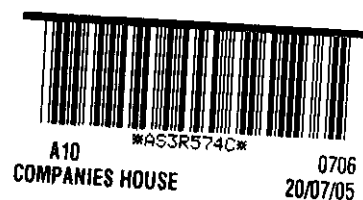


**THE SPORT ENTERTAINMENT
& MEDIA GROUP LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2004



THE SPORT ENTERTAINMENT & MEDIA GROUP LIMITED

FINANCIAL STATEMENTS

For the year ended 30 September 2004

Company registration number:	04155991
Registered office:	98 Cockfosters Road Barnet Hertfordshire EN4 0DP
Director:	Jerome Anderson
Secretary:	Stuart Peters
Bankers:	Barclays Bank plc 1250 High Road Whetstone London N20 0PB
Solicitors:	Howard Kennedy 19 Cavendish Square London W1A 2AW
Auditors:	Grant Thornton UK LLP Registered Auditors Chartered Accountants Enterprise House 115 Edmund Street Birmingham B3 2HJ

' THE SPORT ENTERTAINMENT & MEDIA GROUP LIMITED

FINANCIAL STATEMENTS

For the year ended 30 September 2004

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THE SPORT ENTERTAINMENT & MEDIA GROUP LIMITED

REPORT OF THE DIRECTOR

The director presents his annual report together with the audited financial statements for the year ended 30 September 2004.

Principal activity

The Company is a holding company, which provides management services to its subsidiaries.

Business review

There was a loss for the year after taxation amounting to £1,118,590 (Period ended 30 September 2003: £2,609,983).

Directors

Jerome Anderson is the sole director of the Company at the end of the year.

Rupert Levy and Adrian Ogun resigned from the Board on 30 March 2004 and 25 June 2004 respectively.

The interests of the director in the shares of the parent undertaking, Sports Holdings Limited, are disclosed in that company's financial statements.

Director's responsibilities for the financial statements

The Director is responsible for the preparation of these financial statements. In preparing the financial statements, the director is required to:

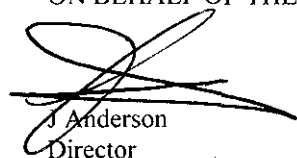
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is responsible for keeping proper accounting records, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD


J Anderson
Director
Date 15 July 2005

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE SPORT ENTERTAINMENT & MEDIA GROUP LIMITED**

We have audited the financial statements of The Sport Entertainment & Media Group Limited for the year ended 30 September 2004 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 19 which 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 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 the director and auditors

The director's responsibilities for preparing the director's report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of director's 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 director's 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 director's report, and consider whether it is consistent with the audited financial statements. 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 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 30 September 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
BIRMINGHAM**

Date: 15 July 2005

THE SPORT ENTERTAINMENT & MEDIA GROUP LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

GOING CONCERN

The financial statements have been prepared on a going concern basis as the director has prepared cash flow forecasts which demonstrate that the company has sufficient finance facilities available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements.

TURNOVER

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of value added tax.

CASH FLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard No. 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

CONSOLIDATION

In the opinion of the director, the company and its subsidiary undertakings comprise a medium-sized group.

The company has, therefore, taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by annual instalments over their expected useful economic lives. The rates/periods generally applicable are:

Plant, fixtures and fittings	15% reducing balance
Motor vehicles	25% reducing balance
Leasehold improvements	5 years

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful economic lives. The interest element of leasing payments represent a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

INVESTMENTS

Investments in the Company are included at cost less amounts written off. Where the consideration for the acquisition of a subsidiary undertaking includes shares in the Company to which the provisions of Section 131 of the Companies Act 1985 apply, cost represents the nominal value of shares issued together with the fair value of any additional consideration given and costs.

PRINCIPAL ACCOUNTING POLICIES

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

FOREIGN CURRENCY

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 at the exchange rate ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating loss.

PENSIONS

The company operates a defined contribution scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

THE SPORT ENTERTAINMENT & MEDIA GROUP LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2004

	Note	Year ended 30.9.2004 £'000	Period ended 30.9.2003 £'000
Other operating income and charges		1,100	522
Administrative expenses		<u>(3,550)</u>	<u>(3,182)</u>
Operating loss		(2,450)	(2,660)
Income from other fixed asset investments	2	1,386	-
Net interest	3	<u>-</u>	<u>4</u>
Loss on ordinary activities before taxation	1	(1,064)	(2,656)
Taxation	5	<u>(55)</u>	<u>111</u>
Loss on ordinary activities after taxation		(1,119)	(2,545)
Dividends	6	<u>-</u>	<u>(64)</u>
Loss retained for the year	12/13	<u>(1,119)</u>	<u>(2,609)</u>

There were no recognised gains or losses other than the loss for the financial year.


The accompanying accounting policies and notes form an integral part of these financial statements.

