

**THE DEAL GROUP PLC (now called THE DEAL GROUP LIMITED)  
(Company No. 3749540)**

**ANNUAL REPORT**

**YEAR ENDED 31 MAY 2003**

**PKF**

**THE DEAL GROUP PLC  
ANNUAL REPORT  
YEAR ENDED 31 MAY 2003**

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**THE DEAL GROUP PLC  
DIRECTORS AND ADVISORS**

**DIRECTORS**

Adrian Moss  
Keith Lassman (Non-executive)  
Dominic Trigg (Non-executive)

**SECRETARY**

Keith Lassman

**REGISTERED OFFICE**

19 Cavendish Square  
London  
W1A 2AW

**REGISTERED NUMBER**

3749540

**SOLICITORS**

Memery Crystal  
31 Southampton Row  
London  
WC1B 5HT

Howard Kennedy  
19 Cavendish Square  
London  
W1A 2AW

**BANKERS**

National Westminster Bank PLC  
City of London Office  
PO Box 12264  
2<sup>nd</sup> Floor  
1 Princes Street  
London  
EC2R 8PB

**AUDITORS**

PKF  
New Garden House  
78 Hatton Garden  
London  
EC1N 8JA

## THE DEAL GROUP PLC DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 May 2003.

### ACTIVITIES

The principal activity of the group is the provision of on-line advertising solutions and consultancy with a specific focus on Return on Investment (ROI) of an advertiser's marketing spend.

### REVIEW AND DEVELOPMENTS AND FUTURE PROSPECTS

The Directors are delighted with the progress the Group has made and look forward to building upon the firm foundations that have been laid.

In June 2003 the Company entered into negotiations with a listed company with a view to a merger. Negotiations are at an advanced stage with the basis of the 'merger' being that the shareholders of The Deal Group will assume control of the listed company thus defining it as a reverse take-over.

The Directors' believe that this transaction will be of significant benefit to both the shareholders and stakeholders of the Group and will strengthen the Group's position in the market place.

Under the terms of the agreement the Company had to revert to the status of a private limited company and the change of name to The Deal Group Limited occurred on 12 September 2003.

### RESULTS AND DIVIDENDS

The result of the Group for the year are set out in detail on page 6.

The Directors do not recommend payment of a dividend and the retained profit for the year of £484,947 (2002 : £44,752) has been transferred to reserves.

### DIRECTORS AND THEIR INTERESTS

The Directors who served during the year and their interests in the shares of the company as defined by the Companies Act 1985, at the beginning and end of the year were:

	Ordinary shares of 50p each	
	At 31 May 2003	At 31 May 2002
Adrian Moss	44,117	44,117
Keith Lassman	1,481	1,481
Dominic Trigg (Appointed 1 June 2002)	-	-

None of the directors had any interest in the shares of any other group company.

### EMPLOYEE INVOLVEMENT

The group has established structures and procedures for consultation, communication and negotiation with its employees. Importance is placed on this aspect of the business and all managers have a responsibility to this end.

### EMPLOYMENT OF DISABLED PERSONS

Suitable procedures are in operation to support the group's policy that disabled persons (whether registered or not) shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities.

**THE DEAL GROUP PLC  
DIRECTORS' REPORT**

**SUPPLIER PAYMENT POLICY**

It is the Company's practice to agree payment terms with its suppliers. Payment is made when it can be confirmed that goods and/or services have been provided in accordance with the relevant contractual conditions. At 31 May 2003, the Company's trade creditors represented 109 days of annual purchases.

