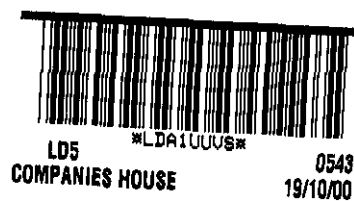


NEWMEDIA SPARK plc
(formerly Targetwin plc)

Report and Financial Statements

31 March 2000

Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR



REPORT AND FINANCIAL STATEMENTS 2000

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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Instant Companies Ltd	(appointed 26 July 1999, resigned 27 September 1999)
Swift Incorporations Limited	(appointed 26 July 1999, resigned 27 September 1999)
A B Carruthers	(appointed 27 September 1999)
M K Whitaker	(appointed 27 September 1999)
R B Koenig	(appointed 2 November 1999)
L O Johnson	(appointed 20 October 1999)
S Hollander	(appointed 20 October 1999)
T A Teichman	(appointed 20 October 1999)
P Lundberg	(appointed 27 April 2000)

SECRETARY

Swift Incorporations Limited	(appointed 26 July 1999, resigned 27 September 1999)
A B Carruthers	(appointed 27 September 1999, resigned 7 June 2000)
J Plasco	(appointed 7 June 2000)

REGISTERED OFFICE

Lacon House
Theobald's Road
London WC1X 3RW

BANKERS

Barclays Bank PLC
PO Box 544
54 Lombard Street
London EC3V 9EX

The Royal Bank of Scotland plc
Technology Centre
Thames Valley Corporate Centre
Brunel House
17-27 Station Road
Reading RG1 1LE

SOLICITORS

Nabarro Nathanson
Lacon House
Theobald's Road
London WC1X 8RW

Finers Stephens Innocent
179 Great Portland Street
London W1N 6LS

REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period from 26 July 1999 to 31 March 2000.

ACTIVITIES

NewMedia Spark plc was incorporated on 26 July 1999 under the name of Targetwin plc. The name was changed to NewMedia Spark plc on 12 October 1999. The company commenced trading on 12 October 1999.

The principal activity of NewMedia Spark plc is the making of investments in early stage companies in the high tech and internet sectors. Where appropriate NewMedia Spark plc provides office space, and strategic and commercial advice to the companies in which it has an investment.

REVIEW OF DEVELOPMENTS

In the period to 31 March 2000 NewMedia Spark plc has obtained a listing on the Alternative Investment Market ('AIM') in London and raised £91 million from its founders and other investors. It has made investments in thirty-nine companies, including eight businesses acquired through the purchase of Cell Internet Commerce Development AB ('Cell ICD') in Sweden, and six businesses which are subsidiaries of the Olympic Group plc in which NewMedia Spark plc has a 10% holding. At 31 March 2000, two of NewMedia Spark plc's investments were listed on AIM and during the period the company had realised significant gains from the sale of two other of its investments.

DIVIDENDS

In line with the 'Initial Dividend Policy' stated in the company's AIM admission document, the directors do not propose a dividend for the period ended 31 March 2000.

FUTURE PROSPECTS

NewMedia Spark plc will continue to take opportunities to invest in European businesses that satisfy its investment criteria. The directors anticipate that NewMedia Spark plc will be at the forefront of future consolidation of quoted 'internet investment funds'.

SHARE PRICE

The average share price of NewMedia Spark during the period from 26 July 1999 to 31 March 2000 was £1.37. The highest recorded price during that time was £1.85, and the lowest £0.58.

YEAR 2000

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the Year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business; however, the situation is still being monitored. Any future costs associated with this issue, cannot be quantified but are not expected to be significant.