SPORT ENTERTAINMENT & MEDIA GROUP LIMITED

BALANCE SHEET AT 30 SEPTEMBER 2004

	Note	30.9.2004 £'000	30.9.2003 £'000
Fixed assets			
Tangible assets	7	108	184
Investments	8	2,414	4,937
		<u>2,522</u>	<u>5,121</u>
Current assets			
Debtors	9	404	1,520
Cash at bank		50	50
		<u>454</u>	<u>1,570</u>
Creditors: Amounts falling due within one year	10	<u>(594)</u>	<u>(3,190)</u>
Net current liabilities		<u>(140)</u>	<u>(1,620)</u>
Total assets less current liabilities		<u>2,382</u>	<u>3,501</u>
Capital and reserves			
Called up share capital	11	3,410	3,410
Share premium account	12	-	2,672
Profit and loss account	12	(1,028)	(2,581)
Equity shareholders' funds	13	<u>2,382</u>	<u>3,501</u>

The financial statements were approved by the Director on 15 July 2005


J. Anderson
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

THE SPORT ENTERTAINMENT & MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2004

1 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities is stated after charging:

	Year ended 30.9.2004 £'000	Period ended 30.9.2003 £'000
Auditors' remuneration:		
Audit fees	9	8
Non audit fees - taxation services	2	2
Depreciation and amortisation:		
Tangible fixed assets, owned	61	33
Tangible fixed assets, held under hire purchase contracts	-	28
Operating lease rentals	25	25

2 INCOME FROM OTHER FIXED ASSET INVESTMENTS

	Year ended 30.9.2004 £'000	Period ended 30.9.2003 £'000
Income from investments in subsidiary undertakings	1,386	-

3 NET INTEREST

	Year ended 30.9.2004 £'000	Period ended 30.9.2003 £'000
Bank interest	-	(28)
Finance charges in respect of hire purchase contracts	-	(2)
Other interest receivable	-	34
	-	4

THE SPORT ENTERTAINMENT & MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2004

4 DIRECTORS AND EMPLOYEES

	Year ended 30.9.2004 No.	Period ended 30.9.2003 No.
The average number of persons (including directors) employed by the company during the period was:	<u>4</u>	<u>4</u>

Staff costs during the period were as follows:

	Year ended 30.9.2004 £'000	Period ended 30.9.2003 £'000
Wages and salaries	451	769
Social security costs	54	101
Other pension costs	-	46
	<u>505</u>	<u>916</u>

Remuneration in respect of directors was as follows:

Emoluments	409	590
Pension contributions to money purchase pension schemes	-	46
	<u>409</u>	<u>636</u>

The amounts paid to the highest director was as follows:

Emoluments	231	299
Pension contributions to money purchase pension schemes	-	26
	<u>231</u>	<u>325</u>

During the year 1 director (2003: 2) participated in money purchase pension schemes.

5 TAXATION ON LOSS ON ORDINARY ACTIVITIES

The tax charge/(credit) represents:

	Year ended 30.9.2004 £'000	Period ended 30.9.2003 £'000
UK corporation tax at 30%	55	(122)
Adjustments in respect of prior periods	-	11
Total current tax	<u>55</u>	<u>(111)</u>

THE SPORT ENTERTAINMENT & MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2004

TAXATION ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

The tax assessed for the year differs from the standard rate of corporation tax in the UK as follows:

	Year ended 30.9.2004 £'000	Period ended 30.9.2003 £'000
Loss on ordinary activities before tax	(1,064)	(2,656)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(319)	(797)
Effect of		
Income/expenses not deductible for tax purposes	503	463
Capital allowances in excess of depreciation	(3)	(2)
Utilisation of losses	(124)	214
Adjustment in respect of previous periods	-	11
Other tax rates	(2)	-
Current tax charge for year	55	(111)

The company has unrelieved tax losses of £nil (2003: £190,860) available to carry forward and offset against future taxable trading profits.

6 DIVIDENDS

	Year ended 30.9.2004	Period ended 30.9.2003
Ordinary shares:		
Interim dividend of 0.2p per share paid	-	64
	-	64

THE SPORT ENTERTAINMENT & MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2004

7 TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Plant, fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 October 2003	113	70	85	268
Additions	-	5	79	84
Disposals	-	-	(164)	(164)
At 30 September 2004	113	75	-	188
Depreciation				
At 1 October 2003	27	20	37	84
Provided in the year	19	14	28	61
Eliminated on disposals	-	-	(65)	(65)
At 30 September 2004	46	34	-	80
Net book amount at 30 September 2004	67	41	-	108
Net book amount at 30 September 2003	86	50	48	184

The figures above include assets held under hire purchase contracts as follows:

	Motor vehicles £'000
Net book amount at 30 September 2004	-
Net book amount at 30 September 2003	28

THE SPORT ENTERTAINMENT & MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2004

8 FIXED ASSET INVESTMENTS

	Investment in group undertakings £'000	Other investments £'000	Total £'000
Cost			
At 1 October 2003 and 30 September 2004	5,171	98	5,269
Provisions			
At 1 October 2003	234	98	332
Adjustment	172	-	172
Provided during the year	2,351	-	2,351
	2,757	98	2,855
Net book amount at 30 September 2004	2,414	-	2,414
Net book amount at 1 October 2003	4,937	-	4,937

The adjustment is in respect of the acquisition of Robert Segal Management Limited due to a reduction in the contingent consideration which will be paid.