**AUDITORS**

PKF replaced Deloitte & Touche as the company's auditors and have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors on 2003

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**Director**

**THE DEAL GROUP PLC**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom Company law requires the directors to prepare financial statements 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 financial statements the directors are required to:

- select suitable accounting policies and 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 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 which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that 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.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE DEAL GROUP PLC**

We have audited the financial statements of The Deal Group Plc for the year ended 31 May 2003 which comprise the Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, The Consolidated Cash Flow Statement 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**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' 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 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 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 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 group's and the company's affairs as at 31 May 2003 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PKF  
Registered Auditors  
London, UK

2003

**THE DEAL GROUP PLC**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MAY 2003**

	Notes	2003 £	2002 £
<b>Turnover</b>	<b>2</b>	<b>7,392,717</b>	3,499,434
Cost of sales		<u>(4,883,488)</u>	<u>(2,125,898)</u>
<b>Gross profit</b>		<u><b>2,509,229</b></u>	<u>1,373,536</u>
Administrative expenses		<u>(1,925,044)</u>	<u>(1,310,997)</u>
<b>Operating profit</b>	<b>4</b>	<b>584,185</b>	62,539
Interest receivable	<b>5</b>	<b>2,517</b>	496
Interest payable and similar charges	<b>6</b>	<u>(3,867)</u>	<u>(3,313)</u>
<b>Profit on ordinary activities before taxation</b>		<b>582,835</b>	59,722
Tax on profit on ordinary activities	<b>7</b>	<u>(97,888)</u>	<u>(14,970)</u>
<b>Profit on ordinary activities after taxation, being profit for the financial year</b>	<b>15</b>	<u><b>484,947</b></u>	<u>44,752</u>

All activities derive from continuing operations

There were no recognised gains or losses for the year other than those included in the profit and loss account. Accordingly, no statement of total recognised gains and losses is given.

**THE DEAL GROUP PLC**  
**CONSOLIDATED BALANCE SHEET**  
**31 MAY 2003**

	Notes	2003		2002	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	9		320,324		171,130
<b>CURRENT ASSETS</b>					
Debtors	11	1,988,933		1,454,992	
Cash at bank and in hand		462,639		213,174	
		<u>2,451,572</u>		<u>1,668,166</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	12	(2,513,630)		(2,135,067)	
<b>NET CURRENT LIABILITIES</b>			<u>(62,058)</u>		<u>(466,901)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>258,266</u>		<u>(295,771)</u>
<b>CREDITORS</b>					
Amounts falling due after one year	13	(69,090)		-	
			<u>189,176</u>		<u>(295,771)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14	102,134		102,134	
Share premium account	15	1,840,093		1,840,093	
Profit and loss account	15	(1,753,051)		(2,237,998)	
<b>EQUITY SHAREHOLDERS' FUNDS</b>	16		<u>189,176</u>		<u>(295,771)</u>

Approved by the board on 2003

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**Adrian Moss**  
**Director**

**THE DEAL GROUP PLC**  
**BALANCE SHEET**  
**31 MAY 2003**

	Notes	2003		2002	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	9	301,827		151,714	
Investments	10	2,328		163	
		<hr/>		<hr/>	
			<b>304,155</b>		151,877
<b>CURRENT ASSETS</b>					
Debtors	11	3,676,067		2,076,021	
Cash at bank and in hand		416,303		114,595	
		<hr/>		<hr/>	
		<b>4,092,370</b>		2,190,616	
<b>CREDITORS</b>					
Amounts falling due within one year	12	(2,180,680)		(300,841)	
		<hr/>		<hr/>	
<b>NET CURRENT ASSETS</b>			<b>1,911,690</b>		1,889,776
			<hr/>		<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>2,215,845</b>		2,041,653
<b>CREDITORS</b>					
Amounts falling due after one year	13	(69,090)			-
		<hr/>			<hr/>
			<b>2,146,755</b>		2,041,653
			<hr/> <hr/>		<hr/> <hr/>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14	102,134		102,134	
Share premium account	15	1,840,093		1,840,093	
Profit and loss account	15	204,528		99,426	
		<hr/>		<hr/>	
<b>EQUITY SHAREHOLDERS' FUNDS</b>			<b>2,146,755</b>		2,041,653
			<hr/> <hr/>		<hr/> <hr/>

Approved by the board on 2003

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**Adrian Moss**  
**Director**

