Rivals Digital Media Limited

Directors' report and financial statements

Registered number 4284373

31 December 2005

Contents

Company information

Company number: 4284373

Directors

AM Galvin
DC Annat

Secretary

C Kennedy	Resigned 13 January 2005
AM Galvin	Appointed 13 January 2005

Registered office

Apsley House
Wellington Street
Leeds
LS1 2EQ

Auditor

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

Directors' report

The directors submit their annual report and the audited financial statements for the year ended 31 December 2005.

Results and dividends

The loss for the financial period amounted to £111,000 (*2004: loss £1,463,000*) and has been withdrawn from reserves. The directors do not recommend payment of a dividend.

Principal activity and business review

The principal activity of the company is the production, publishing and distribution of sports content across digital platforms, specially the Internet and Mobile Phones. Rivals Digital Media publishes its own online brands but also produces and distributes sports information to other businesses such as Internet Service Providers and Mobile Phone retailers and networks.

Directors and their interests

The directors who served during the period were as follows:

DC Annat

AM Galvin

None of the directors in office at 31 December 2005 had a direct interest in the share capital of the company. At 31 December 2005, AM Galvin and DC Annat were directors of the company's ultimate parent undertaking, ukbetting plc. Their interests in the shares of the ultimate parent company were disclosed in the annual report of that company.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board

AM Galvin
Director AmGal

16 October 2006

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the members of Rivals Digital Media Limited

We have audited the financial statements of Rivals Digital Media Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account and the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

We read the Directors' Report 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's 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.

Independent auditors' report to the members of Rivals Digital Media Limited *(continued)*

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

16 October 2006

Profit and loss account
for the period ended 31 December 2005

	Note	**2005**	2004
		£000	£000
Turnover	*1*	**1,896**	4,078
Cost of sales		**(476)**	(953)
Gross profit		**1,420**	3,125
Administrative expenses (including exceptional charges of £nil *(2004: £1,000,000)* – see note 3)		**(1,571)**	(4,584)
Operating loss	*3*	**(151)**	(1,459)
Loss on ordinary activities before interest and tax		**(151)**	(1,459)
Interest payable and similar charges	*5*	**-**	(4)
Loss on ordinary activities before tax		**(151)**	(1,463)
Tax on loss on ordinary activities	*6*	**40**	-
Loss for the financial year	*14*	**(111)**	(1,463)

The company had no recognised gains and losses other than the losses above and therefore, no separate statement of total recognised gains and losses has been presented.

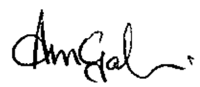
There is no difference between the result on ordinary activities before taxation and the result for the period stated above and their historical cost equivalents.

All of the company's turnover and operating loss was derived from continuing activities.

Balance sheet
at 31 December 2005

	Note	**2005**	2004
		£000	£000
Fixed assets			
Tangible assets	*7*	**75**	25
Current assets			
Stock	*8*	**4**	13
Debtors	*9*	**1,381**	596
Cash		**49**	51
		1,434	660
Creditors: amounts falling due within one year	*10*	**(2,741)**	(1,806)
Net current liabilities		**(1,307)**	(1,146)
Net liabilities		**(1,232)**	(1,121)
Capital and reserves			
Called up equity share capital	*12*	**1**	1
Share premium account	*13*	**2,812**	2,812
Profit and loss account	*13*	**(4,045)**	(3,934)
Equity shareholders' deficit	*14*	**(1,232)**	(1,121)

These financial statements on pages 6 to 14 were approved by the board of directors on 16 October 2006 and were signed on its behalf by:



AM Galvin
Director

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, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date'. The adoption of FRS 21 had no effect on the company's loss or net liabilities;
- the presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'. The adoption of the presentational requirements of FRS 25 had no effect on the company's loss and net liabilities; and
- FRS 28 'Corresponding amounts'. The adoption of FRS 28 had no material effect on the company's loss or net liabilities as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

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 company to continue trading in the foreseeable future is largely dependent on the continued support of the ultimate parent company ukbetting plc. The parent company has indicated that it intends to provide such funds as are necessary for 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.

The exemption provided by FRS 1 has been adopted and therefore no cash flow statement has been provided.

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 Company has determined that users have accessed the Company'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 the additional services are recorded in 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.

Notes *(continued)*

1 Accounting policies *(continued)*

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs 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:

Leasehold improvements	10%
Fixtures and fittings	10%
Office equipment	20% to 33%

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.

Related party transactions

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with companies that are part of the ultimate holding company's group, on the grounds that the company is a wholly owned subsidiary and the ultimate parent holding company includes the company in its own published consolidated financial statements.

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 FRS 19.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies which are included in the balance sheet are translated at the rate of exchange ruling at the balance sheet date. Exchange gains and losses are included in the profit and loss account.

