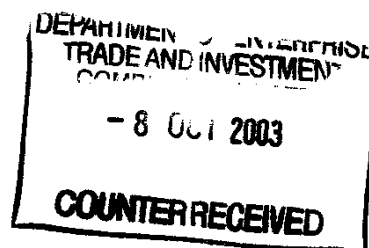




UTV INTERNET LIMITED

Report and Accounts

31 December 2002



UTV Internet Limited

Registered No. NI 32652

DIRECTORS

J McCann
J Downey
R McCourt
S Taunton
M Lyons

SECRETARY

J Downey

AUDITORS

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast
BT2 7DT

BANKERS

Northern bank Limited
21/23 High Street
Carrickfergus
BT38 7AL

SOLICITORS

L'Estrange & Brett
Arnott House
12-16 Bridge Street
Belfast
BT1 1LS

REGISTERED OFFICE

Havelock House
Ormeau Road
Belfast
BT7 1EB

 ERNST & YOUNG

UTV Internet Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2002.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £117,767. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity is the provision of internet services.

DIRECTORS AND THEIR INTERESTS

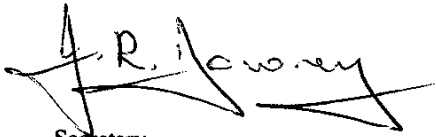
The directors of the company during the year were those listed on page 1. The directors have no beneficial interest in the shares of the company.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

ERNST & YOUNG

By order of the board


Secretary
12 August 2003

UTV Internet Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 of the company for that period. In preparing those accounts, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies (Northern Ireland) Order 1986. 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.

UTV Internet Limited

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UTV
INTERNET LIMITED**

We have audited the company's financial statements for the year ended 31 December 2002 which comprise the Profit and Loss Account, Statement of Recognised Gains and Losses, Balance Sheet and the related notes 1 to 20. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 243 of the Companies (Northern Ireland) Order 1986. 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 directors and auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Northern Ireland) Order 1986. 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.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

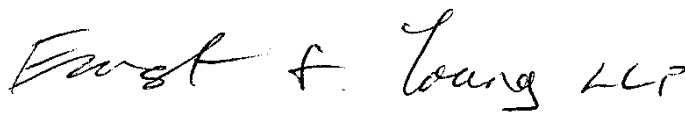
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 the information in the financial statements.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.

Registered Auditor


12 August 2003

UTV Internet Limited

PROFIT AND LOSS ACCOUNT for the period ended 31 December 2002

	Notes	2002 £	2001 £
TURNOVER	3	2,042,323	1,418,059
Cost of sales		584,609	482,993
GROSS PROFIT		1,457,714	935,066
Administration expenses		1,286,080	1,206,505
OPERATING PROFIT/(LOSS)	4	171,634	(271,439)
Interest payable and similar charges	5	-	(140)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX		171,634	(271,579)
Tax on profit on ordinary activities	6	(53,867)	24,575
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		117,767	(247,004)

STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit for the year of £117,767 (2001 : loss of £247,004).



UTV Internet Limited

BALANCE SHEET

as at 31 December 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	9	262,638	308,595
CURRENT ASSETS			
Stocks	10	6,800	6,028
Debtors	11	341,678	307,682
Cash at bank and in hand		221,690	75,374
		<u>570,168</u>	<u>389,084</u>
CREDITORS: amounts falling due within one year	12	(2,161,077)	(2,142,600)
NET CURRENT ASSETS		<u>(1,590,909)</u>	<u>(1,753,516)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,328,271)</u>	<u>(1,444,921)</u>
CREDITORS: amounts falling due after more than one year	13	-	62
Provisions for liabilities and charges	15	2,000	8,000
		<u>(1,330,271)</u>	<u>(1,452,983)</u>
CAPITAL AND RESERVES			
Equity share capital	16	10,000	10,000
Profit and loss account	17	(1,340,271)	(1,462,983)
EQUITY SHAREHOLDER'S FUNDS		<u>(1,330,271)</u>	<u>(1,452,983)</u>

ERNST & YOUNG

) Directors

12 August 2003.

UTV Internet Limited

NOTES TO THE ACCOUNTS

as at 31 December 2002

1. FUNDAMENTAL ACCOUNTING CONCEPT

The accounts have been prepared on a going concern basis although the company is dependent on continuing finance being made available by its parent company to enable it to continue operating and to meet its liabilities as they fall due.

2. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention, and in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset evenly over its expected useful life, as follows:

Equipment	-	3 to 5 years
Fixtures and fittings	-	5 years
Motor Vehicles	-	4 years

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest element of the rental obligations is charged in the profit and loss account over the periods of the leases and hire purchase contracts and represents a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences, which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price.

UTV Internet Limited

NOTES TO THE ACCOUNTS

as at 31 December 2002

3. TURNOVER

Turnover represents amounts invoiced to third parties and is stated net of value added tax. Turnover is attributable to one continuing activity, the provision of internet services.

