No. 3896382

PREMIER MANAGEMENT HOLDINGS PLC

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2003

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COMPANIES HOUSE 28/11/03

GERALD EDELMAN

CHARTERED ACCOUNTANTS

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PREMIER MANAGEMENT HOLDINGS PLC

CONTENTS

PREMIER MANAGEMENT HOLDINGS PLC

DIRECTORS AND ADVISERS

Directors	B Gold (Non executive chairman) W J Jennings (Managing director) G Desler (Finance director)
Secretary	G. Desler
Company Registration Number	3896382
Registered Office	11 Central House Ongar Essex CM5 9AA
Registrars	Capita IRG Plc Balfour House 390-398 High Road Ilford Essex IG1 1NQ
Auditors	Gerald Edelman Chartered Accountants and Registered Auditors 25 Harley Street London W1G 9BR
Solicitors	Nabarro Nathanson Lacon House Theobald's Road London WC1X 8RW
Nominated Adviser and Broker	Brewin Dolphin Securities Limited National House 36 St Anne Street Manchester M60 2EP
Bankers	Royal Bank of Scotland London Blackfriars Branch 36 – 37 New Bridge Street London EC4V 6BJ

PREMIER MANAGEMENT HOLDINGS PLC

CHAIRMAN'S STATEMENT

In common with other companies in our sector we have not found the last year an easy one. Following the collapse of ITV Digital, the introduction of transfer windows and the administration of a number of clubs, some owing fees to the Company, has led to a pre-tax loss for the period of £4,107,000 (2002: £18,000 profit), despite a 27 per cent, increase in turnover to £2,136,000 (2002: £1,683,000). Turnover was boosted by £892,000 (2002: £nil) of realisations of player investments, but the fees from player representation activities were down 26 per cent to £1,244,000 (2002: £1,683,000).

Of the loss, £1,126,000 is represented by the interest costs, amortisation of finance costs and adverse foreign exchange movements in net borrowings on the convertible eurobond and £1,780,000 is attributable to impairment of investments in football player registrations and provisions for exceptional bad debts. In addition, the Group has provided £531,000 against the carrying value of assets and goodwill in subsidiary undertakings, impairment of image rights and the value of the Company's shares held in its ESOP. After stripping out these items and amortisation the underlying performance of the Group showed an operating loss of £510,000 (2002: £327,000 profit).

Whilst the first six months of the year did show an improvement over the corresponding period of the previous year, the Chairman warned in his interim statement that unless trading in the January window of 2003 was strong then trading in the second half of the year would be below our previous expectations. During the window there were few major transfers and although we handled several of them, including Jamie Clapham's move to Birmingham and Adil Ramzi's move from PSV in Holland to Cordoba in Spain, trading in the second half of the year was poor.

During the period outside the transfer windows whilst the market remained very quiet, we completed our programme of overhead reductions. As a result the company now operate from offices outside Central London with a much reduced head count as, regretfully, all our support staff and several of our agents have left the Company. The overhead savings targeted have been achieved, although the full benefit of these will only show during the year ending 30 April 2004, and those agents who have remained have worked hard under difficult circumstances.

Much uncertainty existed over the future of the football industry even before the summer 2003 window opened. It was no surprise, therefore, that with the notable exception of Chelsea activity levels were very quiet. The Company turned over gross fees in excess of £750,000 during the summer window, which was better than we expected, but once it closed the market returned to a state of near hibernation, although there are signs of more potential business than the corresponding period of last year.

Much of our turnover this summer was won from our offices in Hungary, Turkey and Holland. These offices are lower cost in comparison with our UK operation and exist in areas that are not "over-agented" like the UK. We would expect our offices in Hungary and Turkey to benefit when or if those countries join the European Union, giving opportunities for further expansion from both offices.

In the meantime, we face testing market conditions, continually trying to improve operating margins and collect debts from Clubs with cash flow difficulties. The market's potential for recovery will be enhanced with the ending of the three-year contracts with players entered into on the back of the ITV digital deal. In the meantime we are working towards trades in the January 2004 transfer window and to do such deals as are permissible in the period up to January. We are also planning to maximise the opportunities to the Group that Euro 2004 will offer and work to this end has already started.

We are currently in negotiations with our bondholder and provided a satisfactory solution can be agreed we believe there is a long-term future for the Group. Accordingly, the Group's accounts have been prepared on the assumption the Group is a going concern.

I would like to thank all the staff who have worked for the Company this year, and to wish those who have left us during the year every success in the future. It has been very difficult to say goodbye to old friends and colleagues, and to restructure the arrangements of everyone who has stayed, and each and every one of them deserve and have our thanks for their efforts in such a difficult environment.

CHAIRMAN'S STATEMENT (CONTINUED)

S J Lucas resigned as a non-executive chairman of the Company in January 2003 and the Board would like to thank Stuart for his significant contribution to the Company.

