</b>
Administrative expenses	<i>3</i>	(33,092)	(18,114)
<b>Operating loss</b>	<i>3</i>		
Continuing operations		(20,448)	(7,042)
Acquisitions		(1,643)	-
Discontinued operations		(11,151)	(10,686)
Net interest receivable and similar income	<i>4</i>	(33,242) 1,459	(17,728) 2,385
<b>Loss on ordinary activities before tax</b>	<i>5</i>	<b>(31,783)</b>	<b>(15,343)</b>
Tax on loss on ordinary activities	<i>6</i>	-	(9)
<b>Loss on ordinary activities after tax</b>		<b>(31,783)</b>	<b>(15,352)</b>
Minority interest in loss for the period		381	-
<b>Loss for the financial period</b>		<b>(31,402)</b>	<b>(15,352)</b>

There is no difference between the loss on ordinary activities before and after taxation and the retained loss for the period ended 30 June 2002 and their historical cost equivalents.

**Consolidated statement of total recognised gains and losses**  
*for the 15 months ended 30 June 2002*

	<b>15 months ended 30 June 2002 £000</b>	<b>13 months ended 31 March 2001 £000</b>
<b>Loss for the financial period</b>	<b>(31,402)</b>	<b>(15,352)</b>
Exchange differences on retranslation of foreign subsidiaries	(152)	42
<b>Total gains and losses recognised since last annual report</b>	<b>(31,554)</b>	<b>(15,310)</b>



**Balance sheets***As at 30 June 2002*

		<b>Group</b>		<b>Company</b>	
	<i>Note</i>	<b>30 June 2002 £000</b>	<b>31 March 2001 £000</b>	<b>30 June 2002 £000</b>	<b>31 March 2001 £000</b>
<b>Fixed assets</b>					
Intangible assets	9	2,640	10,589	-	-
Tangible assets	10	913	3,606	140	221
Investments	11	278	557	4,803	12,915
		<u>3,831</u>	<u>14,752</u>	<u>4,943</u>	<u>13,136</u>
<b>Current assets</b>					
Stock	12	78	-	-	-
Debtors	13	2,303	1,710	10,472	1,252
Short-term investments		-	6,256	-	6,256
Cash at bank and in hand		15,067	26,889	14,740	26,794
		<u>17,448</u>	<u>34,855</u>	<u>25,212</u>	<u>34,302</u>
<b>Creditors: amounts falling due within one year</b>	14	(5,555)	(3,111)	(2,888)	(934)
<b>Net current assets</b>		<u>11,893</u>	<u>31,744</u>	<u>22,324</u>	<u>33,368</u>
<b>Total assets less current liabilities</b>		<u>15,724</u>	<u>46,496</u>	<u>27,267</u>	<u>46,504</u>
<b>Creditors: amounts falling due after more than one year</b>	15	-	(316)	(800)	(557)
Provisions for liabilities charges	16	(5)	(4)	(5)	(4)
<b>Net assets</b>		<u>15,719</u>	<u>46,176</u>	<u>26,462</u>	<u>45,943</u>
<b>Capital and reserves</b>					
Called up share capital	17	2,277	2,235	2,277	2,235
Share premium account	18	60,894	60,436	60,894	60,436
Other reserves	18	(1,613)	(1,613)	50	50
Profit and loss account	18	(45,839)	(14,882)	(36,759)	(16,778)
<b>Shareholders' funds</b>	18	<u>15,719</u>	<u>46,176</u>	<u>26,462</u>	<u>45,943</u>

These financial statements on pages 5 to 26 were approved by the board of directors on 28 April 2003 and were signed on its behalf by:



