

26 April 2010

## SPORT MEDIA GROUP PLC

("Sport Media", "SPMG", "or "the Company")

### Preliminary announcement of results for the 17 months ended 31 December 2009

The Board of Sport Media Group plc (AIM: SPMG.L), the integrated multi-media group that publishes the Sunday and Daily Sport newspapers and provides digital content for internet and mobile channels, today announces preliminary results for the 17 months to 31 December 2009

#### Financial highlights:

- Group generated revenue of £30.9m (12 months to 31 July 2008: £29.4m)
- Loss before tax after exceptional items of £29.2m (12 months to 31 July 2008: loss £18.2m).
- Underlying loss before tax (excluding non-recurring items, share option cost, bad debts, amortisation and impairment) was £0.4m (12 months to 31 July 2008: profit £6.4m).
- The 5 month period to December 2009 showed a much improved performance at the underlying profit level, producing an EBITDA of £551k.
- No final dividend.

#### Chairman's Statement

The period under review covers the 17 month period between 1 August 2008 and 31 December 2009. It was a dramatic period for Sport Media Group ("Group"), and also encompasses much of the recent crisis period for the British economy. The Group has had a turbulent experience, but has survived and is now profitable on a monthly basis at the operating profit level. There is still a significant level of debt within the Group and debt-servicing costs are a major cost but I am delighted to report that our debt holders have agreed to extend their facilities until 31 March 2013, which provides an important cornerstone to the ongoing development of the business. We have cut our expenses significantly and continue to seek efficiencies in the Group, and we are working hard to increase revenues, which is the key to our future success. We have a stable platform from which to build a strong position in our market place and are optimistic that, through supportive debt holders, dedicated staff and interested shareholders, we can look forward to a positive future.

In the extended reporting period to 31 December 2009, the Group generated revenue of £30.9m (12 months to 31 July 2008: £29.4m) and a loss before tax after exceptional items of £29.2m (12 months to 31 July 2008: loss £18.2m). The underlying loss before tax (excluding non-recurring items, share option cost, bad debts, amortisation and impairment) was £0.4m (12 months to 31 July 2008: profit £6.4m). The 5 month period to December 2009 showed a rather better performance at the underlying profit level, producing an EBITDA of £551k.

Total net debt at the period end stood at £11.9m (31 July 2008: £10.4m). Debt provided by The Royal Bank of Scotland plc ("RBS") comprised a revolving credit facility of £3.9m, a loan of £2.5m (further details below) and an invoice discounting facility standing at £1.3m at the period end together with a further £0.1m of net borrowings. This totalled £7.8m. Gold Group International ("GGI") and Roldvale Limited, a company controlled by David Sullivan, provided loans of £1.6m during the period to provide critical finance to the Group, and we are grateful to them for their support. Without this finance it is unlikely that the Group would have been able to continue to trade.

Deferred consideration with regard to the acquisition of Sport Newspapers, at the date of acquisition and in favour of GGI, amounted to £5.0m. £2.5m is by way of an outstanding liability to GGI, which together with the £1.6m owed to GGI and Roldvale Limited and the £7.8m owed to RBS accounts for the Group's net debt position of £11.9m. The remaining £2.5m of deferred consideration was settled via the term loan from RBS for the same value. For the Group to secure this loan GGI was required to

maintain a charge of deposit for the same value and this will remain in place for the duration of the term loan. The Group is paying interest to RBS for the loan of £2.5m and interest to GGI for the charge of deposit it is maintaining.

The Group has two main operating divisions, Print and Digital; Print being the larger and incorporating Sport Newspapers Limited, publisher of the Daily and Sunday Sport newspapers. Print revenues, including advertising, for the period were £25.5m (12 months to 31 July 2008: £20.1m) and generated an underlying operating profit of £0.3m (12 months to 31 July 2008: £2.4m).