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The directors had the following interests in the share capital of the company at 31 March 2000

	No. of ordinary shares	% of share capital attributable to warrants ⁽⁴⁾
T A Teichman ⁽¹⁾	9,646,666	2.38
M K Whitaker ⁽²⁾	13,133,320	1.65
A B Carruthers ⁽³⁾	2,800,000	0.50
L O Johnson	11,333,320	1.70
S Hollander	600,000	-
R B Koenig	-	-

Notes:

1. T A Teichman is interested in 6,766,666 ordinary shares and in warrants over 1.88 per cent of the relevant share capital held in each case by NewMedia Spark plc, of which he is a director and majority shareholder, and in 2,880,000 ordinary shares and in warrants over 0.5 per cent of the relevant share capital held in each case by the trustees of the Teichman Guernsey Settlement, of which he is a beneficiary.
2. These ordinary shares are held by Grey Holdings sprl, in which M K Whitaker is beneficially interested.
3. These ordinary shares and warrants are held by the trustees of the Carruthers Retirement Annuity Trust, of which A B Carruthers is a beneficiary.
4. These are founder warrants that entitle the holder to subscribe for ordinary shares at a price of 10 pence per share. They may be exercised at any time between 20 October 2000 and 20 October 2004.

There have been no significant changes in directors' interests since the period end.

SUBSEQUENT EVENTS

On 28 April 2000 deferred consideration of £40,592,000 was paid to the former shareholders of Cell ICD.

On 23 June 2000 an application was made to list a new class of ordinary share warrant on AIM.

On 5 July 2000 NewMedia Spark plc unconditionally agreed to purchase Softtechnet.com plc.

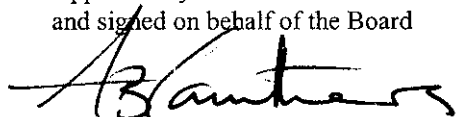
SUPPLIERS

The group agrees payment terms and conditions with individual suppliers which vary according to the commercial relationship and the terms of the agreements reached. It is the policy of the group that, whenever possible, payments to suppliers are made in accordance with the terms agreed. The average time taken to pay purchase invoices by the group is 40 days.

AUDITORS

Deloitte & Touche 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
and signed on behalf of the Board



A B Carruthers
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group, and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS' REPORT TO THE MEMBERS OF NEWMEDIA SPARK plc
(formerly Targetwin plc)**

We have audited the financial statements on pages 7 to 26 which have been prepared under the accounting policies set out on pages 13 and 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 5 preparation of the financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 and other members of the group is not disclosed.

We read the other information contained in the Annual 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.

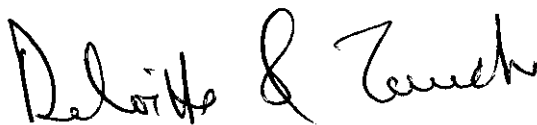
Basis of audit opinion

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 circumstances of the company and the group, 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 opinions we also evaluated the overall adequacy of the presentation of the information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 31 March 2000 and of the profit of the group for the period from 26 July 1999 to 31 March 2000 and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and
Registered Auditors

26 July 2000

**Deloitte
Touche
Tohmatsu**

Aberdeen, Belfast, Birmingham, Bracknell, Bristol, Cambridge, Cardiff, Crawley, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham, St Albans and Southampton.

Principal place of business at which a list of partners' names is available: Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Period from 26 July 1999 to 31 March 2000

	Note	Period from 26 July 1999 to 31 March 2000 £'000
Profit for the financial period		1,971
Unrealised gain on financial fixed assets	12	18,064
		<hr/>
Total recognised gains and losses relating to the period		<u>20,035</u>

**RECONCILIATION OF MOVEMENT IN CONSOLIDATED SHAREHOLDERS'
FUNDS**
Period ended 31 March 2000

	Note	Period from 26 July 1999 to 31 March 2000 £'000
Profit for the period		1,971
Other recognised gains relating to the period	12	18,064
Proceeds of issues of shares		153,377
Net addition to shareholders' funds		<hr/> 173,412
At date of incorporation		<hr/> -
Closing shareholders' funds		<u>173,412</u>

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Period from 26 July 1999 to 31 March 2000

	Note	Period from 26 July 1999 to 31 March 2000 £'000
Administrative expenses		(1,072)
Other operating income	4	126
OPERATING LOSS	6	(946)
Profit on disposal of fixed asset investments		3,173
Interest receivable and similar income		624
Interest payable and similar charges	7	(3)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,848
Tax on profit on ordinary activities	8	(898)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,950
Equity minority interests	19	21
Retained profit for the financial period	18	1,971
Earnings per ordinary share	9	1.22p
Diluted earnings per ordinary share	9	1.12p

All activities derive from continuing operations.