**THE DEAL GROUP PLC**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**YEAR ENDED 31 MAY 2003**

	Notes	2003 £	2002 £
Cash flow from operating activities	(i)	424,509	338,948
Returns on investments and servicing of finance	(ii)	(1,350)	(2,817)
Taxation		(14,970)	(1,243)
Capital expenditure and financial investment	(ii)	(179,596)	(142,424)
Cash inflow before use of liquid resources and financing		<u>228,593</u>	<u>192,464</u>
Financing	(ii)	(4,904)	35,425
Increase in cash in the year		<u>223,689</u>	<u>227,889</u>
Reconciliation of net cash flow to movement in net debt		<b>2003 £</b>	<b>2002 £</b>
Increase in cash in the year	(iii)	223,689	227,889
Cash inflow from increase in debt and lease financing		<u>4,904</u>	<u>14,575</u>
Change in net debt resulting from cash flows		<u>228,593</u>	<u>242,464</u>
New hire purchase agreements		(82,400)	-
Net funds/(debt) at start of year		<u>213,174</u>	<u>(29,290)</u>
Net funds at end of year		<u>359,367</u>	<u>213,174</u>

**THE DEAL GROUP PLC**  
**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**YEAR ENDED 31 MAY 2003**

<b>(i)</b>	<b>RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS</b>			
		<b>2003</b>		<b>2002</b>
		<b>£</b>		<b>£</b>
	Operating profit	<b>584,185</b>		62,539
	Depreciation	<b>109,320</b>		68,991
	Increase in debtors	<b>(533,941)</b>		(1,113,852)
	Increase in creditors	<b>261,463</b>		1,321,117
	Loss on disposal of tangible fixed assets	<b>3,482</b>		153
		<hr/>		<hr/>
	<b>Net cash inflow from operating activities</b>	<b>424,509</b>		338,948
		<hr/> <hr/>		<hr/> <hr/>
<b>(ii)</b>	<b>ANALYSIS OF CASHFLOWS</b>			
		<b>2003</b>		<b>2002</b>
		<b>£</b>		<b>£</b>
	<b>Returns on investments and servicing of finance</b>			
	Interest received	<b>2,517</b>		496
	Interest paid	<b>(499)</b>		(1,432)
	Interest element of hire purchase payments	<b>(3,368)</b>		(1,881)
		<hr/>		<hr/>
	<b>Net cash (outflow) from returns on investments and servicing of finance</b>	<b>(1,350)</b>		(2,817)
		<hr/> <hr/>		<hr/> <hr/>
	<b>Capital expenditure and financial investment</b>			
	Purchase of tangible fixed assets	<b>(179,596)</b>		(163,583)
	Sale of tangible fixed assets	<b>-</b>		21,159
		<hr/>		<hr/>
	<b>Net cash (outflow) from capital expenditure and financial investment</b>	<b>(179,596)</b>		(142,424)
		<hr/> <hr/>		<hr/> <hr/>
	<b>Financing</b>			
	Issue of ordinary share capital	<b>-</b>		50,000
	Capital element of finance lease rental payments	<b>(4,904)</b>		(14,575)
		<hr/>		<hr/>
	<b>Net cash (outflow)/inflow from financing</b>	<b>(4,904)</b>		35,425
		<hr/> <hr/>		<hr/> <hr/>
<b>(iii)</b>	<b>ANALYSIS OF NET FUNDS</b>			
		<b>At</b>		<b>At</b>
		<b>1 June</b>		<b>31 May</b>
		<b>2002</b>		<b>2003</b>
		<b>£</b>		<b>£</b>
	Cash in hand and at bank	<b>213,174</b>	<b>249,465</b>	<b>462,639</b>
	Overdrafts	<b>-</b>	<b>(25,776)</b>	<b>(25,776)</b>
		<hr/>	<hr/>	<hr/>
	Hire purchase contracts	<b>213,174</b>	<b>223,689</b>	<b>436,863</b>
		<b>-</b>	<b>4,904</b>	<b>(77,496)</b>
		<hr/>	<hr/>	<hr/>
		<b>213,174</b>	<b>228,593</b>	<b>359,367</b>
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**THE DEAL GROUP PLC  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MAY 2003**

**1 ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards. The principal accounting policies adopted are described below.

**(a) Accounting convention**

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

**(b) Basis of consolidation**

The group accounts incorporate the accounts of the company and its subsidiaries. The companies make up their accounts to the same date.