In August 2008, at the beginning of the reporting period, we were achieving circulation figures of an average of 79,500 per day for the Daily, 51,000 for the Saturday and 77,500 for the Sunday. In the period January to Easter 2010 circulation has averaged around 73,700 for the Daily, 49,000 for the Saturday and 66,400 for the Sunday. It has been widely reported that this has been a torrid time for most national newspapers, with falls in circulation and falls in advertising revenues. Our advertising revenues have been arguably less impacted than most newspapers, as we have little advertising targeted at the residential, automotive or employment markets. Nonetheless, advertising revenues in the period January to Easter 2010 are approximately 14% lower than in the same period in 2009. Our production costs have been reduced and the paper is produced by far fewer staff. This business is now stable and profitable. However, with unemployment likely to rise further, and few signs of recovery in the sectors that employ our readers, the outlook remains difficult. We believe that our newspaper product is much improved, with more news items, better quality pictures and that it represents good value to our readers. However, the price war between the larger “red-tops” remains a constraint on our revenue opportunities. We will continue to seek efficiencies, as well as selective marketing opportunities to increase circulation.

The other division of the Group, the Digital Division, should help us increase circulation, as their expertise in the digital space, including mobile phones and the internet, can be used to alert potential readers to news items and to develop web products that can be monetised to increase revenues. We are the only National newspaper in the UK to make revenues by giving away DVDs in our Sunday newspaper, thanks to our “lock ’n’ pay” technology, and we are experimenting with developing this technology in new ways. Equally, the logic of combining the Digital Division with the newspaper that it uses to generate customers remains persuasive. However, for the period under review, this business suffered a very significant fall in revenues. Revenues in the entire adult industry have fallen dramatically in the last two years, as a consequence of “free” adult internet content supported by advertising. Our digital division, which markets its products across various platforms, including mobile and internet, and delivers products sold over the internet by traditional post, lost customers and margin, as well as some key support contracts as the market declined. In the period the Digital Division achieved revenues of £5.4m (12 months to 31 July 2008: £9.3m). This division employs 19 people, but costs have been reduced and the division is seeking further efficiencies. It has also been developing new products and initiatives. In particular the formation of Telecom2, a tier-2 level telecoms business, which now provides routing, aggregation and internet hosting services to the rest of the Group, as well as developing a customer base of its own, further enhances the Group’s ability to leverage content.

The Group is not in a position to resume paying dividends as yet, and we expect to use our net cash flow to reduce debt as we believe that will deliver the greatest benefit to our shareholders.

The new financial year has carried on much as we finished 2009, albeit the bad winter weather impacted both newspaper distribution and readers working in the building sector. However, we are optimistic that we can trade the business profitably and progressively reduce our debt to deliver enhanced value to our shareholders. We will continue to explore all opportunities to achieve this.

### **Chief Executive’s Statement**

The results are presented for the 17 month period to 31 December 2009. In August 2009, Telecom2 was formed following the acquisition of assets from a business in liquidation and results for the subsequent five months of trading are included.

## Trading

In the 17 months ended 31 December 2009 Group revenues were £30.9m (12 months to 31 July 2008: £29.4m).

The Group recorded a loss before tax for the period of £29.2m (12 months to 31 July 2008: loss £18.2m). The underlying loss for the period excluding non-recurring items, share option cost, amortisation and impairment was £0.4m (12 months to 31 July 2008: profit £6.4m).

Total net debt at the period end stood at £11.9m (31 July 2008: £10.4m). Debt provided by The Royal Bank of Scotland plc ("RBS") comprised a revolving credit facility of £3.9m, a loan of £2.5m (further details below) and an invoice discounting facility standing at £1.3m at the period end together with a further £0.1m of net borrowings. This totalled £7.8m. Gold Group International ("GGI") and Roldvale Limited, a company controlled by David Sullivan, provided loans of £1.6m during the period to provide critical finance to the Group. Deferred consideration with regard to the acquisition of Sport Newspapers, at the date of acquisition and in favour of GGI, amounted to £5.0m. £2.5m is by way of an outstanding liability to GGI which together with the £1.6m owed to GGI and Roldvale Limited and the £7.8m owed to RBS accounts for the Group's net debt position of £11.9m. The remaining £2.5m of deferred consideration was settled via the term loan from RBS for the same value. For the Group to secure this loan GGI was required to maintain a charge of deposit for the same value and this will remain in place for the duration of the term loan. The Group is paying interest to RBS for the loan of £2.5m and interest to GGI for the charge of deposit it is maintaining.

Interest charges remain a significant burden on the business and opportunities to improve the position through profitable trading and debt repayment remain a priority for the directors. Interest charges in the period were £1.4m, (12 months to 31 July 2008: £0.3m).

