



**dealgroupmedia plc**

more performance more return

**Interim Report**  
Six months ended  
30 September 2003



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## Directors and advisers

### Directors

David John Lees  
Chairman

Adrian Moss  
Chief Executive

Nicola Iapino  
Chief Operating Officer

Keith Lassman  
Non-Executive Director

Dominic Trigg  
Non-Executive Director

### Company Secretary

Keith Lassman

### Registered Office

19 Cavendish Square  
London  
W1A 2AW

### Registrars

Capita IRG plc  
Bourne House  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

### Websites

[www.dealgroupmediapl.com](http://www.dealgroupmediapl.com)  
[www.dealgroupmedia.com](http://www.dealgroupmedia.com)  
[www.webgravity.co.uk](http://www.webgravity.co.uk)  
[www.webworld.com](http://www.webworld.com)

### Nominated Adviser and Broker

KBC Peel Hunt  
111 Old Broad Street  
London  
EC2N 1PH

### Auditors

Grant Thornton  
London Thames Valley Office  
Churchill House  
Chalvey Road East  
Slough  
Berks  
SL1 2LS

### Solicitors

Addleshaw Goddard  
150 Aldersgate Street  
London  
EC1A 4EJ

Howard Kennedy  
19 Cavendish Square  
London  
W1A 2AW

### Bankers

HSBC Bank plc  
Broad Street  
Reading  
Berks  
RG1 2BU

Barclays Bank plc  
5 High Road  
Willesden  
London  
W4 2QN



## Directors and advisers (continued)

### David Lees

*Chairman, aged 56*

David qualified as a chartered accountant in Australia. From 1987 to 1994 he was finance director of Medeva plc. His responsibilities extended to the completion of a number of substantial acquisitions. Between 1995 and 1999 he was a non-executive founding director of Skyepharmaceutical plc and the chief executive of Flare Group plc. He is currently chief executive of Names.co Internet plc.

### Adrian Moss

*ACA, Chief Executive Officer, aged 32*

Adrian qualified as a chartered accountant with Price Waterhouse in 1996. After a period in corporate finance he took a position as head of strategy and securitisation for I-Group Limited with responsibility for group budgeting, negotiating funding lines and managing the execution of securitisation mortgage receivables. In 1999 he founded dealgroupmedia and has developed the business as chief executive officer.

### Nicola Iapino

*Chief Operating Officer, aged 32*

Nicola joined dealgroupmedia in September 2003 to head up the group as Chief Operating Officer. She moved to the company having spent three years building Commission Junction's UK & Ireland operation and has significant sales, marketing and operational management experience. She was previously sales manager of Affiliate Marketing Limited, one of the Deal Group Media plc group of companies.

### Keith Lassman, LLB, MSI

*Non Executive Director, aged 45*

Keith qualified as a solicitor in 1983 and is now a senior partner in the corporate finance department of Howard Kennedy, solicitors. Keith brings considerable experience to the board in a broad range of corporate finance transactions including acquisitions, disposals and capital raising. He is also a non-executive director of Longbridge International plc and The Wigmore Group plc (companies whose shares are traded

on AIM) deputy chairman of the EIS Association and a member of the Securities Institute.

### Dominic Trigg

*Non Executive Director, aged 35*

Dominic has a background in traditional and online media advertising. He is currently director of advertising operations Europe for Yahoo! Inc. Before this he was media director at Music Choice Europe plc, and advertising director at MSN, Hotmail, Expedia and BT Internet. He gained traditional media experience as advertising manager for Focus magazine G&J, and BBC Worldwide.



## Chairman's statement

### Chairman's Statement

During the six months ended 30 September 2003, the Company, formerly known as IBNet plc, continued its business activities of Search Engine Marketing and Internet Intelligence. Subsequent to the period end, on 20th October 2003 the Company acquired in a reverse takeover, The Deal Group Limited, a leader in online marketing focusing on maximising the return on client marketing spend. Simultaneously £1.2 million (net of expenses) was raised to fund working capital and expansion.

