



**Press Release**

**30 April 2009**

**SPORT MEDIA GROUP PLC**

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

**Refinancing, termination of Offer Period and  
Interim results for the six months to 31 January 2009**

Sport Media Group plc (AIM: SPMG.L), the integrated multi-media group that publishes the Sunday and Daily Sport newspapers, numerous magazines including 'Front' and digital content for internet and mobile channels, today announces that it has agreed new long term banking facilities, secured additional loan financing from the existing loan providers and also publishes its interim results for the six months ended 31 January 2009.

Following the successful agreement of the re-financing the Company confirms that is no longer in discussions with any third parties that might lead to a potential offer for the issued share capital of the Company and as a result the Company is no longer in an Offer Period under the rules of the Takeover Code.

**Key Points on Refinancing**

- Agreed renewal and enhancement of existing banking facilities for a further 18 months
- Agreed additional loan facilities totalling £1.68m from existing loan providers
- Issue of 9.68m options over Ordinary Shares of Sport Media at a price of 3.5p each to David Sullivan
- David Sullivan to take Honorary Publisher role and assist with efforts to increase circulation and profitability
- Implementation of significant cost reduction plans across all areas of business at both fixed and variable cost levels

**Interim Period Trading Summary**

- Turnover down 19% to £11.7 million (2008 H1: £14.4 million)

- Underlying operating profit £0.6 million (2008 H1: £3.3 million)
- Underlying pre-tax profit £0.2 million (2008H1: £3.2 million)
- Adjusted EPS share 0.01p (2008 H1: 2.55p)

Commenting on the refinancing and Interim results, Andrew Fickling, Chief Executive Officer, said:

“We are pleased that we have been able to secure the financial position of the group and attract support and investment for our restructuring plans which we believe will allow us to take the group forward successfully in what are challenging economic circumstances. We are grateful for the assistance that has been provided by all parties in delivering a refinancing structure that incorporates the interests of all stakeholders, and look forward to the future with renewed confidence.”

**For further information, please contact:**

**Sport Media Group plc**

David Bailey, Chairman

Andrew Fickling, Chief Executive Officer

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**Notes to Editors:**

Formed by a reverse takeover of Sport Newspapers Limited by Interactive World plc, SPMG combines an established national newspaper brand with recognised experience in the delivery of content through digital channels, including both broadband and mobile.

## **CHAIRMAN'S STATEMENT**

### **Overview**

The Board of Sport Media Group announces the resolution of its financing negotiations and publishes its results for the six months to 31st January 2009.

The Board is pleased to announce that, subject to formal sign off which is expected within 5 working days, agreement has been reached between the Group and its bankers for an extension of current banking facilities for a period of 18 months with immediate effect. The Group has also simultaneously entered into agreements, also subject to formal sign off which is expected within 5 working days, with David Sullivan and Gold Group International Limited whereby these parties have agreed to provide loans, initially for a 12 month period, to the Group which total £1.68m. These loans will enable the Group to effect a restructuring and re-organisation of the Sport Newspaper business to restore it to profitability. In return for the provision of these loan facilities, which have been provided at an interest rate of 6.5% pa, options have been granted over 9.68m Ordinary shares in SPMG at a subscription price of 3.5p to David Sullivan. These options represent 9.99% of the currently issued share capital. The estimated costs incurred to facilitate the refinancing of the Group are approximately £1.2m, which will be included in the results to be reported for the six months to 31 July<sup>t</sup> 2009.

The results for the six months to 31 January 2009 include the results of Sport Newspapers Ltd ("Sport Newspapers") for the full six months (31 January 2008 included the results of Sport Newspapers for just less than five months since the acquisition) and the results of Flip Media Ltd ("Flip") for the full six months (31 January 2008 Nil). In the six months to 31 January 2009, Group revenue fell by 19% to £11.7 million (2008 H1: £14.4 million). Underlying operating profit (before amortisation of intangible assets of £0.8 million, share based payment charges of £0.9 million, reorganisation and re-launch costs of £0.5 million, depreciation and interest) decreased to £0.6 million (2008 H1: £3.3 million). Adjusted EPS, with amortisation of intangibles, share based payment and reorganisation costs stripped out, was 0.01p (2008 H1: 2.55p). The balance sheet as at 31 January 2009 shows net assets of £24.0 million (31 July 2008: £24.8 million). Net debt stood at £11.4 million at the period end (31 July 2008: £9.9 million). Cash generated from operations in the period was £0.3 million (2008 H1: £3.5 million). Net cash outflow after investments and finance costs was £0.4m (2008 H1: £0.6m). There is no interim dividend.