## Working capital

Cash generated from operations during the period was £1.3m with a further £1.5m inflow from net financing activities. The Group ended the year with a cash position of £0.3m.

## Balance sheet

The carrying value of the Group's goodwill and intangible assets relate predominantly to the balances arising on the acquisition of Sport Newspapers Limited and Flip Media and encompass: newspaper mastheads, publishing rights & imprints, trade marks & names, and customer relationships & contracts. The principal assets of Flip Media were disposed of during the period and consequently the carrying values of goodwill and intangible assets were fully impaired with a charge of £1m in the period. The directors assessed the carrying values of goodwill and intangible assets of Sport Newspaper Limited through value in use calculations as detailed in note 16. This assessment resulted in a full impairment of goodwill from its carrying value of £18.0m and an impairment charge of £0.5m against intangible assets. Amortisation and impairment charges for the period amounted to £23.8m.

As a consequence of the impairment charges the Group has a negative net assets balance of £0.2m.

As detailed in the Chairman's Statement, RBS, GGI and Roldvale Limited agreed to extend the terms of their existing facilities until 31 March 2013. At 31 December 2009 these facilities were all reported as current liabilities as they were due for repayment in November 2010. The extract of the balance sheet below shows the reported position and a pro forma presentation for the movement between current and non-current liabilities had the agreed extension been in place at 31 December 2009 which has the effect of reducing net current liabilities from £12.4m to £2.5m.

### Extract from the Consolidated Balance Sheet as at 31 December 2009

	Pro forma 2009 £'000	Actual 2009 £'000
Current assets	3,709	3,709
Total assets	<u>19,767</u>	<u>19,767</u>

<b>Current liabilities</b>		
Trade and other payables	4,190	4,190
Short term borrowings	2,045	11,957
Current tax liabilities		
	<b>6,235</b>	<b>16,147</b>
<b>Net current liabilities</b>	<b>(2,526)</b>	<b>(12,438)</b>
<b>Non-current liabilities</b>		
Long term borrowings	9,912	-
Deferred tax liabilities	3,835	3,835
	<b>13,747</b>	<b>3,835</b>
<b>Total liabilities</b>	<b>19,982</b>	<b>19,982</b>
<b>Net liabilities</b>	<b>(215)</b>	<b>(215)</b>

### **Business review**

2008/09 has seen a significant transformation of Sport Media Group, as it tackled falling revenues across all divisions, question marks over its banking facilities and a comprehensive restructuring of facilities and operations, against the backdrop of a depressed economic climate.

It has been a period of consolidation within the business, with the priority being to minimise management distractions wherever possible to allow operational focus on the core publishing and digital businesses.

The restructuring that took place to secure the renewal of banking facilities for the Group in April 2009 again saw comprehensive cost savings and efficiencies achieved, albeit with significant exceptional costs incurred.

### **Print Division**

At the start of the period, the Print Division consisted of Sport Newspapers Limited, publisher of the Daily and Sunday Sport, Moresport Limited publisher of magazine titles and Flip Media Limited, publisher of Front magazine (which was acquired in June 2008).

As a result of the operational restructuring, the assets of Flip Media Limited were disposed of in July 2009, to allow management to focus on the operational changes required at the core newspaper business.

The newspaper suffered significant falls in both sales and advertising revenues in November 2008, which worsened over the Christmas 2008 period, and its loss-making position resulted in the Group breaching one of its banking covenants in January 2009.

During Q1 2009, the business undertook a complete operational review and was able to present and deliver the strategic and tactical changes necessary to return it to profitability by July 2009. This involved the provision of loans to the company of £1.6m from Roldvale Limited and GGI in return for the issue of 9.68m options over ordinary shares at 3.5p per share to David Sullivan and the appointment of David Sullivan as Honorary Publisher of the Group.

### **Headcount**

The annual headcount cost removed from the business as a result of the restructuring amounted to £614k per annum, and these efficiencies were gained across the whole business.

At period end the Group had 97 staff in employment, from a high of 138 in October 2008 (31 July 2008: 118).

### **Editorial**

Monthly content costs now average £130k, a reduction of 35% on pre-restructuring levels, and average monthly casual staffing costs are now immaterial, compared to c. £11k in 2009.