CONSOLIDATED BALANCE SHEET
31 March 2000

	Note	2000 £'000
FIXED ASSETS		
Tangible assets	10	469
Investments	12	151,787
		<u>152,256</u>
CURRENT ASSETS		
Debtors	13	2,581
Cash at bank and in hand		33,531
		<u>36,112</u>
CREDITORS: amounts falling due within one year	14	(5,263)
		<u>30,849</u>
NET CURRENT ASSETS		
		<u>183,105</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		
EQUITY MINORITY INTEREST	19	(9,693)
		<u>173,412</u>
NET ASSETS		
		<u>173,412</u>
CAPITAL AND RESERVES		
Called up share capital	17	5,630
Share premium account	18	109,155
Shares to be issued		38,592
Revaluation reserve	18	18,064
Profit and loss account	18	1,971
		<u>173,412</u>
EQUITY SHAREHOLDERS' FUNDS		
		<u>173,412</u>

These financial statements were approved by the Board of Directors on 14 July, 2000.

Signed on behalf of the Board of Directors



A B Carruthers

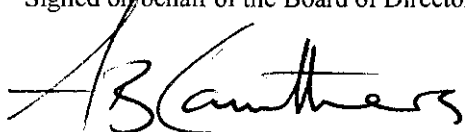
Director

COMPANY BALANCE SHEET
31 March 2000

	Note	2000 £'000
FIXED ASSETS		
Tangible assets	10	393
Investments	11,12	143,442
		<u>143,835</u>
CURRENT ASSETS		
Debtors	13	304
Cash at bank and in hand		33,073
		<u>33,377</u>
CREDITORS: amounts falling due within one year	14	<u>(3,701)</u>
NET CURRENT ASSETS		<u>29,676</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>173,511</u>
NET ASSETS		<u>173,511</u>
CAPITAL AND RESERVES		
Called up share capital	17	5,630
Share premium account	18	109,155
Shares to be issued		38,592
Revaluation reserve	18	18,064
Profit and loss account		2,070
		<u>173,511</u>
EQUITY SHAREHOLDERS' FUNDS		<u>173,511</u>

These financial statements were approved by the Board of Directors on 14 July, 2000.

Signed on behalf of the Board of Directors



A B Carruthers

Director

CASH FLOW STATEMENT
Period from 26 July 1999 to 31 March 2000

	Note	Period from 26 July 1999 to 31 March 2000 £'000
Net cash outflow from operating activities	A	(562)
Returns on investments and servicing of finance		
Interest received		624
Interest paid		(3)
Net cash inflow from returns on investments and servicing of finance		621
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets		(458)
Payments to acquire investments		(32,235)
Receipts from sales of investments		3,851
Net cash outflow from investing activities		(28,842)
Acquisitions and disposals		
Purchase of subsidiary undertaking		(27,743)
Net cash acquired with subsidiary		459
Net cash outflow from acquisitions and disposals		(27,284)
Net cash outflow before financing		(56,067)
Financing		
Issue of ordinary share capital		91,015
Expenses paid in connection with share issues		(1,417)
Net cash inflow from financing		89,598
Increase in cash in the period	B, C	33,531

NOTES TO THE CASH FLOW STATEMENT
Period from 26 July 1999 to 31 March 2000

A. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Period from 26 July 1999 to 31 March 2000 £'000
Operating loss	(946)
Depreciation charge	56
Increase in debtors	(304)
Increase in creditors	632
	<hr/>
Net cash outflow from operating activities	(562)
	<hr/> <hr/>

B. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	£'000
Increase in cash in the period	33,531
	<hr/>
Movement in net funds in the period	33,531
Opening net funds	-
	<hr/>
Closing net funds	33,531
	<hr/> <hr/>

C. ANALYSIS OF CHANGES IN NET FUNDS

	26 July 1999 £'000	Cashflows £'000	31 March 2000 £'000
Cash at bank and in hand	-	33,531	33,531
	<hr/>	<hr/>	<hr/>
	-	33,531	33,531
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

D. CASHFLOW – ACQUISITIONS

The subsidiary undertakings acquired in the year contributed £114,947 to the group's net operating cash outflows and contributed £2,005 in respect of net returns on investments and servicing of finance.