The Newspaper business was profitable, and circulation reasonably steady, until November 2008. Reflecting a price war in the Red Top tabloids, and the economic slowdown, circulation and advertising revenues fell substantially thereafter, resulting in trading losses for the newspaper since November. Although circulation has stabilised in recent months, advertising remains sluggish, and while management has been working on cost savings, losses have continued, albeit at reduced levels. The re-organisation of the business, reflecting a re-negotiated print contract and a further reduction in staffing levels, is expected to restore the business to consistent profitability at current circulation and advertising levels as a result of the substantial and sustainable costs savings that are being implemented with immediate effect. David Sullivan, the previous proprietor, will assume the position of Honorary Publisher, and will be assisting Sport Newspaper Limited in its efforts to increase circulation and profitability.

The NetCollex business remains profitable, albeit at lower levels reflecting the lower circulation figures of the newspaper which is the primary marketing tool of NetCollex.

As previously announced, the Group reporting year end has been changed from July 31st to December 31st. We expect to report on the next six months ending July 31st by way of a further interim report. The prevailing economic uncertainty in the retail and consumer sectors and continuing pricing strategies by competitor titles present ongoing risks and uncertainties to the Group in implementing the re-organization of the business. However, the Board is confident that the removal of concerns about the financing of the Group and the prospects for restoration of monthly profitability to the newspaper provide a platform for progress during the remainder of the year.

Finally, I would like to take this opportunity to thank our staff for their dedication and understanding and look forward to updating shareholders with further progress in due course.

**David Bailey**  
**Chairman**  
**30 April 2009**

**Statement of directors' responsibilities**

The Directors confirm that this condensed set of financial information has been prepared in accordance with IAS34 as adopted by the European Union, and that the Chairman's Statement herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The Directors of Sport Media Group Plc are listed in the Sport Media Group Plc Annual Report for the year ended 31 July 2008.

**By order of the Board**

## CONSOLIDATED INTERIM INCOME STATEMENT

		<b>6 months to 31 Jan 2009 Unaudited £'000s</b>	6 months to 31 Jan 2008 Unaudited £'000s	Year to 31 July 2008 Audited £'000s
Revenue	<b>3</b>	<b>11,717</b>	14,364	29,394
Cost of sales		<b>(6,780)</b>	(7,144)	(16,095)
<b>Gross profit</b>		<b>4,937</b>	7,220	13,299
Administrative costs		<b>(4,300)</b>	(3,963)	(6,865)
<b>Underlying operating profit*</b>	<b>3</b>	<b>637</b>	3,257	6,434
Depreciation		<b>(82)</b>	(101)	(225)
Finance income		<b>2</b>	77	103
Finance costs		<b>(316)</b>	(23)	(309)
<b>Underlying profit before tax **</b>		<b>241</b>	<b>3,210</b>	<b>6,003</b>
Share based payment charges		<b>(858)</b>	(470)	(1,026)
Re-organisation and re-launch charges		<b>(508)</b>	-	(1,489)
Negative goodwill on acquisitions		-	-	279
Amortisation of intangibles		<b>(765)</b>	(418)	(1,316)
Impairment of goodwill and other intangibles		-	-	(20,676)
<b>(Loss)/profit before tax</b>		<b>(1,890)</b>	<b>2,322</b>	<b>(18,225)</b>
Taxation credit/(charge)		<b>235</b>	(737)	191
<b>(Loss)/profit for the period from continuing operations</b>		<b>(1,655)</b>	<b>1,585</b>	<b>(18,034)</b>
Minority interest		<b>(53)</b>	(40)	(65)
<b>(Loss)/profit for the period attributable to equity holders of the parent</b>		<b>(1,708)</b>	<b>1,545</b>	<b>(18,099)</b>
<b>Earnings per share for profit attributable to the equity holders of the Company during the period:</b>				
Basic (loss)/earnings per share	<b>4</b>	<b>(1.76)p</b>	1.81p	(19.87)p
Adjusted (loss)/earnings per share	<b>4</b>	<b>0.01p</b>	2.55p	5.72p
Diluted (loss)/earnings per share	<b>4</b>	<b>(1.76)p</b>	1.61p	(19.87)p

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

\*\* Profit before tax and non-recurring items, amortisation and impairment of intangibles, and share based payment charges.