### Financial Results

The turnover for the six months to 30th September 2003 was £878,000 (2002: £933,000). There was an operating loss before exceptional items, goodwill amortisation, depreciation and interest of £338,000 (2002: £304,000) and a loss before tax of £646,000 (2002: £668,000). Although the financial performance of IBNet plc was encouraging, the Directors concluded that combining

with a much larger and profitable group, The Deal Group Limited, would provide the best opportunity for the ongoing success of the Company.

### The Review of Activities

The synergies of the two companies are already delivering cross selling opportunities through an increased client base and will produce cost savings and increased efficiencies. In addition, the Group is investing in its overseas offices with considerable effort being dedicated to the two foreign sales territories in Australia and Europe.

Group management has been restructured and aims to increase sales on all product lines through a more complete offering to clients, the development of specific product opportunities and a greater focus on delivering return on investment for client marketing campaigns. The product range has been reorganised and targets five key areas of online marketing: media sales, online partnerships, search, intelligence, and

performance based advertising. All services will be marketed through the dealgroupmedia brand.

### Prospects

Trading during the initial months of the two businesses as a combined entity is in line with expectations and it is encouraging that cross selling opportunities are already delivering new clients. From January 2004 the Group expects to continue to benefit from the new management structure, enhanced product offering and new strategic focus. We remain confident for 2004 and beyond.

The Group's financial year end has been changed to 31st December, commencing with the next results announcement for the nine months ended 31st December 2003.

Sadly David Heynes, our Chairman, died on the 20th July 2003. We miss him as a businessman and a confidant. At the board's request I accepted the position of Chairman.



## Chairman's statement (continued)

### Prospects (continued)

Following the acquisition, Toby Smallpeice, Richard Saul and Michael Bull have resigned their Board positions and Adrian Moss, Keith Lassman, Dominic Trigg and Nicola Iapino have been appointed to the Board.

We wish to thank all those who were involved with the acquisition and whose efforts have helped to create the new Group. We look forward to a successful 2004.

David Lees  
Chairman

16 December 2003



**Profit and  
loss account  
for the six  
months  
ended 30  
September  
2003**

	NOTES	6 Months to 30 Sep 03 Unaudited £'000	6 Months to 30 Sep 02 Unaudited £'000	Year to 31 Mar 03 Audited £'000
TURNOVER				
- Continuing activities		878	245	1,881
- Acquisition		-	688	-
		<u>878</u>	<u>933</u>	<u>1,881</u>
COST OF SALES		(393)	(310)	(580)
GROSS PROFIT		485	623	1,301
EXPENSES				
- Administrative expenses		(823)	(1,041)	(1,673)
- Other expenses		<u>(285)</u>	<u>(242)</u>	<u>(1,165)</u>
		(1,108)	(1,283)	(2,837)
OPERATING LOSS		(623)	(660)	(1,536)
NET INTEREST		(23)	(8)	(48)
LOSS ON ORDINARY ACTIVITIES		(646)	(668)	(1,584)
TAXATION		-	-	179
NET LOSS AFTER TAXATION FOR PERIOD		<u>(646)</u>	<u>(668)</u>	<u>(1,405)</u>
BASIC AND FULLY DILUTED LOSS PER SHARE	2	0.76	0.89	1.76

There were no other recognised gains or losses other than the loss for the period.  
All operations are continuing.

	As at 30 Sep 03 Unaudited £'000	As at 30 Sep 02 Unaudited £'000	As at 31 Mar 03 Audited £'000
FIXED ASSETS			
Investments	1,317	1,979	1,545
Tangible fixed assets	<u>63</u>	<u>428</u>	<u>118</u>
	1,380	2,407	1,663
CURRENT ASSETS			
Current asset investments	-	252	107
Debtors recoverable within one year	245	284	268
Cash at bank and in hand	<u>-</u>	<u>39</u>	<u>104</u>
	245	575	479
CURRENT LIABILITIES			
Creditors:			
- Amounts falling due within one year	(875)	(1,066)	(746)
Net current liabilities	<u>(630)</u>	<u>(491)</u>	<u>(267)</u>
Total assets less current liabilities	750	1,916	1,396
Creditors:			
- Amounts falling due after more than one year	(736)	(485)	(736)
Provision for liabilities and charges	<u>(177)</u>	<u>(673)</u>	<u>(177)</u>
	<u>(163)</u>	<u>758</u>	<u>483</u>
CAPITAL AND RESERVES			
Called up share capital	14,067	13,938	14,067
Share premium account	14,704	14,371	14,704
Profit and loss account	<u>(28,934)</u>	<u>(27,551)</u>	<u>(28,288)</u>
Equity shareholders' (deficit) / funds	<u>(163)</u>	<u>758</u>	<u>483</u>