NOTES TO THE ACCOUNTS

Period from 26 July 1999 to 31 March 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements have been prepared under the historical cost convention modified to include certain investments at valuation, and in accordance with applicable accounting standards.

Subsidiary and associated undertakings

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries. The group's policy is to consolidate the Cell ICD AB and Cell Ventures AB entities and to treat all other investments as part of its investment portfolio. As Cell ICD AB and Cell Ventures AB effectively act as holding entities for the Swedish investment portfolio only these two entities have been consolidated.

The group owns certain investments that the Companies Act 1985 requires to be treated as subsidiary or associated undertakings and therefore accounted for using the acquisition or equity method of accounting as appropriate. The directors believe that equity accounting for such investments that fall within the definition of associated undertakings would not give a true and fair view of the value generated from the investment activities of the group, since this is better measured by the inclusion of profits or losses on the disposal of such investments in the profit and loss account. This treatment is in accordance with Financial Reporting Standard 9 – Associates and Joint Ventures.

Further, the directors believe that acquisition accounting for such investments that fall within the definition of subsidiary undertakings would again not give a true and fair view of the value generated from the investment activities of the group, since this is better measured by the inclusion of profits or losses on the disposal of such investments in the profit and loss account. This treatment represents the application of the true and fair override to the requirements of Financial Reporting Standard 2 – Accounting for subsidiary undertakings. It is impracticable to quantify the effect of these departures on the profit and loss account and balance sheet for the period.

Acquisitions and disposals

On the acquisition of a business, fair values are attributed to the group's share of net separable assets. Where the cost of acquisition exceeds the fair values attributable to such net assets, the difference is treated as goodwill and is capitalised in the balance sheet in accordance with FRS10.

The results and cashflows relating to a business are included in the consolidated profit and loss account and the consolidated cashflow statement from the date of acquisition up to the date of disposal.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Leasehold improvements	Over the term of the lease
Office equipment	33%
Furniture, fixtures and equipment	20%

Deferred tax

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced. No deferred tax is provided on overseas retained earnings.

Leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

NOTES TO THE ACCOUNTS

Period from 26 July 1999 to 31 March 2000

1. ACCOUNTING POLICIES (continued)

Investments

Investments are included at valuation on the following bases:

- (a) Listed investments are valued at mid-market price.
- (b) Unquoted investments are valued by the directors as follows: when a significant third party event has taken place which signifies a new value for the investment, this value is used. All other valuations are at the cost of the investment subject to any impairment in value.

Foreign exchange

Transactions denominated in foreign currencies are translated into the functional currency at the rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

The financial statements of foreign subsidiaries are translated into sterling at the closing rates of exchange and the difference arising from the translation of the opening net investment in subsidiaries at the closing rate.

2. ACQUISITIONS

On 6 March 2000, the company acquired the entire share capital of Cell ICD, a company incorporated and registered in Sweden, for consideration of £93,603,122. The acquisition has been accounted for using the acquisition method. Expenses totalling £139,987 were incurred in the transaction and have been added to the cost of the investment.

Cell ICD is the parent company of Cell Ventures AB, an 82.41% subsidiary, which is incorporated in Sweden.

The subsidiary undertakings contributed £28,126 to other operating income, £146,307 to administrative expenses, and £1,000 to bank interest receivable in the period subsequent to their acquisition. The results of Cell ICD AB and its subsidiary for the period from 1 April 1999 to the date of acquisition were:

	£'000
Turnover	1,509
Operating loss	(749)
Taxation	(26)
Loss after tax	(775)
Minority interest	136

The results of Cell ICD AB and its subsidiary for the period from 1 May 1998 to 30 April 1999 were:

	£'000
Turnover	2,923
Operating loss	(1,434)
Taxation	(51)
Loss after tax	(1,485)
Minority interest	22

NOTES TO THE ACCOUNTS

Period from 26 July 1999 to 31 March 2000

2. ACQUISITIONS (continued)

The following table explains the adjustments made to the book value of the major categories of assets and liabilities acquired to arrive at the fair values included in the consolidated financial statements at the date of acquisition. The cashflow effects of the acquisition are given in note D to the cashflow statement.