BGold

B Gold
Non executive chairman
24 October 2003

PREMIER MANAGEMENT HOLDINGS PLC

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 2003.

Principal activity
The principal activity of the Group is that of a FIFA player's agency and a sports and business consultancy. A review of the Group's business and future development is given in the Chairman's statement.

Results and state of affairs
The financial statements on pages 10 to 26 set out the results for the year ended 30 April 2003 and reflect the state of the Group's affairs at that date.

Going concern
After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

The disclosures required by the Financial Reporting Standard No.18 in relation to the Directors' going concern assessment are set out in note 1.1 to the accounts.

Directors and their interests
The following directors have held office during the period:

B Gold
W J Jennings
G Desler
S J Lucas (Resigned on 22 January 2003)

Following the year-end B Gold, formerly an executive director, became non-executive chairman of the Company.

The directors' beneficial interests in the shares of the Company are stated below: -

	Ordinary shares of 1p each	
	30 April 2003	**1 May 2002**
B Gold	4,340,000	4,340,000
W J Jennings	4,370,000	4,370,000
G Desler	86,000	85,000

Share capital
Changes in share capital are outlined in the notes to the financial statements.

Dividend
The directors do not recommend payment of a dividend.

Substantial shareholdings
With the exception of the following, the directors are not aware of any person, other than a director, who is interested in 3% or more of the issued share capital of the Company, as at the date of this report.

Name of holder	**Number of ordinary shares**	**Percentage of issued shares**
Mark Curtis	4,332,900	16.1%
BNY (OCS) Nominees Limited	1,550,000	5.7%
Socgen Nominees (UK) Limited	1,755,000	6.5%
Berwin Nominees Limited NTNL Acct	1,484,140	5.5%
Andrew Mills	2,600,000	9.7%
R.C. Craig Nominees Limited AKII Acct	1,205,000	4.8%

DIRECTORS' REPORT (CONTINUED)

Tax status
The directors believe that the Company was not during the period a close company as defined by the Income and Corporation Taxes Act 1988.

Employee involvement
The Group is committed to the involvement of employees in the business. Staff are kept informed of the performance and objectives of the Group through publications of results and staff meetings.

Disabled persons
The Group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Creditor payment policy
The Group's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- to ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the Group's contractual and other legal obligations.

Trade creditors at the period end all relate to overhead costs and the directors do not consider the disclosure of the number of day's purchases represented by trade creditors to be meaningful.

Annual general meeting
The Annual General Meeting of the Company will be held on 27 November 2003 at 11am at Lacon House, Theobald's Road, London WC1X 8RW.

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 and of the profit or loss of the company and the group for that year. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- prepare the financial statements in accordance with applicable accounting standards.

The directors are responsible for keeping proper accounting records which disclose with reasonably accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors
A resolution will be proposed at the Annual General Meeting for the re-appointment of Gerald Edelman as auditors for the forthcoming year.

On behalf of the board

G. Desler

G Desler
Director
24 October 2003

PREMIER MANAGEMENT HOLDINGS PLC

CORPORATE GOVERNANCE

Given the current size of the Company it is not considered practical nor appropriate by the directors that the Company should adopt all of the recommendations on corporate governance contained in the combined code. However, the Company has adopted a code of corporate governance practice embodying those principal tenets of the combined code which are relevant to the company.

The workings of the Board and its Committees
The Board currently comprises the non-executive chairman, a managing director and a finance director. The Board is responsible to shareholders for the proper management of the Company. A statement of the directors' responsibilities in respect of the accounts is set out in the Directors' Report.

The Board has a formal schedule of matters specifically reserved to it for decision. All directors have access to advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The following Committees deal with specific aspects of the group's affairs:

Remuneration Committee
The Remuneration Committee, chaired by B Gold, is responsible for making recommendations to the Board, within agreed terms of reference, on the group's framework of executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for the executive directors, including performance-related bonus schemes, pension rights and compensation payments. The Board itself determines the remuneration of the non-executive director.

Further details of the Company's policies on remuneration and service contracts are given in the Report on Directors' Remuneration.

Audit Committee
The Audit Committee, chaired by G Desler, provides a forum for reporting by the Company's external auditors. The Committee is responsible for reviewing a wide range of matters, including half-year and annual results before their submission to the Board, and for monitoring the controls that are in force to ensure the integrity of information reported to shareholders. The Committee advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature, scope and results of the audit with the external auditors. The Committee keeps under review the cost effectiveness and the independence and objectivity of the external auditors.

Internal Control and Risk Management
The Board is responsible for establishing and maintaining the Group's financial controls. Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatements or loss. The key procedures, which the directors are establishing with a view to providing effective internal control, are as follows:

- *Management structure*
  The Board has overall responsibility for the Group and there is a formal schedule of matters specifically reserved for decision by the Board. The executive directors have responsibility for specific aspects of the Group's affairs. The executive directors constitute the management committee, which meets regularly to discuss day to day operational matters.