**AM Galvin**  
Director

**Consolidated cash flow statement**  
*for the 15 months ended 30 June 2002*

	<i>Note</i>	<b>30 June 2002 £000</b>	<b>31 March 2001 £000</b>
<b>Net cash outflow from operating activities</b>	<b>24</b>	<b>(15,211)</b>	<b>(5,669)</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		1,464	2,277
		<hr/> (13,747)	<hr/> (3,392)
<b>Taxation</b>			-
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(1,419)	(3,554)
Purchase of own shares		-	(800)
		<hr/> (1,419)	<hr/> (4,354)
<b>Acquisitions</b>			
Purchase of businesses		(3,745)	(14,461)
Net cash acquired with businesses		262	35
		<hr/> (3,483)	<hr/> (14,426)
<b>Cash outflow before use of liquid resources and financing</b>		<b>(18,649)</b>	<b>(22,172)</b>
<b>Management of liquid resources</b>			
Decrease/(increase) in short-term deposits		6,256	(6,256)
<b>Financing</b>			
Issue of shares		-	60,030
Cost of share issue		-	(4,831)
		<hr/> -	<hr/> 55,199
<b>(Decrease)/increase in cash in the period</b>	<b>25</b>	<b>(12,393)</b>	<b>26,771</b>
<b>Reconciliation of net cash flow to net funds</b>			
Net funds at beginning of period		26,822	-
Net cash within TEAMtalk.com Limited on demerger		-	25
(Decrease)/increase in cash in the period		(12,393)	26,771
Exchange adjustments		104	26
		<hr/> 14,533	<hr/> 26,822
<b>Net funds at end of period</b>		<b>14,533</b>	<b>26,822</b>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

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

#### ***Basis of preparation***

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

The ability of the group and the company to continue trading in the foreseeable future is largely dependent on the continued support of the ultimate parent company Ukbetting plc. The ultimate parent company has indicated that it intends to provide such funds as are necessary for the group and the company to continue to trade for the foreseeable future. Accordingly, the directors consider that the financial statements should be prepared on an ongoing basis.

#### ***Basis of consolidation***

The Group accounts consolidate the accounts of TEAMtalk Media Group Limited and its subsidiary undertakings made up to 30 June 2002. The subsidiary undertakings are accounted for using acquisition accounting and their results are included in the profit and loss account from the date control passed. No profit and loss account is presented for the company as permitted by section 230 of the Companies Act 1985.

#### ***Related party transactions group***

As the company is wholly owned by ukbeting plc, it has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of that Group.

#### ***Goodwill and negative goodwill***

Goodwill arising on acquisitions represents the excess of fair value of the consideration paid over the fair value of the identifiable net assets acquired and is amortised through the profit and loss account on a straight line basis over its useful economic life. The Directors review the period of amortisation of goodwill in respect of each acquisition and the level of goodwill is reviewed for impairment at the end of the first financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may be recoverable.

In calculating goodwill, total consideration, both actual and deferred, is taken into account. Where deferred consideration is payable, the liability is discounted to its net present value. Where deferred consideration is contingent and dependent upon future trading performance, an estimate of the present value of the likely consideration is made. The value of contingent liability is reassessed quarterly. The difference between the net present value and the total amount payable at a future date gives rise to a finance charge which is charged to the profit and loss account and credited to the liability over the period in which the consideration is deferred. The discount rate used approximates to the market-base discount rate.

#### ***Tangible fixed assets***

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Software and development costs are capitalised where they relate to separately identifiable projects of ongoing commercial value to the Group and are depreciated over their estimated useful economic lives.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Motor vehicles	25%
Plant, machinery and telecom equipment	20% to 33%
Leasehold improvements	10%
Fixtures and fittings	10%

**Notes (continued)****1 Accounting policies (continued)*****Turnover***

Turnover, which excludes value added tax and sales between group businesses, represents the invoiced value of services supplied to customers.

***Revenue recognition***

Connectivity revenue is recognised when the Group has determined that users have accessed the Group's services via a telecommunications network or service provider. Connectivity revenue is recorded as the gross amount received by the network or service provider and any deductions retained by the provider for additional services are recorded in the cost of sales. Content syndication contracts are recognised rateably over the period of the contract. Professional services, such as web design and software implementation, and advertising revenues are recognised when the services are charged.

The Group policy for recognising barter revenue has been changed during the period. Previously barter transactions for content were recorded based on the fair value of consideration received, which generally consisted of advertising displayed on other companies' web sites. Barter revenue, and the corresponding expense, was recognised in the period in which the advertising was displayed. The accounting policy now adopted ceases to recognise revenue and associated costs for barter transactions. The directors consider that the new accounting policy gives a more representative view of the underlying commercial transactions. The effect of this change of policy on reported results has been to decrease turnover and cost of sales by £271,000 (2001: £418,000). The change in accounting policy has no impact on the current or previous periods profits.

***Finance and operating leases***

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term. Finance lease arrangements, which transfer to the Group substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the finance leases is shown as obligations under finance leases. The finance lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the useful lives of equivalent owned assets.

***Foreign currencies******Company***

Transactions in foreign currencies are recorded at the date of the transaction or at the contracted rate if the transaction is covered by a foreign exchange contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate the forward contract rate.