**(c) Turnover**

Turnover is the amount derived from the provision of goods and services falling within the group's ordinary activities after deduction of value added tax.

**(d) Tangible fixed assets**

Depreciation is provided for on a straight line basis, calculated at annual rates estimated to write off each asset over the term of its useful life. The rates generally in use are as follows:

Leasehold property improvements	Over the term of the lease
Fixtures, fittings and equipment	Over 48 months
Computer equipment	Over 24 - 36 months

**(e) Investments**

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

**(f) Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more, or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is calculated at tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or sub enacted at the balance sheet date.

**(g) Leases**

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each term on a straight line basis.

Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the period of the leases.

**THE DEAL GROUP PLC  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MAY 2003**

**2 TURNOVER**

All turnover in the year is derived from the European Union and is from the company's principal activity.

**3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	<b>2003</b>	2002
	£	£
<b>Directors' emoluments</b>		
Fees	<b>21,000</b>	6,000
Management remuneration	<b>295,608</b>	185,620
	<hr/>	<hr/>
	<b>316,608</b>	191,620
	<hr/> <hr/>	<hr/> <hr/>

The directors emoluments of £316,608 includes £295,608 in respect of the highest paid director.

	<b>No.</b>	<b>No.</b>
<b>Average number of persons employed</b>		
Management	<b>3</b>	5
Technical	<b>6</b>	4
Sales and marketing	<b>14</b>	10
Administrative staff	<b>6</b>	4
	<hr/>	<hr/>
	<b>29</b>	23
	<hr/> <hr/>	<hr/> <hr/>

	<b>2003</b>	2002
	£	£
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	<b>1,151,933</b>	742,675
Social security costs	<b>121,548</b>	76,683
	<hr/>	<hr/>
	<b>1,273,481</b>	819,358
	<hr/> <hr/>	<hr/> <hr/>

**Transactions with directors**

Included in other creditors is an amount of £ Nil (2002 : £2,114) due to A Moss.

**THE DEAL GROUP PLC  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MAY 2003**

<b>4</b>	<b>OPERATING PROFIT</b>	<b>2003</b> £	2002 £
	<b>Operating profit is after charging:</b>		
	Depreciation and amortisation:		
	Owned assets	95,116	65,241
	Leased assets	14,204	3,750
	Loss on disposal of fixed assets	3,482	153
	Rentals under operating leases:		
	Other operating leases	72,389	63,838
	Auditors' remuneration:		
	Audit services - group	14,250	9,000
	- company	8,000	5,500
	Non audit services - group	2,500	2,500
		<u>          </u>	<u>          </u>
<b>5</b>	<b>INTEREST RECEIVABLE</b>	<b>2003</b> £	2002 £
	Bank interest receivable	2,517	496
		<u>          </u>	<u>          </u>
<b>6</b>	<b>INTEREST PAYABLE AND SIMILAR CHARGES</b>	<b>2003</b> £	2002 £
	Finance charges payable – Hire purchase agreements	3,368	1,881
	Other interest	499	1,432
		<u>          </u>	<u>          </u>
		<b>3,867</b>	3,313
		<u>          </u>	<u>          </u>

**THE DEAL GROUP PLC  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MAY 2003**

**7 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
The tax charge comprises		
UK corporation tax charge based on the profit for the year (at 30%)	<b>97,888</b>	14,970
	<u>          </u>	<u>          </u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<b>582,835</b>	59,722
	<u>          </u>	<u>          </u>
Tax at 30% thereon	<b>174,851</b>	17,917
Expenses not deductible for tax purposes	<b>14,822</b>	8,651
Capital allowances in excess of depreciation	<b>(27,929)</b>	(2,614)
Utilisation of tax losses	<b>(68,523)</b>	(920)
Movement in short term timing differences	-	(525)
Rate differences on current tax	<b>(4,376)</b>	(7,538)
Tax effect of overseas subsidiary loss	<b>9,043</b>	-
	<u>          </u>	<u>          </u>
Tax charge for the year	<b>97,888</b>	14,970
	<u>          </u>	<u>          </u>

A deferred tax asset has not been recognised in respect of timing differences relating to revenue losses and decelerated capital allowances. The amount of the asset not recognised is £340,027 (2002 : £668,538). The asset would be recovered if sufficient taxable profits were made in future periods.