- *Corporate accounting procedures*
  Responsibility levels are communicated throughout the Group, setting out the ethos of the Group, delegation of authority and authorisation levels, segregation of duties and other control procedures together with accounting policies and procedures.

CORPORATE GOVERNANCE (CONTINUED)

Internal Control and Risk Management (continued)

- ***Quality and integrity of personnel***
  The competence and integrity of personnel is ensured through high recruitment standards and subsequent training courses. High quality of personnel is seen as an essential part of the control environment.

- ***Identification and business risks***
  The Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate course of action to manage those risks.

- ***Budgetary process***
  Each year the Board will approve the annual budget and key risk areas identified. Performance is monitored and relevant action taken throughout the year through the monthly reporting to the Board of variances from the budget, updated forecasts for the year and information on the key risk areas.

- ***Investment appraisal***
  The budgetary process and authorisation levels regulate capital expenditure. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Board. Major overruns are investigated. Due diligence work is carried out if a business is to be acquired.

PREMIER MANAGEMENT HOLDINGS PLC

REPORT ON DIRECTORS' REMUNERATION

The Board is responsible for an overall remuneration package for the executive and non-executive directors. The package consists of basic salary and benefits.

Fees

Amounts paid to each director during the period are set out below.

	30 April 2003		30 April 2002	
	Pension Contributions	Salary and Benefits	Pension Contributions	Salary and Benefits
	£	£	£	£
Executive Directors				
W J Jennings	10,000	101,851	10,000	147,370
G Desler	-	44,332	-	40,000
Non-Executive Directors				
S J Lucas (Resigned 22 January 2003)	-	18,749	-	10,000
B Gold	27,000	90,391	10,000	136,828
	37,000	255,323	20,000	334,198

No director waived emoluments in respect of the year ended 30 April 2003.

Share options

B Gold, W J Jennings and G Desler have been granted options to acquire 750,000, 750,000 and 50,000 ordinary shares respectively at the placing price of 25p per share exercisable between the third and tenth anniversaries of the date of grant of 17 March 2000.

Contracts of Service

W J Jennings entered into a rolling service contract with the company from 12 January 2000 terminable by either party on 12 months written notice. The service contract of B Gold has been replaced by a consultancy agreement following his appointment as a non-executive, rather than an executive director.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PREMIER MANAGEMENT HOLDINGS PLC

We have audited the financial statements of Premier Management Holdings Plc on pages 10 to 26 for the year ended 30 April 2003. These financial statements have been prepared under the historical cost convention and 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 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 Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read other information in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement, Corporate Governance Statement and the Report on Directors' Remuneration. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 mis-statement, 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.

Going concern

In forming our opinion, we have considered the adequacy of the disclosure made in note 1.1 to the financial statements, which we consider should be brought to your attention. Our opinion is not qualified in this respect.

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 30 April 2003 and of the Group's result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Gerald Edelman
Chartered Accountants
Registered Auditors

24 October 2003
25 Harley Street
London
W1G 9BR

PREMIER MANAGEMENT HOLDINGS PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 2003

	Note	2003 £'000	2002 £'000
Turnover	2	2,136	1,683
Cost of sales		(1,100)	-
Gross profit before exceptional impairment		1,036	1,683
Exceptional impairment of investments in footballers	3	(1,135)	-
Gross (loss)/profit		(99)	1,683
Exceptional administrative expenses	3	(1,867)	(9)
Amortisation of intangible assets		(181)	(33)
Other administrative expenses		(1,546)	(1,356)
Operating (loss)/profit	4	(3,693)	285
Other interest receivable and similar income		27	73
Interest payable	6	(243)	(191)
Amortisation of finance costs		(198)	(149)
(Loss)/profit on ordinary activities before taxation		(4,107)	18
Taxation	7	209	(25)
(Loss) on ordinary activities after taxation		(3,898)	(7)
Dividends	8	-	-
Retained (loss) carried forward for the financial year	19	(3,898)	(7)
Transfer from share premium account relating to amortisation of finance costs		198	149
Retained (loss)/profit after reserve movements		(3,700)	142
(Loss)/earnings per share	9	**Pence**	**Pence**
- Basic and diluted (loss)/earnings per ordinary share		(15.52)	(0.03)
- Adjusted for amortisation of finance costs		(14.73)	0.70

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There were no recognised gains or losses not dealt with through the profit and loss account.