***Group***

The accounts of overseas subsidiary undertaking are translated at the rate of exchange ruling at the balance sheet date. The exchange difference, arising on the retranslation of the opening net assets and profits and losses incurred are taken directly to reserves.

***Research and development***

Research and development costs include expenses incurred by the Group to develop, enhance, manage, monitor and operate the Group's web sites and systems. Research and development costs are expensed as incurred.

***Deferred taxation***

Deferred tax is recognised, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

**Notes** *(continued)***1 Accounting policies** *(continued)***Pension costs**

The Group operates a defined contribution pension scheme in which the employees participate. The pension cost under this scheme is the amount of contributions payable in respect of the accounting period. The Group provides no other post-retirement benefits to its employees.

**2 Segmental analysis**

Turnover is analysed below by geographical destination:

	<b>15 months ended</b>	13 months ended
	<b>30 June</b>	31 March
	<b>2002</b>	2001
	<b>£000</b>	£000
		(as restated)
United Kingdom	<b>8,265</b>	8,933
Europe (excluding United Kingdom)	<b>1,543</b>	26
North America	<b>1,960</b>	341
Rest of the World	<b>445</b>	-
	<hr/>	<hr/>
	<b>12,213</b>	9,300
	<hr/>	<hr/>

**Notes** *(continued)***3 Operating loss**

	15 months ended 30 June 2002				13 months ended 31 March 2001 (as restated)		
	Continuing £000	Acquisitions £000	Discontinued £000	Total £000	Continuing £000	Discontinued £000	Total £000
<b>Turnover</b>	10,386	850	977	<b>12,213</b>	8,933	367	9,300
<b>Cost of sales</b>	(9,855)	(793)	(1,715)	<b>(12,363)</b>	(8,180)	(734)	(8,914)
<b>Gross profit/(loss)</b>	531	57	(738)	<b>(150)</b>	753	(367)	386
Administrative expenses (before depreciation, amortisation of goodwill, share scheme charges and exceptional costs)	(8,445)	(454)	(4,224)	<b>(13,123)</b>	(5,089)	(1,934)	(7,023)
Depreciation	(859)	(4)	(259)	<b>(1,122)</b>	(388)	(82)	(470)
Amortisation of goodwill	(2,357)	(309)	(84)	<b>(2,750)</b>	(1,826)	(1,270)	(3,096)
Exceptional goodwill impairment provision	(3,951)	(735)	(2,622)	<b>(7,308)</b>	-	(7,033)	(7,033)
Exceptional reorganisation charges	(2,134)	(198)	(1,786)	<b>(4,118)</b>	-	-	-
Exceptional tangible fixed assets impairment provision	(2,636)	-	(1,438)	<b>(4,074)</b>	-	-	-
Share scheme charges	(597)	-	-	<b>(597)</b>	(492)	-	(492)
<b>Total administrative expenses (the company)</b>	<b>(20,979)</b>	<b>(1,700)</b>	<b>(10,413)</b>	<b>(33,092)</b>	<b>(7,795)</b>	<b>(10,319)</b>	<b>(18,114)</b>
<b>Operating loss</b>	<b>(20,448)</b>	<b>(1,643)</b>	<b>(11,151)</b>	<b>(33,242)</b>	<b>(7,042)</b>	<b>(10,686)</b>	<b>(17,728)</b>
<b>EBITDA before exceptional costs</b>	<b>(10,048)</b>	<b>(595)</b>	<b>(6,748)</b>	<b>(17,391)</b>	<b>(4,336)</b>	<b>(2,301)</b>	<b>(6,637)</b>

Acquisitions comprise Hampson Radio Limited and Cityscreen and Online Editorial Bureau (see note 20).

Discontinued operations comprise Radio Tara Limited (see note 20), TEAMtalk GmbH, TEAMtalk Inc., TEAMtalk Sverige AB, RacingOne.com Inc and MMC Sport-Redaktion GmbH.