	Book value	Revaluation	Fair value
	£'000	£'000	to the
			group
			£'000
Tangible fixed assets	77	-	77
Fixed asset investments	14	101,934	101,948
Trade debtors	1,503	-	1,503
Prepayments and other debtors	892	-	892
Cash	459	-	459
Trade creditors	(748)	-	(748)
Accruals	(119)	-	(119)
Other creditors	(695)	-	(695)
Minority interests	-	(9,714)	(9,714)
Consideration paid	<u>1,383</u>	<u>92,220</u>	<u>93,603</u>

The consideration comprised:	£'000
Cash	27,743
Shares	25,268
Deferred cash	2,000
Deferred shares	38,592
	<u>93,603</u>

The deferred share consideration is held within reserves in the balance sheet.

3. COMPANY PROFIT AND LOSS ACCOUNT

The group has taken advantage of the exemption conferred by s230 CA 1985 to not disclose a full profit and loss account for the parent company.

The parent company's profit for the period was £2,069,086.

NOTES TO THE ACCOUNTS

Period from 26 July 1999 to 31 March 2000

4. SEGMENTAL ANALYSIS

The Group carries on its investment activities in two geographical locations, the UK and Sweden. It has one principal activity, making investments for long term gains. Other operating income comprises rental income and management recharges.

	UK Period from 26 July 1999 to 31 March 2000 £'000	Sweden Period from 26 July 1999 to 31 March 2000 £'000	Total Period From 26 July 1999 to 31 March 2000 £'000
Profit/(loss) before taxation	2,966	(118)	2,848
Net assets	77,763	95,649	173,412

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Period From 26 July 1999 to 31 March 2000 £'000
Directors' remuneration	
Fees	13
Other emoluments	246
	259
Total attributable to highest paid director	246
	Number
Average number of persons employed	
Administration	15
	£'000
Staff costs during the period (including directors)	
Wages and salaries	371
Social security costs	100
	471

NOTES TO THE ACCOUNTS
Period from 26 July 1999 to 31 March 2000

6. OPERATING LOSS

	Period from 26 July 1999 to 31 March 2000 £'000
Operating loss is stated after charging:	
Depreciation and amortisation	
Owned assets	56
Rentals under operating leases	
Hire of plant and machinery	2
Other operating leases	182
Auditors' remuneration	
audit fees	31
other services	16
	<u> </u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 26 July 1999 to 31 March 2000 £'000
Bank loans, overdrafts and other loans repayable within five years	<u> 3</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period from 26 July 1999 to 31 March 2000 £'000
UK corporation tax at 31%	893
Deferred taxation	5
	<u> </u>
	<u> 898</u>

NOTES TO THE ACCOUNTS

Period from 26 July 1999 to 31 March 2000

9. EARNINGS PER ORDINARY SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all dilutive potential ordinary shares. The group has only one category of dilutive potential ordinary shares, those share warrants granted where the exercise price is less than the average price of the company's ordinary shares during the period.

	2000
Profit for the period (£'000)	1,971
Basic and diluted earnings attributable to ordinary shareholders (£'000)	1,971
Weighted average number of ordinary shares ('000)	161,622
Dilutive share warrants ('000)	14,984
Adjusted weighted average number of ordinary shares ('000)	176,606
Earnings per share	1.22p
Diluted earnings per share	1.12p

10. TANGIBLE FIXED ASSETS

GROUP	Leasehold improvements £'000	Furniture, fixtures and equipment £'000	Office equipment £'000	Total £'000
Cost				
At date of incorporation	-	-	-	-
On acquisition	-	18	49	67
Additions	342	30	86	458
At 31 March 2000	342	48	135	525
Accumulated depreciation:				
At date of incorporation	-	-	-	-
Charge for the period	23	6	27	56
At 31 March 2000	23	6	27	56
Net book value				
At 31 March 2000	319	42	108	469

NOTES TO THE ACCOUNTS
Period from 26 July 1999 to 31 March 2000

10. TANGIBLE FIXED ASSETS (continued)

COMPANY	Leasehold improvements £'000	Furniture, fixtures and equipment £'000	Office equipment £'000	Total £'000
Cost				
At date of incorporation	-	-	-	-
Additions	342	26	78	446
At 31 March 2000	342	26	78	446
Accumulated depreciation:				
At date of incorporation	-	-	-	-
Charge for the period	22	5	26	53
At 31 March 2000	22	5	26	53
Net book value				
At 31 March 2000	320	21	52	393

The group and company do not hold any assets under finance leases.