PREMIER MANAGEMENT HOLDINGS PLC

BALANCE SHEETS
AS AT 30 APRIL 2003

	Note	Group 2003 £'000	Group 2002 £'000	Company 2003 £'000	Company 2002 £'000
Fixed Assets					
Intangible assets	11	3,299	3,729	-	132
Tangible assets	12	120	186	89	172
Investments	13	211	3,045	3,985	6,871
		3,630	6,960	4,074	7,175
Current assets					
Debtors	14	1,497	2,168	1,511	1,737
Current asset investments	15	1,342	-	1,342	-
Cash at bank and in hand		251	1,320	250	1,176
		3,090	3,488	3,103	2,913
Creditors: amounts falling due within one year	16	(781)	(1,515)	(525)	(1,242)
Net current assets		2,309	1,973	2,578	1,671
Total assets less current liabilities		5,939	8,933	6,652	8,846
Creditors: amounts falling due over one year	17	(6,407)	(5,603)	(6,407)	(5,603)
Total assets less liabilities		(468)	3,330	245	3,243
Capital and reserves					
Called up share capital	18	269	244	269	244
Share premium account	19	2,745	2,868	2,745	2,868
Profit and loss account	19	(3,482)	218	(2,769)	131
Equity shareholders' funds	20	(468)	3,330	245	3,243

The financial statements were approved by the Board on 24 October 2003

B Gold

B Gold
Director

W J Jennings
Director

PREMIER MANAGEMENT HOLDINGS PLC

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 2003

	Note	2003 £'000	2003 £'000	2002 £'000	2002 £'000
Net cash outflow from operating activities	21		(153)		(148)
Returns on investments and servicing of finance					
Interest received		27		73	
Interest payable		(243)		(191)	
Net cash outflow for returns on investments and servicing of finance			(216)		(118)
Taxation			(6)		(7)
Capital expenditure and financial investment					
Payments to acquire intangible assets		-		(133)	
Receipts on disposal of tangible assets		15		4	
Payments to acquire tangible assets		(13)		(30)	
Payments to acquire investments		(175)		(2,447)	
Receipts from disposal of investments		26		-	
Net cash outflow for capital expenditure			(147)		(2,606)
Acquisitions and disposals					
Payment to acquire subsidiary undertaking		(33)		(982)	
Net cash outflow for acquisitions and disposals			(33)		(982)
Net cash outflow before management of liquid resources and financing			(555)		(3,861)
Management of liquid resources					
Short term deposits		936		(186)	
Net cash inflow/(outflow) from management of liquid resources			936		(186)
Financing					
Issue of ordinary share capital		-		-	
Convertible loan stock		-		4,343	
Capital element of hire purchase contracts		(41)		(22)	
Purchase of own shares		-		(210)	
Payment for deferred consideration		(421)		-	
Net cash (outflow)/inflow from financing			(462)		4,111
(Decrease)/increase in cash in the year	22		(81)		64

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2003

1. Accounting policies

The principal accounting policies adopted by the company are as follows:-

1.1 Fundamental accounting concept – going concern

The accounts have been prepared on the assumption that the Group is a going concern. The accounts of the Group for the year ended 30 April 2003 show a loss for the year of £3,898,000. Of this loss, £463,000 is represented by the amortisation and impairment of goodwill and other intangible assets, which does not affect the operating cash flows of the group and £2,720,000 is attributable to exceptional impairment of investments in footballers and other exceptional costs.

At the date of approving these financial statements, the Group's ability to continue as a going concern is subject to the following:

- The Group's ability to meet its future working capital requirements is dependent on the Group being able to generate further revenues and free cash flow from its continuing activities over the levels already achieved;
- The collection of debtors and payment of creditors on a timely basis or subject to agreed payment schedules; and
- The Group's ability to repay its Convertible Eurobond which is due in August 2004. At 30 April 2003 the liability, when translated into £ Sterling at the Euro exchange rate ruling on that day, amounted to £5,592,000. The directors are in negotiation with the bondholders over the terms of repayment.

The directors are confident that if a satisfactory solution can be agreed with the bondholder the Group will generate the necessary level of sales and will resolve satisfactorily the matters referred to above. On this basis, in the opinion of the directors, the accounts have been properly prepared on the assumption that the Group is a going concern. In making this assessment the directors have had due regard to the net funds available to the Group.

1.2 Convention

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

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 April 2003 using the principles of acquisition accounting. The results of subsidiaries acquired are included in the profit and loss account from the date of acquisition.

1.4 Turnover

Turnover represents income receivable from professional footballers and professional football clubs for services rendered and realisation of investment in footballers.

1.5 Deferred Taxation

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Deferred tax assets are only recognised when they are regarded as recoverable. Tax deferred is accounted for in respect of all material timing differences. The company has not adopted a policy of discounting deferred tax assets and liabilities.

1.6 Goodwill

Goodwill represents the difference between the fair value of the consideration paid on acquisition of a business and the fair value of its identifiable net assets at the date of acquisition. Goodwill is amortised over 20 years and reviewed annually for impairment.

1. Accounting policies (continued...)

1.7 Image rights

Image rights are shown at the consideration paid less accumulated amortisation over 5 years and provisions for impairment.