**Notes** *(continued)***4 Net interest receivable/(payable) and similar income**

	<b>15months ended 30 June 2002 £000</b>	<b>13 months ended 31 March 2001 £000</b>
Interest payable on bank loans and overdraft	-	(14)
Interest receivable	1,343	2,349
Gift from IMS Group Plc	-	50
Exchange gains	116	-
	<u>1,459</u>	<u>2,385</u>

**5 Loss on ordinary activities before taxation**

	<b>15months ended 30 June 2002 £000</b>	<b>13 months ended 31 March 2001 £000</b>
Loss before tax is stated after charging/(crediting):		
Depreciation of tangible owned fixed assets	1,122	470
Amortisation of goodwill	2,750	3,096
Exceptional provision for impairment	11,382	7,033
Provision for impairment of investment in own shares	279	243
Operating leases rental – equipment	55	14
Operating lease rental – land and buildings	400	287
Exchange gains	(116)	(39)
Auditors' remuneration – audit (the Company £24,000 – 2001: £30,000)	80	55
Auditors' remuneration – non audit services	24	156
	<u></u>	<u></u>

**6 Tax on loss on ordinary activities**

	<b>15months ended 30 June 2002 £000</b>	<b>13 months ended 31 March 2001 £000</b>
UK corporation tax at 30% (2001: 30%)	-	9
	<u></u>	<u></u>

**Notes (continued)****6 Tax on loss on ordinary activities (continued)**

At 30 June 2002, the Group had accumulated UK tax losses of approximately £9.3m (2001: £4.2m) which are available to offset against future trading profits in certain Group companies.

	15 months ended 30 June 2002 £000	13 months ended 31 March 2001 £000
Current tax reconciliation		
Loss on ordinary activities before tax	(31,783)	(15,343)
Expected current tax thereon at 30%	(9,535)	(4,603)
Expenses which are not deductible for tax purposes	5,053	3,487
Depreciation in excess of capital allowances	634	(125)
Increase in tax losses carried forward – UK	2,243	1,250
Increase in tax losses carried forward - overseas	1,605	-
Current tax charge	-	9

**7 Losses of the holding company**

As permitted under section 230 of the Companies Act 1985, the profit and loss account of the Company is not presented as part of these financial statements. Of the consolidated loss for the financial period of £31.4 million (2001: £15.4 million), £20.6 million (2001: £17.2 million) was dealt with in the financial statements of the company.

**8 Directors and employees****Employee numbers**

The average number of employees (including Directors) employed by the Group during the period was:

	15 months ended 30 June 2002 Number	13 months ended 31 March 2001 Number
<b>United Kingdom</b>		
Content	138	74
Sales, general and administration	114	77
Management	8	8
<b>Overseas</b>		
Content	27	12
Sales, general and administration	36	14
Management	7	6
	330	191



**Notes** *(continued)***8. Directors and employees** *(continued)***Employee costs**

The aggregate remuneration and associated costs of Group employees (including Directors) were:

	<b>15 months ended 30 June 2002 £000</b>	<b>13 months ended 31 March 2001 £000</b>
Wages and salaries	9,286	4,747
Social security costs	983	425
Other pension costs	327	176
	<u>10,596</u>	<u>5,348</u>

The remuneration of the directors of the Group for the period to 30 June 2002 was as follows:

	<b>15 months ended 30 June 2002 £000</b>	<b>13 months ended 31 March 2001 £000</b>
Emoluments	568	440
Payments to defined contribution pension scheme	99	78
Total remuneration	<u>667</u>	<u>518</u>

The number of directors accruing retirement benefits was as follows:

	<b>15 months ended 30 June 2002 £000</b>	<b>13 months ended 31 March 2001 £000</b>
Defined contribution pension scheme	<u>4</u>	<u>3</u>

The highest paid Director received aggregate emoluments of £203,000 (2001: £198,000) and £61,000 (2001: £60,000) in Company contributions to a money purchase pension scheme.

During the financial period there was no contract of significance to which the Company, or one of its subsidiaries, was a party and in which a Director of the Company was materially interested.

**Notes (continued)****9 Intangible fixed assets**

	<b>Goodwill</b> <b>30 June 2002</b> <b>£000</b>	<b>Goodwill</b> <b>31 March 2001</b> <b>£000</b>
<i><b>Cost</b></i>		
Balance brought forward	20,718	-
Additions	2,762	20,718
Revaluations	(649)	-
Disposals	(2,122)	-
	<hr/>	<hr/>
<b>Total</b>	<b>20,709</b>	<b>20,718</b>
	<hr/>	<hr/>
<i><b>Amortisation</b></i>		
Balance brought forward	10,129	-
Charge for the period	2,750	3,096
Disposals	(2,118)	-
Impairment provision	7,308	7,033
	<hr/>	<hr/>
<b>At 30 June 2002</b>	<b>18,069</b>	<b>10,129</b>
	<hr/>	<hr/>
<b>Net book value</b>	<b>2,640</b>	<b>10,589</b>
	<hr/>	<hr/>

The revaluation of goodwill relates to the cancellation of the deferred consideration due on the acquisition of MMC Sport-Redaktion GmbH.