11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Company 2000 £'000
Cost:	
Additions	93,603
At 31 March 2000	93,603

The company's subsidiary undertakings as included in the consolidation at 31 March 2000, their principal activities and countries of incorporation are set out below:

Name	Country of incorporation	Business activity	Class of shares held	Proportion Held
Cell ICD AB	Sweden	Investment	Ordinary	100%
Cell Ventures AB	Sweden	Investment	Ordinary	82.41%

NOTES TO THE ACCOUNTS

Period from 26 July 1999 to 31 March 2000

12. INVESTMENTS

GROUP

Investment	Type of shares held	No. of shares held	Percentage of that class of shares held	Percentage of total voting rights held	Country of incorporation if non-UK
2Bet Ltd	Ordinary A 1p	17,500	100%	10.5%	
ADVFN.com plc	Ordinary 1p	15,000,000	6%	6%	
Aspex Internet Marketing Ltd	Ordinary A 1p	227,758	100%	22.2%	
B-Plan Information Systems Ltd	Ordinary A	4,497	100%	14.8%	
Exxactly.com Ltd	Ordinary £160.77	3,732	28%	28%	
Clipserver.com plc	Ordinary 2p	1,833,333	50%	10.99%	
Crocus.co.uk Ltd	Ordinary 10p A	8,824	30%	9.1%	
Dataroam Ltd	Ordinary A	50,000	50%	19%	
Digital Animations Group plc	Ordinary	3,000,000	13.3%	13.3%	
Firebox.co.uk Ltd	Ordinary £1	59	26.8%	26.8%	
Funplanet AB	Ordinary SEK1	28,236	12%	12%	Sweden
Jetweb Sweden AB	Ordinary SEK 100	1,877	30%	30%	Sweden
Linkguard.com Ltd	Ordinary B	176,250	30.7%	14.29%	
Mergemarket Ltd	Ordinary A 1p	700,000	100%	35%	
Netwalla.com Ltd	Ordinary A	894	100%	23.5%	
Olympic Group plc	Ordinary 1p	10,000,000	10%	10%	
Purple Voice Ltd	Ordinary 1p A	34,080	20.4%	10.5%	
Rainbow Network plc	Ordinary 1p A	500,000	100%	6.25%	
Skillvest Ltd	A Preferred	70,490	15.4%	5%	
Synaptic Systems Ltd	Ordinary 1p	900	9%	9%	
Travelstore.com Group plc	Ordinary 1p	2,000,000	3.3%	3.3%	
Watchmyprice.com, Inc	Series A	2,000,000	90.9%	20%	USA
Wireless Commerce Ltd	Preferred stock Ordinary 0.17	97,000	14.92%	14.92%	Finland
GlobalEuroNet Group, Inc	Ordinary	877,000	7%	7%	
DX3 Europe AB	Ordinary SEK10	9,714	87.51%	87.51%	Sweden
e-TV Broadcasting AB	Ordinary SEK10	9,580	95.8%	95.8%	Sweden
Cart Provider Group AB	Ordinary SEK100	921	69.24%	69.24%	Sweden
Devphiles AB	Ordinary SEK100	900	90%	90%	Sweden
Pricerunner AB	Ordinary SEK10	4,972	45.2%	45.2%	Sweden
Bid2Day Scandanavia AB	Ordinary SEK1	1,345,050	38.43%	38.43%	Sweden
Paletten Svenska AB	Ordinary SEK10	9,700	97%	97%	Sweden
Steget AB	Ordinary SEK0.5	554,000	100%	100%	Sweden