1.8 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Motor vehicles	25% Straight-line basis
Fixtures and fittings	25% Straight-line basis
Office equipment	25% Straight-line basis

1.9 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

The company invests in the future value of players transfer fees and investments in footballers represent monies provided to clubs to finance transfers for players. An impairment review is carried out on the carrying value of the investment at the end of each accounting period.

During the year the company reclassified its investments in footballers from fixed to current assets. The directors believe that classification as a current asset more properly represents the nature of the asset. In accordance with this policy a profit of £202,000 realised on the transfer of a footballer is now included in the gross profit rather than as profit arising from the disposal of a fixed asset.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

1.11 Treatment of finance costs

Finance costs relating to capital instruments are deducted from the carrying value of the instrument and amortised to profit and loss account over the period of the instrument. Where allowed by the Companies Acts issue costs of capital instruments are written off to share premium account by means of transfer between reserves as permitted by Financial Reporting Standard No.4.

1.12 Pension

Employer contributions to personal pension schemes of employers are chargeable to the profit and loss account as they are incurred.

PREMIER MANAGEMENT HOLDINGS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2003

2. Turnover

Segmental analysis of by class of business

The analysis by class of business of the group's turnover is set as below:	2003 £'000	2002 £'000
Realisation of investments in footballers	892	-
Fees receivable as football agents	1,244	1,683
	2,136	1,683

Segmental analysis of turnover by geographical area

The analysis by geographical area of the group's turnover is set out below:	2003 £'000	2002 £'000
United Kingdom	1,019	1,273
Europe	1,117	410
	2,136	1,683

3. Exceptional costs

Exceptional costs of £3,002,000 were incurred in respect of the following:	2003 £'000
Goodwill impairment following acquisition of subsidiary undertakings	155
Impairment of image rights	127
Impairment of carrying value of shares held by ESOP	174
Foreign exchange loss on net borrowings including convertible eurobonds	691
Impairment of investments in footballers	1,135
Provision for bad debts	645
Loss on fixtures and fittings scrapped on relocation of office	75
	3,002

4. Operating profit

	2003 £'000	2002 £'000
The operating profit is stated after charging:		
Amortisation of intangible assets	181	33
Depreciation of tangible assets	45	51
Loss on disposal of tangible assets	3	7
Auditors' remuneration	20	20

5. Staff costs

	2003 £'000	2002 £'000
a) **Staff costs (including directors' emoluments) comprises:**		
Wages and salaries	763	462
Social security costs	61	65
	824	527

	2003	2002
b) **Employees**	Number	Number
The average number of persons employed by the company, including directors, during the period was:	10	14

Details of directors' remuneration are disclosed in the Report on Directors' Remuneration.

6. Interest payable

	2003 £'000	2002 £'000
Interest on bank overdraft	3	3
Interest on hire purchase	3	5
Interest on convertible debt	237	183
	243	191

7. Taxation

	2003 £'000	2002 £'000
UK Corporation tax	-	18
Adjustment to prior years	(209)	7
Current tax (credit)/charge	(209)	25

	2003 £'000	2002 £'000
Reconciliation of tax charge		
(Loss)/profit on ordinary activities before taxation	(4,107)	18
Tax (credit)/charge on (loss)/profit on ordinary activities before taxation at standard rate of nil % (2002: 20%)	-	4
Factors affecting (credit)/charge:		
Expenses not deductible for tax purposes	-	14
Adjustment to prior years	(209)	7
Tax (credit)/charge per profit and loss account	(209)	25

There is no provision for UK corporation tax due to tax losses incurred by group companies subject to agreement with Inland Revenue. Accumulated tax losses have not been recognised as a deferred tax asset.

8. Dividends

No dividend is proposed for the year ended 30 April 2003.

9. (Loss)/earnings per share

The calculation of the basic loss per share is based on the loss after tax of £3,898,000 (2002: £7,000) and on 25,111,415 (2002: 20,063,470) ordinary shares being the weighted average number of ordinary shares in issue during the year.

The calculation of (loss)/earnings per share adjusted for amortisation of finance costs is based on the basic loss per share adjusted for the amortisation of finance costs.

There is no dilutive effect of options due to the fair price of the shares during the year being less than the exercisable price of those options and the potential dilution on conversion of the convertible loan stock would decrease the net loss and is not disclosed in accordance with Financial Reporting Standard No.14.