Pension costs

ukbetting plc, the ultimate parent undertaking, operates a defined contribution pension scheme in which the employees of Rivals Digital Media Limited participate. The pension cost under this scheme is the amount of contributions payable in respect of the accounting period. Rivals Digital Media Limited provides no other post retirement benefits to its employees.

Notes *(continued)*

2 Segmental analysis

The group operates in one area of activity, the production, publishing and distribution of sports content across digital platforms, primarily in the UK.

3 Operating loss

	2005	2004
	£000	£000
The operating loss is stated after charging:		
Auditors' remuneration	**8**	10
Depreciation of tangible fixed assets	**18**	48
Operating leases – property	**95**	124
Exceptional write off of intercompany debtor balance	**-**	1,000

4 Directors' and employees

The average monthly number of employees, including directors, during the period was made up as follows:

	2005	2004
	No	No
Directors	**-**	3
Direct labour, technical and related services	**9**	16
Administration	**2**	1
Sales and distribution	**2**	6
	13	26

	2005	2004
	£000	£000
Staff costs incurred during the period in respect of these employees:		
Wages and salaries	**404**	1,330
Social security costs	**48**	176
	452	1,506

Notes *(continued)*

5 Interest payable

	2005	2004
	£000	£000
Bank interest payable	-	4

6 Tax on ordinary activities

	2005	2004
	£000	£000
UK corporation tax at 30% *(2004: 30%)*		
Current	**(40)**	-
Adjustment to prior periods	-	-
	(40)	-

The tax assessed for the period is different from the standard rate of corporation tax in the UK. The differences are explained below:

	2005	2004
	£000	£000
Loss on ordinary activities before tax	**(151)**	(1,463)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% *(2004: 30%)*	**(45)**	(439)
Effects of:		
Expenses not deductible for tax purposes	-	314
Utilisation of tax losses	-	125
Difference between capital allowances and depreciation	**5**	-
Current tax credit for period	**(40)**	-

Notes *(continued)*

7 Tangible fixed assets

	Computers and software £000	Fixture & fittings £000	Total £000
Cost			
At 1 January 2005	975	189	1,164
Additions	22	46	68
At 31 December 2005	997	235	1,232
Depreciation			
At 1 January 2005	954	185	1,139
Charge for the year	13	5	18
At 31 December 2005	967	190	1,157
Net book value at 31 December 2005	**30**	**45**	**75**
Net book value at 31 December 2004	21	4	25

8 Stock

	2005 £000	2004 £000
Finished goods	**4**	13

9 Debtors

	2005 £000	2004 £000
Amounts due from fellow subsidiaries	**1,196**	254
Trade debtors	**109**	227
Prepayments and accrued income	**76**	115
	1,381	596

Notes *(continued)*

10 Creditors: amounts falling due within one year

	2005 £000	2004 £000
Amounts owed to fellow subsidiaries	**2,328**	1,140
Trade creditors	**159**	280
Other taxes and social security	**8**	13
Accruals and deferred income	**246**	373
	2,741	1,806

11 Deferred taxation

Deferred taxation provided in the financial statements and the amount unprovided of the total potential asset for the company, are as follows:

	2005 Provided £000	2005 Unprovided £000	2004 Provided £000	2004 Unprovided £000
Tax effect on timing differences because of:				
Fixed asset timing differences	**-**	**59**	-	75
Losses	**-**	**1,072**	-	-
	-	**1,131**	-	75

12 Share capital

	2005 £000	2004 £000
Authorised		
20,000 ordinary 'A' shares of 1p each	**-**	-
80,000 ordinary 'B' shares of 1p each	**1**	1
	1	1
Allotted, called up and fully paid		
12,000 ordinary 'A' shares of 1p each	**-**	-
80,000 ordinary 'B' shares of 1p each	**1**	1
	1	1

Notes *(continued)*

13 Reserves

	Share premium £000	Profit and loss account £000
At 1 January 2005	2,812	(3,934)
Loss for the financial year	-	(111)
At 31 December 2005	**2,812**	**(4,045)**

14 Reconciliation of movement in shareholders' funds

	2005 £000	2004 £000
Loss for the financial year	**(111)**	(1,463)
Net reduction in shareholder's funds	**(111)**	(1,463)
Opening shareholder's funds	**(1,121)**	342
Closing shareholder's deficit	**(1,232)**	(1,121)

15 Commitments under operating leases

The group has annual commitments under non cancellable operating leases as set out below:

	2005 Land and buildings £000	2004 Land and buildings £000
Expiring:		
In two to five years	93	93

16 Ultimate parent undertaking

The company's ultimate parent undertaking is ukbetting plc, a company registered in England and Wales.

The accounts of ukbetting plc are available from the company's registered office at Apsley House, 78 Wellington Street, Leeds LS1 2EQ.