4. OPERATING PROFIT/(LOSS)

	2002 £	2001 £
Operating profit/(loss) is stated after charging:		
Depreciation	113,571	101,700
Depreciation of assets held under finance leases	2,560	2,402
Auditors remuneration	5,000	6,000
Amortisation of goodwill	-	22,584

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Finance charges payable under finance leases and hire purchase contracts	-	140

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Current year taxation charge

	2002 £000	2001 £000
<i>Current tax:</i>		
Corporation tax on profits for the period	59,867	-
Adjustments in respect to previous years	-	(21,575)
	59,867	(21,575)
<i>Deferred tax:</i>		
Release of deferred tax provision	(6,000)	(3,000)
Adjustments in respect to previous years	-	-
	53,867	(24,575)

UTV Internet Limited

NOTES TO THE ACCOUNTS

as at 31 December 2002

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting the tax charge/(credit) for the period

The tax assessed for the period is lower/higher than the standard rate of corporation tax in the UK (30%).
The differences are explained by:

	2002 £000	2001 £000
Profit on ordinary activities before tax	171,634	(271,579)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	51,490	(81,474)
<i>Effects of:</i>		
Disallowed expenses and non-taxable income	-	1,069
Non-qualifying depreciation/amortisation	-	8,191
Decelerated capital allowances	8,377	3,336
Losses surrendered for nil payment	-	68,878
Adjustments in respect of previous periods	-	(21,575)
Current tax charge for the period	59,867	(21,575)

7. DIRECTORS' EMOLUMENTS

	2002 £	2001 £
Emoluments	131,055	141,787

8. STAFF COSTS

	2002 £	2001 £
Wages & salaries	599,430	556,661
Social security costs	49,020	51,444
	648,450	608,105

The average number of employees during the year were as follows:

	2002 No.	2001 No.
Administration	8	9
Direct	20	17
	28	26

UTV Internet Limited

NOTES TO THE ACCOUNTS as at 31 December 2002

9. TANGIBLE FIXED ASSETS

	<i>Equipment</i>	<i>Fixtures and fittings</i>	<i>Motor Vehicles</i>	<i>Total</i>
	£	£	£	£
<i>Cost:</i>				
At 31 December 2001	566,483	25,004	23,000	614,487
Additions	46,861	4,555	26,425	77,841
Disposals	-	-	(23,000)	(23,000)
At 31 December 2002	613,344	29,559	26,425	669,328
<i>Depreciation:</i>				
At 31 December 2001	280,867	14,962	10,063	305,892
Charge for year	104,819	5,491	5,821	116,131
Disposals	-	-	(15,333)	(15,333)
At 31 December 2002	385,686	20,453	551	406,690
<i>Net book value:</i>				
At 31 December 2002	227,658	9,106	25,874	262,638
At 31 December 2001	285,616	10,042	12,937	308,595

The net book value of tangible fixed assets includes amounts of £125 (2001 - £375) in respect of assets held under finance leases.

10. STOCKS

Stocks wholly comprise goods for resale. The difference between the purchase price of the stock and the replacement cost is not material.

11. DEBTORS

	<i>2002</i>	<i>2001</i>
	£	£
Trade debtors	255,128	147,277
Prepayments and accrued income	90,250	166,016
Provision for bad debts	(3,700)	(5,611)
	341,678	307,682

UTV Internet Limited

NOTES TO THE ACCOUNTS

as at 31 December 2002

12. CREDITORS: amounts falling due within one year

	2002 £	2001 £
Trade creditors	142,867	65,689
Other taxes and social security costs	45,042	50,490
Accruals	248,486	105,433
Obligations under finance leases and hire purchase contracts (note 15)	62	263
Corporation tax	59,867	-
Loan – purchase of Genesis goodwill	8,893	8,893
Owed to parent undertakings	1,655,860	1,900,731
Owed to group undertakings	-	11,101
	<u>2,161,077</u>	<u>2,142,600</u>

13. CREDITORS: amounts falling due after more than one year

	2002 £	2001 £
Obligations under finance leases and hire purchase contracts (note 15)	-	62
	<u>-</u>	<u>62</u>

14. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	2002 £	2001 £
Amounts payable:		
Within one year (note 13)	62	263
In two to five years	-	62
	<u>62</u>	<u>325</u>

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UTV Internet Limited

NOTES TO THE ACCOUNTS as at 31 December 2002

15. PROVISIONS FOR LIABILITIES AND CHARGES

The movements in deferred taxation during the current and previous years are as follows:

	2002 £	2001 £
Tax effect of timing differences because of excess tax allowances over depreciation	2,000	8,000
		£
At 31 December 2001		8,000
Credit to profit and loss account		(6,000)
At 31 December 2002		2,000

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16. EQUITY SHARE CAPITAL

	Authorised	
	2002	2001
	£	£
Ordinary shares of £1 each	10,000	10,000
	Allotted, called up and fully paid	
	2002	2001
	No.	No.
	£	£
Ordinary shares of £1 each	10,000	10,000

UTV Internet Limited

NOTES TO THE ACCOUNTS

as at 31 December 2002

17. RECONCILIATION OF SHAREHOLDER'S FUNDS

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
At 31 December 2000	10,000	(1,217,070)	(1,207,070)
Loss for the year	-	(247,004)	(247,004)
Exchange difference	-	1,091	1,091
At 31 December 2001	10,000	(1,462,983)	(1,452,983)
Profit for the year	-	117,767	117,767
Exchange difference	-	4,945	4,945
At 31 December 2002	10,000	(1,340,271)	(1,330,271)

18. RELATED PARTY TRANSACTIONS

During the year, in the normal course of business, Ulster Television plc incurred expenses totalling £59,078 (2001 - £51,163) on behalf of the company and subsequently recharged these. In addition, sales from the company to Ulster Television plc during the year amounted to £60,000 (2001 - £60,000). As a result of these, a balance amounting to £74,077 (2001 - £15,730) was included within creditors at the year end.

In addition, during the year Ulster Television plc supplied the company with an unsecured interest free loan amounting to £1,581,783 (2001 - £1,890,000) which was also included within creditors at the year end.

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party is Ulster Television plc, a company registered in Northern Ireland.

20. GROUP ACCOUNTS

The parent undertaking of the smallest and largest group which prepares consolidated accounts is Ulster Television plc. Copies of its accounts which include the company can be obtained from Havelock House, Ormeau Road, Belfast, BT7 1EB.