NOTES TO THE ACCOUNTS

Period from 26 July 1999 to 31 March 2000

12. INVESTMENTS (continued)

Equity shares value at 31 March 2000			Group 2000 £'000	Company 2000 £'000
Listed			12,630	12,630
Unlisted			135,095	130,812
<hr/>				
Loans value at 31 March 2000				
Unlisted			4,062	-
<hr/>				
	Group Total 2000 £'000	Company Investments 2000 £'000	Company Subsidiaries 2000 £'000	Company Total 2000 £'000
Additions at cost	32,453	32,453	-	32,453
Acquisitions	101,948	-	93,603	93,603
Unrealised appreciation	18,064	18,064	-	18,064
Disposals	(678)	(678)	-	(678)
	<hr/>			
Value at 31 March 2000	151,787	49,839	93,603	143,442
<hr/>				
Represented by:				
Cost	133,723	31,775	93,603	125,378
Unrealised appreciation	18,064	18,064	-	18,064
<hr/>				

The following companies are required to be treated as subsidiary undertakings under the provisions of the CA85.

However, the directors believe that to consolidate these investments would not give a true and fair view of the investment activities of the group.

Name	Balances with Group	
	In creditors	In debtors
DX3 Europe AB		49
e-TV Broadcasting AB	1	6
Cart Provider Group AB	4	368
Devphiles AB	-	26
Paletten Svenska AB	-	11
Steget AB	-	-
<hr/>		

13. DEBTORS

	Group 2000 £'000	Company 2000 £'000
Amounts owed by investments	460	-
Other debtors	2,121	304
	<hr/>	
	2,581	304
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NOTES TO THE ACCOUNTS
Period from 26 July 1999 to 31 March 2000

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2000 £'000	Company 2000 £'000
Trade creditors	875	282
Corporation tax	923	893
Other taxation and social security	217	167
Other creditors	859	16
Accruals and deferred income	2,389	2,343
	<u>5,263</u>	<u>3,701</u>

15. OPERATING LEASE COMMITMENTS

At 31 March 2000 the Group was committed to making the following payments during the next year in respect of operating leases:

	Buildings 2000 £'000
Leases which expire:	
Within one year	-
Within two to five years	-
After five years	362
	<u>362</u>

16. FINANCIAL INSTRUMENTS

(a) Policies and risks

The Group's financial instruments comprise equity investments held within the portfolio, cash and liquid resources, and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of holding the equity shares is to achieve capital growth in their value and subsequently dispose of them realising a profit.

The main risk arising from the Group's financial instruments is market price risk. The equity investments held by the Group are susceptible to changes in value arising from market factors.

The Group is also subject to an element of foreign exchange risk. The Group has subsidiaries that operate in Sweden. Their revenues and expenses are denominated in Swedish Krona. The Group does not undertake any foreign exchange hedging activities. The Directors consider that there is no significant interest rate risk.

NOTES TO THE ACCOUNTS
Period from 26 July 1999 to 31 March 2000

16. FINANCIAL INSTRUMENTS (continued)

(b) Currency profile

The main functional currencies of the group are sterling and the Swedish Krona.

The Group has no monetary assets or liabilities denominated in a different currency from the functional currency of the operations involved.

(c) Maturity profile of the group's financial liabilities

All of the group's financial assets and liabilities as at 31 March 2000 mature within one year.

(d) Interest rate profile

	2000 Swedish Krona	2000 Sterling
	£'000	£'000
Cash deposits	458	33,073
Investments	101,948	49,839
Financial liabilities	(24)	-
	<u>102,382</u>	<u>82,912</u>

Short term debtors and creditors have been excluded from the interest rate profile disclosures.

The investments do not carry any interest benefits.

The weighted average interest rate applicable to the cash deposits was a fixed rate of 5.54%, for a weighted average period of 5 days.

The weighted average interest rate chargeable on the financial liability was a fixed rate of 10%, for a weighted average period of 1 month.

(e) Fair values of financial assets and liabilities

The fair values of financial assets and liabilities other than investments are equal to their book values.

Investments that are traded on an open market are carried in the group balance sheet at market values which equal fair values.

For investments not traded on an open market, held at cost, the directors consider that the book values are equal to fair values.

NOTES TO THE ACCOUNTS
Period from 26 July 1999 to 31 March 2000

17. CALLED UP SHARE CAPITAL

	Group 2000 £'000	Company 2000 £'000
Authorised:		
300,000,000 ordinary shares of 2.5p each	7,500	7,500
	<u>7,500</u>	<u>7,500</u>
Called up, allotted and fully paid:		
225,194,867 ordinary shares of 2.5p each	5,630	5,630
	<u>5,630</u>	<u>5,630</u>

Under the group's share warrant scheme, at 31 March 2000 warrants were held for 22,519,487 unissued ordinary shares, equal to 10% of the issued ordinary share capital, all exercisable at 10 pence per share at any time between 20 October 2000 and 20 October 2004.