The disposals are detailed below:

	<b>£000</b>
<i><b>Cost</b></i>	
RacingOne.com, Inc	466
MMC Sport-Redaktion GmbH	1,656
	<hr/>
	<b>2,122</b>
	<hr/>
<i><b>Amortisation</b></i>	
RacingOne.com, Inc	462
MMC Sport-Redaktion GmbH	1,656
	<hr/>
	<b>2,118</b>
	<hr/>

**Notes** *(continued)***9 Intangible fixed assets** *(continued)*

At the end of the financial period, the Directors undertook a review of the carrying value of goodwill. As a consequence, the goodwill relating to certain acquisitions, was subject to an impairment provision.

The impairment charge is detailed below:

	<b>30 June 2002</b>	<b>31 March 2001</b>
	<b>£000</b>	<b>£000</b>
RacingOne.com, Inc	355	-
MMC Sport-Redaktion GmbH	1,615	-
TEAMtalk.com Limited	2,928	-
Cityscreen and Online Editorial Bureau	502	-
Hampson Radio Limited	735	-
Racing Research	521	-
Radio Tara Limited	652	-
TEAMtalk, Inc	-	7,033
	<hr/>	<hr/>
	<b>7,308</b>	<b>7,033</b>
	<hr/>	<hr/>

Goodwill arising on acquisitions is being amortised on a straight line basis over the following periods.

<b>Assets/Company acquired</b>	<b>Nature of business</b>	<b>Amortisation period</b>
TEAMtalk business demerged from IMS Group plc	Media	5 years (i)
TEAMtalk Satellite Limited	Media	5 years
TEAMtalk, Inc.	Media	5 years (i)
MMC Sport-Redaktion GmbH	Media	4 years (i)
RacingOne.com, Inc.	Media	5 years (i)
Racing Research	Media	3 years
Hampson Radio Limited	Media	5 years (ii)
Radio Tara Limited	Media	3 years (i)
Cityscreen and OnLine Editorial Bureau	Media	3 years (i)

Notes:

- (i) Full amount of acquisition goodwill now written off
- (ii) Impairment review resulted in a reduction of £735,000.

The Company had no intangible fixed assets during the financial periods ended 30 June 2002 and 31 March 2001.

**Notes** *(continued)***10 Tangible fixed assets**

	<b>Group</b>			<b>Company</b>	
	<b>Freehold property</b>	<b>Leasehold improvements</b>	<b>Fixtures, fittings and equipment</b>	<b>Total</b>	<b>Fixtures fittings and equipment</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<i><b>Cost</b></i>					
At 1 April 2001	-	1,043	3,033	4,076	241
Acquisitions	757	-	881	1,638	-
Additions	-	247	774	1,021	39
Disposals	-	-	(715)	(715)	-
Exchange adjustments	46	-	15	61	-
<b>At 30 June 2002</b>	<b>803</b>	<b>1,290</b>	<b>3,988</b>	<b>6,081</b>	<b>280</b>
<i><b>Depreciation</b></i>					
At 1 April 2001	-	75	395	470	20
Charge for the period	15	121	986	1,122	120
Disposals	-	-	(498)	(498)	-
Impairment charge	430	1,082	2,562	4,074	-
<b>At 30 June 2002</b>	<b>445</b>	<b>1,278</b>	<b>3,445</b>	<b>5,168</b>	<b>140</b>
<i><b>Net book value</b></i>					
<b>At 30 June 2002</b>	<b>358</b>	<b>12</b>	<b>543</b>	<b>913</b>	<b>140</b>
At 31 March 2001	-	968	2,638	3,606	221