10. (Loss)/profit for the financial period

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The (loss)/profit for the financial year is as follows:

	2003 £'000	2002 £'000
Holding company's (loss)/profit for the financial year	(3,098)	11

11. Intangible fixed assets

Group	Image rights £'000	Goodwill £'000	Total £'000
Cost			
At 1 May 2002	127	3,653	3,780
Additions	-	33	33
At 30 April 2003	127	3,686	3,813
Amortisation			
At 1 May 2002	-	51	51
Charge for the year	-	181	181
Provision for impairment loss	127	155	282
At 30 April 2003	127	387	514
Net book value			
At 30 April 2003	-	3,299	3,299
At 30 April 2002	127	3,602	3,729

Company	Image rights £'000	Goodwill £'000	Total £'000
Cost			
At 1 May 2002 and 30 April 2003	127	6	133
Amortisation			
At 1 May 2002	-	1	1
Charge for the year	-	5	5
Provision for impairment loss	127	-	127
At 30 April 2003	127	6	133
Net book value			
At 30 April 2003	-	-	-
At 30 April 2002	127	5	132

12. Tangible fixed assets

Group

	Office Equipment Fixture & Fittings £'000	**Motor Vehicles £'000**	**2003 Total £'000**
Cost			
At 1 May 2002	168	132	300
Additions	13	59	72
Disposals	(95)	(39)	(134)
At 30 April 2003	86	152	238
Depreciation			
At 1 May 2002	49	65	114
Charge for the year	25	20	45
Disposal	(20)	(21)	(41)
At 30 April 2003	54	64	118
Net book value			
At 30 April 2003	32	88	120
At 30 April 2002	119	67	186

Company

	Office Equipment Fixtures & Fittings £'000	**Motor Vehicles £'000**	**2003 Total £'000**
Cost			
At 1 May 2002	142	132	274
Additions	11	36	47
Disposal	(95)	(39)	(134)
At 30 April 2003	58	129	187
Depreciation			
At 1 May 2002	37	65	102
Charge for the year	19	18	37
Disposal	(20)	(21)	(41)
At 30 April 2003	36	62	98
Net book value			
At 30 April 2003	22	67	89
At 30 April 2002	105	67	172

PREMIER MANAGEMENT HOLDINGS PLC

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FOR THE YEAR ENDED 30 APRIL 2003

13. Fixed asset investments

Group	**Other Investments £'000**	**Own Shares £'000**	**Investments in footballers £'000**	**2003 Total £'000**
Cost				
At 1 May 2002	26	210	2,809	3,045
Additions	175	-	-	175
Disposals	(26)	-	-	(26)
Reclassification as current asset investments	-	-	(2,809)	(2,809)
At 30 April 2003	175	210	-	385
Provisions				
At 1 May 2002	-	-	-	-
Provision for impairment loss	-	174	-	174
At 30 April 2003	-	174	-	174
Net book value				
At 30 April 2003	175	36	-	211
At 30 April 2002	26	210	2,809	3,045

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet. Own shares represents 1,000,000 Ordinary shares of 1p each held by the Premier Management Holdings plc Employee Share Ownership Plan.

Company	**Own Shares £'000**	**Shares in subsidiary undertakings £'000**	**Investments in footballers £'000**	**Other Investments £'000**	**2003 Total £'000**
Cost					
At 1 May 2002	210	3,826	2,809	26	6,871
Additions	-	33	-	175	208
Disposals	-	-	-	(26)	(26)
Reclassification as current asset investments	-	-	(2,809)	-	(2,809)
At 30 April 2003	210	3,859	-	175	4,244
Provisions					
At 1 May 2002	-	-	-	-	-
Provision for impairment loss	174	85	-	-	259
At 30 April 2003	174	85	-	-	259
Net book value					
At 30 April 2003	36	3,774	-	175	3,985
At 30 April 2002	210	3,826	2,809	26	6,871

13. Fixed asset investments (continued...)

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
B G Consultancy Services Limited	England and Wales	Ordinary shares	100
Premier Management International Limited	England and Wales	Ordinary shares	100
Andrew Mills Consultancy Limited	England and Wales	Ordinary shares	100
Sports Player Management Limited	England and Wales	Ordinary shares	100
Premier Management Recruitment Limited	England and Wales	Ordinary shares	100

The principal activity of all subsidiary undertakings is that of carrying on football agency businesses and related activities.

14. Debtors

	Group 2003 £'000	Group 2002 £'000	Company 2003 £'000	Company 2002 £'000
Trade debtors	1,187	1,938	736	1,460
Amount owed by group company	-	-	466	77
Other debtors	302	215	301	185
Prepayments and accrued income	8	15	8	15
	1,497	2,168	1,511	1,737

Trade debtors amounting to £197,000 (2002: £411,000) are receivable in more than one year.

15. Current asset investments

	Group 2003 £'000	Group 2002 £'000	Company 2003 £'000	Company 2002 £'000
Investment in footballers	1,342	-	1,342	-

16. Creditors: amounts falling due within one year

	Group 2003 £'000	Group 2002 £'000	Company 2003 £'000	Company 2002 £'000
Convertible loan stock	100	100	100	100
Deferred consideration	-	450	-	450
Bank overdraft	7	59	-	6
Trade creditors	372	396	198	396
Amount owed to group company	-	-	63	71
Corporation tax	-	215	-	13
Other taxes and social security	166	177	96	88
Hire purchase creditors	28	31	9	31
Accruals and deferred income	108	87	59	87
	781	1,515	525	1,242

The bank overdraft is secured by a general charge over the assets of the group.