Shares issued during the period were:

	Nos.	Nominal value £	Consideration £
26 July 1999	2	-	-
18 October 1999	79,999,998	2,000,000	2,000,000
18 October 1999	30,000,000	750,000	3,000,000
27 November 1999	60,000,000	1,500,000	36,000,000
6 March 2000	55,194,867	1,379,872	75,267,313
	<u>225,194,867</u>	<u>5,629,872</u>	<u>116,267,313</u>

18. RESERVES

GROUP	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
Issues of shares	109,155	-	-
Unrealised gains on investments	-	18,064	-
Profit for the period	-	-	1,971
	<u>109,155</u>	<u>18,064</u>	<u>1,971</u>

NOTES TO THE ACCOUNTS
Period from 26 July 1999 to 31 March 2000

18. RESERVES (continued)

COMPANY

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
Issues of shares	109,155	-	-
Unrealised gains on investments	-	18,064	-
Profit for the period	-	-	2,070
	<u>109,155</u>	<u>18,064</u>	<u>2,070</u>

19. MINORITY INTERESTS

The minority interest comprises 212,839 ordinary shares in Cell Ventures AB.

20. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

	Group 2000 £'000	Company 2000 £'000
Contingent liabilities	<u>1,300</u>	<u>1,300</u>

The contingent liabilities relate to an agreement to invest further in existing investee companies provided that certain conditions are satisfied.

As at 31 March 2000 Cell ICD AB had issued unlimited guarantees to fund the working capital requirements and normal trading losses of the following subsidiary companies: DX-3 Europe AB, e-TV Broadcasting AB, Cart Provider Group AB, Pricerunner AB, Steget AB, Devphiles AB, Paletten Svenska AB and Bid2Day Scandanavia AB. These guarantees all terminated on 20 April 2000, except for Paletten Svenska AB, which terminates in July 2000.

At 31 March 2000 the company had an obligation to pay the shareholders of Cell ICD AB further consideration totalling cash of £1,999,734 and 25,558,090 Ordinary shares. This has been provided for in the accounts.

NewMedia Spark plc has an option to buy the remaining shares in Cell Ventures.

NewMedia Spark plc has granted guarantees in favour of Benchmark Group Plc totalling £413,240.

There were no other significant capital commitments at 31 March 2000.

NOTES TO THE ACCOUNTS
Period from 26 July 1999 to 31 March 2000

21. RELATED PARTY TRANSACTIONS

Balances with investee companies are disclosed in note 12.

During the period NewMedia Investors Ltd was charged £52,831 by NewMedia Spark plc (related as the two entities have common significant shareholders) for occupational licence fees. This balance was outstanding at the period end.

EO plc was charged £42,344 by NewMedia Spark plc (related as the two entities have common significant shareholders) for occupational licence fees.

Both the above amounts were outstanding at 31 March 2000.

NewMedia Investors Ltd charged NewMedia Spark plc £450,000 in respect of transactions to acquire investments, and £80,806 for services provided in relation to the management of investee companies.

At 31 March 2000 £172,640 was owed by NewMedia Spark plc to NewMedia Investors Ltd.

All the above transactions were conducted at arm's length.

There were no transactions with the investee companies in the period other than those given in note 12.

22. SUBSEQUENT EVENTS

On 28 April 2000 the deferred consideration was paid to the former shareholders of Cell ICD.

On 23 June 2000 an application was made to list a new class of ordinary share warrant on AIM.

On 5 July 2000 NewMedia Spark plc unconditionally agreed to purchase Softechnet.com plc.

23. NON ADJUSTING POST BALANCE SHEET EVENTS

Two of NewMedia Spark plc's investments are listed on an open market; their value has therefore been determined using their share prices at 31 March 2000. Since that date the share values have diminished thus:

	Current	31 March 2000
ADVFN.com plc	13p	37.5p
Digital Animations Group plc	97p	233.5p