**8 PROFIT OF PARENT COMPANY**

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial year amounted to £105,102 (2002 : £99,426).

**THE DEAL GROUP PLC  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MAY 2003**

**9 TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Short leasehold property improvements £</b>	<b>Fixtures fittings and equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 June 2002	30,749	254,571	-	285,320
Additions	-	160,364	101,632	261,996
Disposals	(5,365)	(800)	-	(6,165)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2003	25,384	414,135	101,632	541,151
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Accumulated depreciation</b>				
At 1 June 2002	3,811	110,379	-	114,190
Charge for the year	4,898	90,218	14,204	109,320
Disposals	(2,683)	-	-	(2,683)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2003	6,026	200,597	14,204	220,827
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value</b>				
At 31 May 2003	19,358	213,538	87,428	320,324
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 May 2002	26,938	144,192	-	171,130
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The net book value of fixed assets included £87,428 (2002: £ Nil) in respect of assets held under finance leases and hire purchase contracts.

**THE DEAL GROUP PLC  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MAY 2003**

**9 TANGIBLE FIXED ASSETS (Continued)**

<b>Company</b>	<b>Short leasehold property improvements £</b>	<b>Fixtures fittings and equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 June 2002	30,749	199,252	-	230,001
Additions	-	150,112	101,632	251,744
Disposals	(5,365)	(800)	-	(6,165)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2003	25,384	348,564	101,632	475,580
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Accumulated depreciation</b>				
At 1 June 2002	3,811	74,476	-	78,287
Charge for the year	4,898	79,047	14,204	98,149
Disposals	(2,683)	-	-	(2,683)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2003	6,026	153,523	14,204	173,753
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Net book value</b>				
At 31 May 2003	19,358	195,041	87,428	301,827
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 May 2002	26,938	124,776	-	151,714
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The net book value of fixed assets included £87,428 (2002: £ Nil) in respect of assets held under finance leases and hire purchase contracts.

**THE DEAL GROUP PLC  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MAY 2003**

**10 FIXED ASSET INVESTMENT**

<b>Company</b>	<b>Shares At cost £</b>
<b>Cost</b>	
At 1 June 2002	163
Additions	2,165
Disposals	-
	<hr/>
At 31 May 2003	<b>2,328</b>
	<hr/> <hr/>

The company owns the issued share capital of the following subsidiaries. The companies operate and are registered in England and Wales unless otherwise stated.

<b>Subsidiary</b>	<b>Principal Activity</b>	<b>Holding</b>
The Deal Group (Marketing) Limited	Holding company	100%
Affiliate Marketing Limited	On-line advertising and marketing	75%
Thedeal.net Limited	On-line mortgage brokerage	* 100%
E-Mortgages Limited	Dormant	* 100%
Finance-Direct.com Limited	Dormant	* 100%
Deal Group Media Limited	On-line advertising and marketing	100%
Metatank Limited	Dormant	100%
Deal Group Media SL	On-line advertising and marketing in Spain	100%
Deal Group Media PTY Limited	On-line advertising and marketing in Australia	100%

\* These companies are 100% owned by The Deal Group (Marketing) Limited.

Deal Group Media SL operates and is registered in Spain and Deal Group Media PTY Limited operates and is registered in Australia.

**11 DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>Amounts due within one year</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	1,732,458	737,429	-	-
Amounts owed by group undertakings	-	-	3,571,254	1,927,907
Other debtors	64,828	63,192	48,929	59,244
Prepayments and accrued income	191,647	654,371	55,884	88,870
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>1,988,933</b>	1,454,992	<b>3,676,067</b>	2,076,021
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**THE DEAL GROUP PLC**  
**NOTES TO THE ACCOUNTS**  
**YEAR ENDED 31 MAY 2003**