At 30 September 2004 the Company holds 100% of the ordinary share capital of the following subsidiaries, all of which are registered in England and Wales with the exception of Manmark S.A. which is registered in Switzerland and Inside Stuff Management SA which is registered in Portugal.

Subsidiary	Nature of business
Jerome Anderson Management Limited	Sports representation agents and management
Cloudmanor Limited	Boxing management and promotion
Robert Segal Management Limited	Dormant
Manmark S.A.	Sports representation agents and management
Lion Promotions Limited	Intermediary holding company
Inside Stuff Management SA	Sports and marketing consultancy

The company also hold 50% of the 'B' ordinary share capital in Templar Anderson Limited. A company engaged in the provision of financial services. The investment has been fully written off as it has no realisable value.

9 DEBTORS

	30.9.2004 £'000	30.9.2003 £'000
Amounts owed by Group undertakings	1	1,300
Other debtors	259	167
Prepayments and accrued income	21	53
Corporation tax recoverable	123	-
	404	1,520

THE SPORT ENTERTAINMENT & MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2004

10 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.9.2004 £'000	30.9.2003 £'000
Bank overdraft	9	15
Trade creditors	68	30
Amounts owed to Group undertakings	344	2,590
Corporation tax	55	40
Social security and other taxes	10	12
Contingent consideration	77	380
Amounts due under hire purchase contracts	-	15
Accruals and deferred income	31	108
	594	3,190

11 SHARE CAPITAL

	30.9.2004 £'000	30.9.2003 £'000
Authorised 50,000,000 ordinary shares of 10p	5,000	5,000
Allotted, issued and fully paid 34,100,872 ordinary shares of 10p	3,410	3,410

12 RESERVES

	Share premium £'000	Profit and loss account £'000
At 1 October 2003	2,672	(2,581)
Retained loss for year	-	(1,119)
Cancellation of share premium account	(2,672)	2,672
At 30 September 2004	-	(1,028)

On 15 September 2004 the Company by special resolution, as confirmed by an order of the High Court of Justice, Chancery Division, cancelled its share premium account. The balance on the share premium account was, therefore, transferred to the profit and loss account on that date.

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 30.9.2004 £'000	Period ended 30.9.2003 £'000
Loss for financial period	(1,119)	(2,609)
Issue of ordinary share capital (including movement on other reserves)	-	(51)
Net decrease in shareholders' funds	(1,119)	(2,660)
Equity shareholders' funds brought forward	3,501	6,161
Equity shareholders' funds carried forward	2,382	3,501

THE SPORT ENTERTAINMENT & MEDIA GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2004

14 CONTINGENT LIABILITIES

There were no contingent liabilities at 30 September 2004 or 30 September 2003.

15 CAPITAL COMMITMENTS

There were no capital commitments at 30 September 2004 or 30 September 2003.

16 LEASING COMMITMENTS

Operating lease payments amounting to £25,000 (2003: £25,000) are due within one year; the leases to which these amounts relate expire as follows:

	Land and buildings 30.9.2004 £'000	Land and buildings 30.9.2003 £'000
After five years	<u>25</u>	<u>25</u>

17 TRANSACTIONS WITH THE DIRECTORS

Amounts due in respect of loans, quasi loan and credit transactions by directors were as follows:

	30.9.2004 £'000	30.9.2003 £'000	Maximum liability £'000
J Anderson	<u>20</u>	<u>-</u>	<u>20</u>

No interest has been charged on the outstanding balance during the year.

18 RELATED PARTY TRANSACTIONS

During the period the Company engaged in transactions with other members of the group headed by Sports Holdings Limited. The balances at 30 September were as follows:

	2004 £'000	2003 £'000
Jerome Anderson Management Limited	(344)	(1,431)
Sports Holdings Limited	1	(784)
Manmark S.A.	-	(375)
SEM LLC	-	112
Cloudmanor Limited	-	14
SEM Denmark	-	101
Lion Promotions	-	1,073
	<u>(343)</u>	<u>(1,290)</u>

19 CONTROLLING RELATED PARTY

The ultimate parent undertaking of the Company is Sports Holdings Limited. Sports Holdings Limited is the Company's controlling related party by virtue of its 100% shareholding.

The ultimate controlling related party of the Company is Mr Jerome Anderson and his related parties by virtue of their majority shareholding in Sports Holdings Limited.