**Balance  
sheet as at 30  
September  
2003**



**Cash flow  
statement for  
the six  
months  
ended 30  
September  
2003**

	NOTES	6 Months to 30 Sep 03 Unaudited £'000	6 Months to 30 Sep 02 Unaudited £'000	Year to 31 Mar 03 Audited £'000
Net cash outflow from operating activities	3	(222)	89	(283)
<b>Returns on investments and servicing of finance</b>				
Interest received		-	7	8
Interest paid		(23)	(15)	(56)
		<u>(23)</u>	<u>(8)</u>	<u>(48)</u>
Tax credit received		-	-	185
<b>Capital expenditure and financial investments</b>				
Purchase of tangible fixed assets		(2)	(85)	(105)
Sale / (purchase) of current asset investment		-	-	450
		<u>(2)</u>	<u>(85)</u>	<u>345</u>
Net cash (outflow) / inflow before financing		<u>(247)</u>	<u>(4)</u>	<u>199</u>
<b>Management of liquid resources</b>				
Sale of short term Investments		84	205	-
		<u>84</u>	<u>205</u>	<u>-</u>
<b>Financing</b>				
Issue of Ordinary Share Capital		-	-	125
Capital element of finance lease rentals		(4)	(3)	(4)
Repayment of Loan Notes		-	(198)	(253)
Expenses paid in connection with share issues		-	-	(6)
New Loan notes and Loan Notes Issued		-	(4)	-
		<u>(4)</u>	<u>(205)</u>	<u>(138)</u>
(Decrease) / increase in cash		<u>(167)</u>	<u>(4)</u>	<u>61</u>



## Notes to the financial statements for the six months ended 30 September 2003

### 1. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention. The principal accounting policies of the company have remained unchanged from those set out in the company's annual report. The comparative figures shown are for the six-month period ended 30 September 2002 and the year ended 31 March 2003.

### 2. LOSS PER SHARE

The calculation for the basic loss per share is based upon the loss attributable to ordinary shareholders divided by the weighted average number of shares on issue during the period.

Reconciliation of the loss and weighted average number of shares used in the calculations are set out below:

	6 Months to 30 Sep 03	6 Months to 30 Sep 02	Year to 31 Mar 03
Loss on ordinary activities before tax	(646)	(668)	(1,405)
Weighted average number of shares	84,952,000	74,952,000	80,069,808
Amount of loss per share in pence	0.76	0.89	1.76

In view of the loss for the year there is no dilutive effect of the options in issue at 31 March 2003.

### 3. NET CASHFLOW FROM OPERATING ACTIVITIES

	6 Months to 30 Sep 02	6 Months to 31 Dec 01	9 Months to 31 Mar 02
Operating loss	(623)	(660)	(1,528)
Depreciation	57	113	227
Fixed asset investment amortisation/impairment	228	242	722
Loss on sale of fixed assets / current asset investment	23	-	215
Decrease / (increase) in debtors	23	339	346
(Decrease) / increase in creditors	70	55	(265)
Net cash flow from operating activities	<u>(222)</u>	<u>89</u>	<u>(283)</u>



**Notes to the  
financial  
statements  
for the six  
months  
ended 30  
September  
2003**

#### **4. COPIES OF THE INTERIM REPORT**

Copies of the Interim Report are being sent to shareholders and are available to the public from the company's registered office at 19 Cavendish Square, London, W1A 2AW.

Copies can also be viewed online at [www.dealgroupmediapl.com](http://www.dealgroupmediapl.com).



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