Whilst circulation peaked in August 2009 the averages achieved in January to Easter 2010 of 73,700 for the Daily, 49,000 for the Saturday and 66,400 for the Sunday are in line with budget.

We are currently assessing the establishment of dedicated studio facilities to further reduce content costs in this area. More importantly, this will allow us to significantly increase the volume of wholly owned content within the Group and take greater advantage of opportunities for new revenue streams driven by this content across all platforms.

#### ***Supply chain***

Despite lower overall sales volumes the number of retailers selling the paper remains at c. 40,000 per day. Following the business failure of Dawson News in August 2009 the wholesale market is now serviced by Smiths News and Menzies and is more streamlined as a consequence. The Dawson News administration has exposed the business to £200k of bad debt and whilst this has been fully provided for, it remains unclear whether there will be a return of funds against this from the administrator.

Cost savings within the distribution side of the business have been achieved through improved distribution contracts and renegotiated retail and wholesale terms.

As a result of the current sales levels, waste levels are currently at 52% (Daily), 58% (Saturday) and 55% (Sunday), and are in line with our budget.

#### ***Advertising***

Advertising revenues for the period were £10.7m (12 months to 31 July 2008: £9.1m) and currently remain stable and in line with budget.

#### ***Online***

We now provide a full subscription-based electronic version of the newspaper online, and although revenues are small in this area they are growing, and providing us with useful data to tailor the future development of both our online and printed offerings.

The introduction of our own studio facilities will significantly improve the opportunity to provide exclusive video and still content online, to complement the printed products.

#### ***Digital Division***

The Digital Division's revenues are derived primarily from the sale of adult content over a number of different platforms. However the rapid increase in usage of the adult 'tube' internet sites, offering free content in an advertising funded environment, along with lower average newspaper sales volumes, has had an adverse impact on revenues across this division.

A reflection of the changing environment, Locked DVD revenues overtook mobile content revenues for the first time in October 2009, and, although the DVDs are profitable, they provide a smaller margin revenue stream than mobile content.

The changes to the content stream being put into place in the Print Division will feed an improved supply of wholly-owned content to the Digital Division to help reinvigorate the mobile side of the business.

In reaction to this changing landscape, the Group formed a new company, Telecom2 out of the liquidation of an unconnected communications company, which has given the Group a carrier-level (tier 2 grade) telecoms provider and internet service provider (ISP) for a small capital outlay.

Telecom2 was formed in August 2009, and provides call termination, routing and billing facilities to the Group and third party customers (previously, all of the Group's telecoms termination and aggregation had to be done through third parties). Its services include voice over internet protocol (VoIP) and switchboard services, discount national and international call routing, non-geographical (0844), follow-me (070) and other number services, as well as ISP-grade hosting. Telecom2 employs two people and is an extremely low overhead business.

Utilising the services of Telecom2 across the Group has generated advantages and these will continue to be sought as the business develops. A new billing engine has now been rolled out, a key milestone in allowing Telecom2 to compete for business in this market.

In its first five months, Telecom2 contributed £340k to revenues and recovered its setup costs.

Cost control remains a priority across the Digital Division, and savings achieved in January 2010 of c. £20k per month are helping to ensure this side of the business remains profitable and cash generative. The Digital Division now employs a total of 19 staff across its four companies (2008: 22).

#### **Board changes**

Following the restructuring activity in the early part of the period, and the improvements in reporting and structure instigated by the current Chairman, David Bailey announced his intentions to step down to make way for a new Chairman to build on the solid foundation created and drive the Group forward.

As previously announced, Martin Robinson joined the Board in January 2010 as non-executive Deputy Chairman, the intention being for Martin to take up the Chairmanship following the Group's next annual general meeting. David will continue as a non-executive director and I'd like to take this opportunity on behalf of the board to thank David for his efforts and I look forward to his ongoing contribution to the business.

At the same time, Rob Johnson, Managing Director of the Group's Digital Division was appointed to the board as an Executive Director.

Andrew Fletcher, CFO, left the business in July 2009, and Neil Robertson, finance director of Sport Newspapers Limited, was appointed to the Board as Group Finance Director in October 2009.

I now believe both the board and the business are well placed to take advantage of the opportunities available to us in the coming year.