**Notes** *(continued)***11 Fixed asset investments**

		Company £000
Shares in group undertakings		
<i>Cost</i>		
At 1 April 2001		30,607
Additions		-
		<hr/>
At 30 June 2002		30,607
		<hr/>
<i>Provision for impairment</i>		
At 1 April 2001		18,249
Impairment charge		7,833
		<hr/>
At 30 June 2002		26,082
		<hr/>
Net book value		
At 30 June 2002		4,525
		<hr/>
At 31 March 2001		12,358
		<hr/>
	Group £000	Company £000
Investment in own shares		
<i>Cost</i>		
At 1 April 2001	800	800
Additions	-	-
Disposals	-	-
	<hr/>	<hr/>
At 30 June 2002	800	800
	<hr/>	<hr/>
<i>Provision for impairment</i>		
At 1 April 2002	243	243
Impairment charge	279	279
	<hr/>	<hr/>
At 30 June 2002	522	522
	<hr/>	<hr/>
Net book value		
At 30 June 2002	278	278
	<hr/>	<hr/>
At 31 March 2001	557	557
	<hr/>	<hr/>

**Notes (continued)****11 Fixed asset investments (continued)**

	Principal activity	Country of incorporation	Proportion of voting rights held by:	
			The company	A subsidiary
Rapid Raceline Limited	Holding company	England	-	100%
TTC2 Limited (i)	Holding company	England	100%	-
TTC3 Limited (i)	Holding company	England	100%	-
TEAMtalk Satellite, Inc.	Media	USA	-	100%
TEAMtalk Satellite Limited	Media	England	100%	-
TEAMtalk GmbH (ii)	Media	Germany	-	100%
TEAMtalk, Inc.	Media	USA	100%	-
TEAMtalk Media Limited	Media	England	-	100%
TEAMtalk.com Limited	Media	England	100%	-
TEAMtalk Sverige AB (ii)	Media	Sweden	-	100%
TEAMtalk Broadcast Limited	Media	England	-	100%
Radio Tara Limited	Media	Republic of Ireland	-	80%
TTC4 Limited	Holding company	England	100%	-
TTCX plc	Holding company	England	100%	-

Notes:

- (i) Non-trading companies  
(ii) In liquidation

**Own Shares**

The Trust was established in April 2000 with the purpose of holding shares in the Company to hedge potential costs to shareholders arising from the various share schemes of the Company. In accordance with UK GAAP, the Trust's accounts were consolidated into the Company and Group.

At 30 June 2002, the Trust held 5,960,651 shares in the Company with a market value of £0.3 million. Costs of administration were included in the profit and loss account as they accrued. The shares not utilised in the Deferred Bonus Share Scheme were acquired by ukbetting plc on 12 July 2002 and the cash in the Trust was returned to the Company.

**12 Stock**

	Group		Company	
	30 June 2002 £000	31 March 2001 £000	30 June 2002 £000	31 March 2001 £000
Receiver equipment	78	-	-	-

**13 Debtors**

	Group		Company	
	30 June 2002 £000	31 March 2001 £000	30 June 2002 £000	31 March 2001 £000
Trade debtors	935	1,231	-	-
Amounts owed by group undertakings	-	-	10,093	1,054
Other debtors	946	194	93	70
Prepayments and accrued income	422	285	286	128
	<u>2,303</u>	<u>1,710</u>	<u>10,472</u>	<u>1,252</u>

**Notes (continued)****14 Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2002</b>	<b>31 March 2001</b>	<b>30 June 2002</b>	<b>31 March 2001</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Overdrafts	534	67	4	-
Trade creditors	1,305	1,048	392	86
Amounts due to group undertakings	-	-	2,385	675
Corporation tax	81	22	-	-
Other taxation and social security payable	318	143	-	-
Other creditors	8	6	-	-
Accruals and deferred income	2,909	1,109	107	173
Deferred consideration for acquisitions	400	716	-	-
	<u>5,555</u>	<u>3,111</u>	<u>2,888</u>	<u>934</u>

**15 Creditors: amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2002</b>	<b>31 March 2001</b>	<b>30 June 2002</b>	<b>31 March 2001</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Amounts owed to group undertakings	-	-	800	557
Deferred consideration for acquisitions payable in March 2003	-	316	-	-
	<u>-</u>	<u>316</u>	<u>800</u>	<u>557</u>

**16 Provision for liabilities and charges**

	<b>Group</b>	<b>Company</b>
	<b>£000</b>	<b>£000</b>
At 1 April 2001	4	4
Charged to profit and loss account	1	1
	<u>5</u>	<u>5</u>
<b>At 30 June 2002</b>	<b>5</b>	<b>5</b>

	<b>30 June 2002</b>	<b>30 June 2002</b>	<b>31 March 2001</b>	<b>31 March 2001</b>
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Deferred tax</b>				
Total unprovided amounts of deferred taxation are as follows:				
Accelerated capital allowances	717	23	(125)	-
Tax losses	2,794	79	942	-
	<u>3,511</u>	<u>102</u>	<u>817</u>	<u>-</u>
<b>Unprovided deferred tax asset</b>	<b>3,511</b>	<b>102</b>	<b>817</b>	<b>-</b>