**12 CREDITORS**

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>Amounts due within one year</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank overdraft	25,776	-	-	-
Trade creditors	1,035,765	1,011,850	120,546	118,098
Amounts owed to group undertakings	-	-	1,745,748	-
Corporation tax	97,888	14,970	54,516	250
Other taxation and social security	361,771	224,204	83,870	48,373
Obligations under hire purchase contracts	8,406	-	8,406	-
Other creditors	603,636	588,542	42,046	44,189
Accruals and deferred income	380,388	295,501	125,548	89,931
	<u>2,513,630</u>	<u>2,135,067</u>	<u>2,180,680</u>	<u>300,841</u>

**13 CREDITORS**

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b>Amounts due after one year</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Obligations under hire purchase contracts	69,090	-	69,090	-
	<u>69,090</u>	<u>-</u>	<u>69,090</u>	<u>-</u>

**14 CALLED UP SHARE CAPITAL**

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
400,000 Ordinary shares of 50p each	200,000	200,000
<b>Allotted, called up and fully paid</b>		
204,268 Ordinary shares of 50p each	102,134	102,134

**THE DEAL GROUP PLC  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MAY 2003**

<b>15</b>	<b>RESERVES</b>	<b>Share premium account £</b>	<b>Profit and loss account £</b>
	<b>Group</b>		
	At 1 June 2002	1,840,093	(2,237,998)
	Profit for the year	-	484,947
		-----	-----
	At 31 May 2003	1,840,093	(1,753,051)
		=====	=====
	<b>Company</b>		
	At 1 June 2002	1,840,093	99,426
	Retained profit for the year	-	105,102
		-----	-----
	At 31 May 2003	1,840,093	204,528
		=====	=====
<b>16</b>	<b>RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS/(DEFICIT)</b>	<b>2003 £</b>	<b>2002 £</b>
	Profit for the financial year	484,947	44,752
	Issue of shares	-	50,000
		-----	-----
	Net addition to shareholders' deficit	484,947	94,752
	Opening shareholders' deficit	(295,771)	(390,523)
		-----	-----
	Closing shareholders' funds/(deficit)	189,176	(295,771)
		=====	=====

**THE DEAL GROUP PLC  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MAY 2003**

**17 FINANCIAL COMMITMENTS**

**Capital commitments**

There were no capital commitments at either year end.

**Operating lease commitments**

At 31 May 2003, the group and company had annual commitments under non-cancellable operating leases as set out below:

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Land and buildings</b>				
Within two to five years	<b>64,000</b>	64,000	<b>64,000</b>	64,000
<b>Other</b>				
Within one year	<b>21,000</b>	31,100	<b>21,000</b>	31,100
Within two to five years	<b>3,156</b>	20,452	<b>3,156</b>	13,731
	<b>24,156</b>	51,552	<b>24,156</b>	44,831

**18 FINANCE LEASES**

Net obligations under hire purchase contracts fall due as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	<b>8,406</b>	-	<b>8,406</b>	-
Between one and five years	<b>69,090</b>	-	<b>69,090</b>	-
	<b>77,496</b>	-	<b>77,496</b>	-

**19 CONTINGENT LIABILITIES**

There were no contingent liabilities at either year end.

**20 RELATED PARTY TRANSACTIONS**

Adam Black, a shareholder, provides consultancy services to the company on an arm's length basis. During the year the value of these services was £66,000 (2002: £35,950).

Keith Lassman, non-executive director and shareholder, is a partner in Howard Kennedy. During the year, Howard Kennedy received £NIL (2002 : £27,403) for legal services provided to the company.

**THE DEAL GROUP PLC  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31 MAY 2003**

**21 ULTIMATE CONTROLLING PARTY**

At 31 May 2003, the company and group regards Adrian Moss as its ultimate controlling party.

**22 POST BALANCE SHEET EVENTS**

The Group is in advance negotiations with a UK listed company. Under the terms of the proposed transaction, the shareholders of the Company will receive shares in the listed company rendering the Company a wholly owned subsidiary of the listed company.

The terms of the transaction comply with the definition of a 'reverse take-over', as defined by the London Stock Exchange.

On 11 September 2003, the Company issued shares to the minority shareholders of Affiliate Marketing Limited, rendering it a wholly owned subsidiary.

On 12 September 2003, the Deal Group Plc changed its name to The Deal Group Limited.