During what has been a challenging period I would like to take the opportunity to thank our staff for their ongoing commitment and effort.

#### **Outlook**

Securing a consistent, high quality stream of low-cost content for the business is now a priority, as a means to leverage our various technology platforms in the most advantageous way. The development of a studio to deliver a content archive as a core asset of the business opens up a wealth of new revenue possibilities: from merchandising to syndication, web streaming to high quality video. It also paves the way for the development of in-house girl management facilities to help us find, promote and more importantly monetise the stars of the future. Whilst the outlook for advertising revenues, circulations and consumers' response to services remains poor, access to exclusive content that allows us to innovate quickly and efficiently on current and future technology platforms will help to secure our future in an uncertain climate.

#### **Sport Media Group plc**

#### **Consolidated Income Statement - Period ended 31 December 2009**

	<b>17 month period ended 31 December 2009 £'000</b>	Year to 31 July 2008  £'000
Revenue	<b>30,937</b>	29,394
Cost of sales	<b>(25,627)</b>	(16,095)
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<b>Gross profit</b>	<b>5,310</b>	13,299
Administrative costs	<b>(5,750)</b>	(6,865)
	<hr/>	<hr/>
<b>Underlying operating (loss)/profit*</b>	<b>(440)</b>	6,434

Depreciation	(208)	(225)
Finance income	38	103
Finance costs	(1,638)	(309)
<b>Underlying (loss)/profit before tax**</b>	<b>(2,248)</b>	<b>6,003</b>
Share based payment charges	(1,613)	(1,026)
Reorganisation and re-launch charges	-	(1,489)
Negative goodwill on acquisitions	-	279
Amortisation of intangibles	(2,000)	(1,316)
Impairment of goodwill and other intangibles	(21,827)	(20,676)
Non-recurring operating expenses	(1,476)	-
<b>Loss before tax</b>	<b>(29,164)</b>	<b>(18,225)</b>
Taxation credit	2,508	191
<b>Loss for the period from continuing operations</b>	<b>(26,656)</b>	<b>(18,034)</b>
Profit/(loss) attributable to minority interests	13	(65)
<b>Loss for the period attributable to equity holders of the parent</b>	<b>(26,643)</b>	<b>(18,099)</b>
<b>Earnings per share:</b>		
<b>Basic loss per share</b>	<b>(27.38)p</b>	<b>(19.87)p</b>
<i>Adjusted (loss)/earnings per share</i>	<i>(2.29)p</i>	<i>5.72p</i>
<b>Diluted loss per share</b>	<b>(27.38)p</b>	<b>(19.87)p</b>

\* Operating (loss)/profit before non-recurring items, amortisation and impairment of intangibles, share based payment charges, interest and taxation

\*\* (Loss)/Profit before tax and non-recurring items, amortisation and impairment of intangibles and share based payment charges

#### Consolidated Statement of Changes in Equity - Period ended 31 December 2009

	Share capital £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 31 July 2007</b>	<b>96</b>	<b>1,187</b>	<b>100</b>	<b>3,401</b>	<b>4,784</b>
Loss for the year	-	-	-	(18,099)	(18,099)
Share-based payments	-	-	-	1,026	1,026
<b>Total recognised income and expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,073)</b>	<b>(17,073)</b>
Dividends	-	-	-	(3,480)	(3,480)

Issue of share capital	146	43,554	-	-	43,700
Cost of shares issued	-	(3,204)	-	-	(3,204)
<b>Balance at 31 July 2008</b>	<b>242</b>	<b>41,537</b>	<b>100</b>	<b>(17,152)</b>	<b>24,727</b>
Net loss for the period	-	-	-	(26,643)	(26,643)
Share-based payments	-	-	-	1,613	1,613
<b>Total recognised income and expense</b>				<b>(25,030)</b>	<b>(25,030)</b>
Issue of share capital	5	-	-	-	5
<b>Balance at 31 December 2009</b>	<b>247</b>	<b>41,537</b>	<b>100</b>	<b>(42,182)</b>	<b>(298)</b>

There are no items of recognised income and expense other than the loss for the period.