17. Creditors: amounts falling due more than one year

	Group 2003 £'000	Group 2002 £'000	Company 2003 £'000	Company 2002 £'000
Convertible loan stock	5,444	4,695	5,444	4,695
Deferred consideration	934	900	934	900
Hire purchase contracts and finance leases	29	8	29	8
	6,407	5,603	6,407	5,603

Loan maturity analysis:

	Group 2003 £'000	Group 2002 £'000	Company 2003 £'000	Company 2002 £'000
Amounts falling due:				
In one year or less or on demand	100	550	100	550
Between one and two years	5,692	1,000	5,692	1,000
Between two and five years	934	5,041	934	5,041
Finance costs allocated to future accounting periods	(248)	(446)	(248)	(446)
	6,478	6,145	6,478	6,145
Included in current liabilities	(100)	(550)	(100)	(550)
	6,378	5,595	6,378	5,595

Net obligations under finance leases and hire purchase contracts:

	Group 2003 £'000	Group 2002 £'000	Company 2003 £'000	Company 2002 £'000
Amounts falling due:				
In one year or less or on demand	28	31	9	31
Between one and two years	29	8	29	8
	57	39	38	39
Included in current liabilities	(28)	(31)	(9)	(31)
	29	8	29	8

Convertible loan stock

In August 2001 the company issued €8,000,000 guaranteed floating rate unsecured convertible bonds due on August 2004. The rate of interest payable on this debt is the prevailing rate for 3 months deposits in euros plus 1.25% margin per annum. The bonds, at the option of the holder, are convertible into ordinary shares of 1p each in the share capital of the company on or after August 2003. The initial conversion price has been set at €0.5862 for each ordinary share of 1p each. At 30 April 2003 the redemption price of the bonds translated at the exchange rate prevailing on that day was £5,592,000.

Included in creditors falling due within one year is £100,000 and in creditors falling due after more than one year is £100,000 convertible loan stock issued as deferred consideration for acquisition of Andrew Mills Consultancy Limited. The convertible loan stock is redeemable in December 2005 unless converted into ordinary shares of 1p at the average market price at the date of conversion. Interest is payable at the prevailing base rate of Barclays Bank plc.

18. Share capital

	2003 £'000	2002 £'000
Authorised		
1,000,000,000 Ordinary shares of 1p each	10,000	10,000
Allotted, issued and fully paid		
26,933,333 Ordinary shares of 1p each	269	244

During the year, the company converted £100,000 loan stock into 2,500,000 shares as part of the deferred consideration for the acquisition of the subsidiary undertaking, Andrew Mills Consultancy Limited.

As 30 April 2003, the company had granted options over its ordinary shares as follows:-

Date of Grant	Exercise Price	Exercise Period	Number of Options
10 March 2000	25p	10.3.03-9.3.2010	95,000
17 March 2000	25p	17.3.03-16.3.2010	1,550,000
16 March 2000	20p	16.3.03-15.3.2010	600,000
1 July 2000	31.5p	1.7.03-30.6.2010	10,000
04 September 2000	30.5p	4.9.03-3.9.2010	100,000
08 August 2002	20p	8.8.05-7.8.2012	600,000
			2,955,000

19. Statement of movements on reserves

Group

	Share Premium £'000	Profit and Loss Account £'000
At 1 May 2002	2,868	218
Retained loss for the year	-	(3,898)
Premium on shares issued during the year	75	-
Amortisation of finance costs	(198)	198
At 30 April 2003	2,745	(3,482)

Company

	Share Premium £'000	Profit and Loss Account £'000
At 1 May 2002	2,868	131
Retained loss for the year	-	(3,098)
Premium on shares issued during the year	75	-
Amortisation of finance costs	(198)	198
At 30 April 2003	2,745	(2,769)

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20. Reconciliation of movements in shareholders' funds

Group	2003 £'000	2002 £'000
Loss for the financial year	(3,898)	(7)
Proceeds from issue of shares	100	1,320
Cost of share issue written off to share premium account	-	(355)
Net addition to shareholders' funds	(3,798)	958
Opening shareholders' funds	3,330	2,372
Closing shareholders' funds	(468)	3,330
Company		
(Loss)/profit for the financial year	(3,098)	11
Proceeds from issue of shares	100	1,320
Cost of share issue written off to share premium account	-	(355)
Net addition to shareholders' funds	(2,998)	976
Opening shareholders' funds	3,243	2,267
Closing shareholders' funds	245	3,243