**Notes** *(continued)***17 Share capital**

	<b>Group and Company</b>	
	<b>30 June 2002</b>	<b>31 March 2001</b>
	<b>£000</b>	<b>£000</b>
<i>Authorised</i>		
6,000,000,000 ordinary shares of 1p each	6,000	6,000
<i>Allotted, called up and fully paid</i>		
227,674,279 (2001: 223,507,612) ordinary shares of 1p each	2,277	2,235

4,166,667 shares were issued during the period (see note 20)

**18 Shareholders' funds**

	<b>Group 2002 £000</b>	<b>Company 2002 £000</b>
<b>Called up share capital</b>		
At 1 April 2001	2,235	2,235
Issues of shares	42	42
<b>At 30 June 2002</b>	<b>2,277</b>	<b>2,277</b>
<b>Share premium account</b>		
At 1 April 2001	60,436	60,436
Premium on issue of shares	458	458
<b>At 30 June 2002</b>	<b>60,894</b>	<b>60,894</b>
<b>Other reserves</b>		
At 1 April 2001 and 30 June 2002	(1,613)	50
<b>Profit and loss account</b>		
At 1 April 2001	(14,882)	(16,778)
Loss for the period	(31,402)	(20,578)
Exchange movements	(152)	-
Share scheme charges	597	597
<b>At 30 June 2002</b>	<b>(45,839)</b>	<b>(36,759)</b>
<b>Shareholders' funds</b>		
At 30 June 2002	15,719	26,462
At 31 March 2001	46,176	45,943



**Notes** (continued)**19 Reconciliation of movement in shareholders' funds**

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2002</b>	<b>31 March 2001</b>	<b>30 June 2002</b>	<b>31 March 2001</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Loss for the period	(31,402)	(15,352)	(20,578)	(17,206)
Exchange movements	(152)	42	-	-
New share capital subscribed	500	62,671	500	62,671
Share scheme charges	597	478	597	478
Merger reserve	-	(1,663)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net reduction to shareholders' funds	(30,457)	46,176	(19,481)	45,943
Opening shareholders' funds	46,176	-	45,943	-
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	15,719	46,176	26,462	45,943
	<hr/>	<hr/>	<hr/>	<hr/>

The share scheme charges relates to the amortisation of the Deferred Bonus Scheme shares from the date of floatation to their award.

**20 Acquisitions****Hampson Radio Limited**

On 22 June 2001, TEAMtalk acquired the entire share capital of Hampson Radio Limited for £1.5 million plus costs.

The consideration was paid, on completion, as cash of £1.0 million and the allotment, credited as fully paid, of 4,166,667 new ordinary shares at 12p each.

The book value and provisional fair value of the assets and liabilities of Hampson Radio Limited acquired are set out below.

	<b>Total book value and provisional fair value £000</b>
Fixed assets	19
Debtors	150
Stock	15
Cash	24
	<hr/>
Total assets	208
Creditors	(262)
	<hr/>
Net liabilities	(54)
	<hr/>

**Notes** *(continued)***20 Acquisitions** *(continued)*

	<b>Total book value and provisional fair value £000</b>
Goodwill arising on acquisition	1,544
	<hr/> 1,490
Satisfied by cash	969
Satisfied by shares	500
Costs of acquisition	21
	<hr/> 1,490 <hr/>

**Radio Tara Limited ("RTL")**

On 4 December 2001, TEAMtalk acquired an 80% interest in the share capital of Radio Tara Limited ("RTL"), incorporated in the Republic of Ireland, for cash consideration of £2 million.

The book value and provisional fair value of the assets and liabilities of RTL were as follows:

	<b>Book value of RTL £000</b>	<b>Realignment of accounting policies £000</b>	<b>Provisional fair value of RTL £000</b>
Tangible fixed assets	1,695	(91)	1,604
Stock	85	-	85
Debtors	135	-	135
Cash	281	-	281
	<hr/>	<hr/>	<hr/>
Total assets	2,196	(91)	2,105
Overdraft	(43)	-	(43)
Creditors	(159)	-	(159)
	<hr/>	<hr/>	<hr/>
	1,994	(91)	1,903

**Notes** *(continued)***20 Acquisitions** *(continued)***Radio Tara Limited** *(continued)*

	Book value of RTL £000	Realignment of accounting policies £000	Provisional fair value of RTL £000
Net assets	1,994	(91)	1,903
Minority interest			(381)
			<hr/>
			1,522
Goodwill arising on acquisition			652
			<hr/>
			2,174
			<hr/>
Satisfied by cash			2,037
Costs of acquisition			137
			<hr/>
Total cost of acquisition			2,174
			<hr/>

The fair value adjustment for the realignment of accounting policies reflected the adoption of TEAMtalk's accounting policies for the depreciation of fixed assets.