#### Consolidated Balance Sheet - as at 31 December 2009

	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	163	286
Indefinite lived assets	10,517	11,452
Customer relationships and contracts	1,774	3,102
Goodwill	200	18,194
Other intangible assets	1,617	3,390
Investments	-	3
Deferred tax asset	1,787	430
	<b>16,058</b>	<b>36,857</b>
<b>Current assets</b>		
Inventories	89	102
Trade and other receivables	3,352	6,812
Cash and cash equivalents	268	534
	<b>3,709</b>	<b>7,448</b>
<b>Total assets</b>	<b>19,767</b>	<b>44,305</b>
<b>Current liabilities</b>		
Trade and other payables	4,190	4,066
Short term borrowings	11,957	10,430
Current tax liabilities	-	-
	<b>16,147</b>	<b>14,496</b>
<b>Net current liabilities</b>	<b>(12,438)</b>	<b>(7,048)</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	3,835	4,986
	<b>3,835</b>	<b>4,986</b>
<b>Total liabilities</b>	<b>19,982</b>	<b>19,482</b>
<b>Net (liabilities)/assets</b>	<b>(215)</b>	<b>24,823</b>

<b>Equity</b>		
Share capital	247	242
Share premium account	41,537	41,537
Other reserves	100	100
Share option reserve	2,707	1,094
Retained earnings	(44,889)	(18,246)
	<hr/>	<hr/>
<b>Equity shareholders' (deficit)/funds</b>	<b>(298)</b>	<b>24,727</b>
Minority interests	<b>83</b>	<b>96</b>
	<hr/>	<hr/>
<b>Total equity</b>	<b>(215)</b>	<b>24,823</b>
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The financial statements were approved by the board of directors and authorised for issue on 23 April 2010.

### Consolidated Cash Flow Statement - Period ended 31 December 2009

	<b>17 month period ended 31 December 2009</b>	<b>Year to 31 July 2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cash flows from operating activities</b>		
Underlying operating (loss)/profit	(440)	6,434
Adjustments for:		
Decrease in trade and other receivables	3,094	2,484
Decrease/(increase) in inventories	13	(62)
Increase/(decrease) in trade & other payables	123	(1,806)
Profit on disposal of investment	-	(106)
	<hr/>	<hr/>
<b>Cash generated from operations before non-recurring costs</b>	<b>2,790</b>	<b>6,944</b>
Reorganisation and re-launch costs	-	(1,489)
Non-recurring items	(1,476)	-
	<hr/>	<hr/>
<b>Cash generated from operations</b>	<b>1,314</b>	<b>5,455</b>
Interest received	38	103
Interest paid	(1,373)	(309)
Other finance charges	(265)	-
Income taxes received/(paid)	372	(1,015)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>86</b>	<b>4,234</b>
<b>Cash flows from investing activities</b>		
Acquisitions of subsidiaries net of cash acquired	-	(47,256)
Purchase of property, plant and equipment	(106)	(83)
Proceeds from disposal of property, plant and equipment	17	-
Purchase of intangible assets	(1,797)	(2,063)
Capitalised development expenditure	-	(1,304)
Sale/(purchase) of trade investment	-	356
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(1,886)</b>	<b>(50,350)</b>

<b>Cash flows from financing activities</b>		
Cash proceeds from issue of share capital	5	41,100
Share issue costs settled in cash	-	(604)
Proceeds from new borrowings	1,959	8,500
Repayment of borrowings	(430)	(570)
Payment of equity dividends	-	(3,480)
	<hr/>	<hr/>
<b>Net cash from financing activities</b>	<b>1,534</b>	<b>44,946</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(266)</b>	<b>(1,170)</b>
<b>Cash and cash equivalents at beginning of period</b>	534	1,704
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b>268</b>	<b>534</b>
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**Notes to Editor:**

On the 5th September 2007 Interactive World Plc acquired the entire issued share capital of Sport Newspapers Limited by way of a reverse takeover. At this time the name of the Company was changed to Sport Media Group Plc and the enlarged issued share capital was admitted to trading on AIM.

The Group has grown to become a recognised UK branded tabloid newspaper, publishing various titles including the Daily Sport and Sunday Sport. The Sport titles are sold to approximately 39,000 retail outlets around the UK by a network of wholesalers, both commercial and independent.

The Group's other activities include the sales of digital media content through mobile telephones and via the internet.