21. Reconciliation of operating loss to net cash inflow from operating activities

	2003 £'000	2002 £'000
Operating (loss)/profit	(3,693)	285
Depreciation	45	51
Amortisation	181	33
Exceptional costs	3,002	9
Loss on disposal of tangible asset	3	7
Decrease/(increase) in debtors	26	(993)
(Decrease)/increase in creditors	(14)	460
Decrease in current asset investments	297	-
Net cash outflow from operating activities	(153)	(148)

22. Analysis of changes in cash and cash equivalents during the year

	1 May 2002 £'000	Cash Flow £'000	Non-cash Movements £'000	30 April 2003 £'000
Net cash:				
Cash at bank	384	(133)	-	251
Bank overdraft	(59)	52	-	(7)
Net funds	325	(81)	-	244
Short term deposit	936	(936)	-	-
Finance leases	(39)	41	(59)	(57)
Convertible loan stock/deferred consideration	(6145)	421	(754)	(6,478)
Net debt	(5,248)	(474)	(813)	(6,535)
Net (debts)	(4,923)	(555)	(813)	(6,291)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2003

23. Reconciliation of net cash flow to movement in net debt	2003 £'000	2002 £'000
(Decrease)/increase in cash in the year	(81)	64
Cash (inflow) from increase in net debt	(474)	(4,135)
Change in net debt resulting from cash flow	(555)	(4,071)
Non cash movement in net debt	(813)	(1,802)
Movements in net debt in the year	(1,368)	(5,873)
Opening net (debt)/funds	(4,923)	950
Closing net debt	(6,291)	(4,923)

24. Financial commitments

The group had no material operating lease commitments at 30 April 2003.

25. Capital commitments and contingent liabilities

The group had no material capital commitments or contingent liabilities at 30 April 2003. The group has a contingent liability in respect of a foreign exchange loss on its convertible eurobond (Note 3 and 27).

26. Related party transactions

Party	Relationship	Transaction	2003 Value £'000	2003 Balance due (to)/ from at year end £'000	2002 Value £'000	2002 Balance Due (to)/ from at year end £'000
Bracken Partners Group Limited	B Gold has a material shareholding	Rent and rates	45	-	41	-
Bracken Partners Group Limited	B Gold has a material shareholding	Rent deposit	18	-	18	18
Bracken Partners Group Limited	B Gold has a material shareholding	Advisory and administration fees	18	-	275	(14)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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27. Financial instruments

The group's financial instruments comprise short-term borrowings by bank overdraft and long term borrowings which take the form of convertible debt and cash at bank, as well as various items such as investments in footballers and trade debtors and creditors that arise directly from its operations. The main future risks arising from the group's financial instruments are currency risk, interest rate risk and liquidity risk. The group has not entered into derivatives transactions in order to hedge its exposure to fluctuations in foreign exchange rates and interest rates and does not trade in financial instruments.

Financial assets

The financial assets (other than trade debtors due within one year) are cash at bank held at various interest rates, investments in the future transfer fees of footballers and trade debtors due after one year. Investments in footballers have been written down to the directors' estimate of fair value of £1,342,000 at 30 April 2003 and the fair value of long term debtors is shown in Note 14. At 30 April 2003 the group held UK Sterling balances of £229,000, US Dollar balances of $17,000 and Euro balances of €6,000.

Financial Liabilities, Excluding Non-Debt Current Liabilities

During the year ended 30 April 2003 the group incurred interest charges of £237,000 on convertible debt, £3,000 on bank overdraft and £3,000 on hire purchase liabilities. Financial liabilities comprised:

- €8,000,000 floating rate convertible bonds redeemable in August 2004 on which an interest rate made up of the prevailing rate for 3 months euro deposits plus 1.25% is payable. When translated at the prevailing euro/sterling exchange rate the redemption price of the instrument is as follows:
  - At 30 April 2003 £5,592,000
  - At the date of approval of these financial statements £5,566,000
- £200,000 convertible loan stock redeemable in December 2005 on which interest is paid at the prevailing Barclays Bank plc base rate.
- £934,000 deferred consideration payable by April 2004 on which no interest is payable.
- Hire purchase liabilities amounted to £57,000.

The maturity analysis of financial liabilities is shown in note 17.

28. Employees Share Ownership Plan ('ESOP')

In October 2000 the Company established an ESOP for the benefit of employees including directors of the group. The Trustee is SG Hambros Trust Company (Jersey) Limited which is an independent professional trust company.

At 30 April 2003 the Trustee owned 1,000,000 Ordinary shares which cost £210,000, represented 4.1% of the Company's issued share capital and had a market value on that date of £0.21. The ESOP has waived its rights to dividends on all its shares. At 30 April 2003 no option had been granted on any shares held by the ESOP and no shares had been gifted to employees. The ESOP has been funded by an interest free loan from the company of £225,000 which was outstanding at 30 April 2003.

The assets, liabilities, income and costs are incorporated into the financial statements. The shares have been written down to market value at 30 April 2003.