RTL (trading as TEAMtalk 252) ceased to broadcast on 31 July 2002 (having incurred a significant level of integration, start-up costs and trading losses). The Directors are currently in the process of disposing of the assets of RTL. As a result of an impairment review carried out on the RTL assets at 30 June 2002, the fixed assets have been recorded at the lower of their book value and their estimated net realisable value.

The results of RTL have been disclosed within discontinued operations.

**Notes** *(continued)***20 Acquisitions** *(continued)***Cityscreen and Online Editorial Bureau**

On 7 December 2001, TEAMtalk Media Limited (a subsidiary undertaking of TEAMtalk Media Group Limited) acquired the business and assets comprising Cityscreen and Online Editorial Bureau ("OEB") from e-space (UK) Limited for a total consideration of £581,000 in cash.

The book value and provisional fair value of the assets were as follows:

	<b>Book value and provisional fair value of Cityscreen and OEB £000</b>
Fixed assets	15
Goodwill arising on acquisition	566
	<hr/> 581 <hr/>
Satisfied by cash	540
Professional fees and other costs of the transaction	41
	<hr/> 581 <hr/>

**21 Pension commitments**

A subsidiary undertaking, TEAMtalk.com Limited, operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension charge represents contributions payable by TEAMtalk.com Limited to the funds. There were no outstanding or proposed contributions at the balance sheet date.

**22 Financial commitments**

The Group had annual commitments under non-cancellable operating leases as follows:

	<b>Group 2002 £000</b>	<b>Group 2001 £000</b>
<b>Land &amp; Buildings</b>		
Expiring within one year	9	125
Expiring within two to five years	20	153
Expiring after five years	212	242
	<hr/> 241	<hr/> 520
<b>Other</b>		
Expiring within one year	4	-
Expiring within two to five years	12	20
Expiring after five years	-	-
	<hr/> 257 <hr/>	<hr/> 540 <hr/>

**Notes** (continued)**23 Related parties**

The Company has taken advantage of the exemption in FRS8 that transactions between Group companies do not need to be disclosed.

**24 Cash flow from operating activities**

The reconciliation of operating loss to net cash outflow from operating activities was as follows:

	<b>Group 2002 £000</b>	Group 2001 £000
Operating loss - continuing operations		
- acquisitions	(20,448)	(7,042)
- discontinued operations	(1,643)	-
	<b>(11,151)</b>	<b>(10,686)</b>
Total operating loss	<b>(33,242)</b>	<b>(17,728)</b>
Depreciation of tangible fixed assets	1,122	470
Amortisation of goodwill	2,750	3,096
Share scheme charges	597	492
Exceptional goodwill impairment provision	7,308	7,033
Exceptional tangible fixed asset impairment provision	4,074	-
Loss on disposal of tangible fixed assets	95	-
Decrease in stock	22	-
Decrease/(increase) in debtors	78	(836)
Increase in creditors	1,527	1,561
Impairment provision on investment in own shares	279	243
Loss on disposal of subsidiaries	179	-
Net cash outflow from operating activities	<b>(15,211)</b>	<b>(5,669)</b>

**25 Reconciliation of movement in net funds**

	<b>At 1 April 2001 £000</b>	<b>Cash flow £000</b>	<b>Exchange difference £000</b>	<b>At 30 June 2002 £000</b>
Cash in hand and at bank	26,889	(11,926)	104	15,067
Bank overdraft	(67)	(467)	-	(534)
	<b>26,822</b>	<b>(12,393)</b>	<b>104</b>	<b>14,533</b>
Liquid resources (i)	6,256	(6,256)	-	-
	<b>33,078</b>	<b>(18,649)</b>	<b>104</b>	<b>14,533</b>

Notes:

- (i) Liquid resources consisted of short-term deposits with financial institutions that mature within 12 months of the date of inception.