## CONSOLIDATED INTERIM BALANCE SHEET

	31 Jan 2009 Unaudited £'000s	31 July 2008 Audited £'000s	31 Jan 2008 Unaudited £'000s
<b>Non-current assets</b>			
Property, plant and equipment	218	286	393
Indefinite lived assets	11,452	11,452	31,751
Customer relationships and contracts	2,725	3,102	3,559
Goodwill	18,194	18,194	24,700
Other intangible assets	4,284	3,390	4,922
Investments	353	3	3
Deferred tax assets	618	430	141
	<u>37,844</u>	<u>36,857</u>	<u>65,469</u>
<b>Current assets</b>			
Inventories	152	102	100
Trade and other receivables	5,306	6,812	7,559
Cash and cash equivalents	106	534	1,118
	<u>5,564</u>	<u>7,448</u>	<u>8,777</u>
<b>Total assets</b>	<u>43,408</u>	<u>44,305</u>	<u>74,246</u>
<b>Current liabilities</b>			
Trade and other payables	2,970	4,066	3,853
Short-term borrowings	11,473	10,430	8,924
Current tax payable	-	-	1,005
	<u>14,443</u>	<u>14,496</u>	<u>13,782</u>
<b>Non-current liabilities</b>			
Deferred tax	4,939	4,986	11,307
	<u>4,939</u>	<u>4,986</u>	<u>11,307</u>
<b>Total liabilities</b>	<u>19,382</u>	<u>19,482</u>	<u>25,089</u>
<b>Total net assets</b>	<u>24,026</u>	<u>24,823</u>	<u>49,157</u>
<b>Equity attributable to equity holders of the parent</b>			
Share capital	242	242	242
Share premium account	41,537	41,537	44,741
Other reserves	100	100	100
Share award and option reserve	1,952	1,094	538
Retained earnings	(19,954)	(18,246)	3,465
<b>Equity shareholders' funds</b>	<u>23,877</u>	<u>24,727</u>	<u>49,086</u>
Minority interest	149	96	71
<b>Total shareholders' funds</b>	<u>24,026</u>	<u>24,823</u>	<u>49,157</u>

## CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £'000s	Share premium account £'000s	Other reserves £'000s	Share option reserve £'000s	Retained earnings £'000s	Total equity £'000s
<b>Balance at 1 August 2007</b>		96	1,187	100	68	3,333	4,784
Adjustment to IFRS transaction estimates <sup>(1)</sup>		-	-	-	-	131	131
Profit for the period		-	-	-	-	1,545	1,545
Charge for share based payments		-	-	-	470	-	470
Dividends	5	-	-	-	-	(1,544)	(1,544)
Issue of share capital		146	43,554	-	-	-	43,700
<b>Balance at 31 January 2008</b>		<b>242</b>	<b>44,741</b>	<b>100</b>	<b>538</b>	<b>3,465</b>	<b>49,086</b>
Loss for the period		-	-	-	-	(19,775)	(19,775)
Charge for share based payments		-	-	-	556	-	556
Dividends	5	-	-	-	-	(1,936)	(1,936)
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>1,094</b>	<b>(18,246)</b>	<b>24,727</b>
Loss for the period		-	-	-	-	(1,708)	(1,708)
Charge for share based payments		-	-	-	858	-	858
<b>Balance at 31 January 2009</b>		<b>242</b>	<b>41,537</b>	<b>100</b>	<b>1,952</b>	<b>(19,954)</b>	<b>23,877</b>

**Note:**

- (1) Consolidated earnings at 31 July 2007 were originally reported on an unaudited basis in the Company's IFRS transition document and interim statement published in April 2008 as £3,464,000. This was adjusted to £3,333,000 in the comparative balance sheet in the audited financial statements for the Group published in January 2009.

## CONSOLIDATED INTERIM CASH FLOW STATEMENTS

	6 months to 31 Jan 2009	6 months to 31 Jan 2008	Year to 31 July 2008
	Unaudited £'000s	Unaudited £'000s	Audited £'000s
<b>Cash flows from operating activities</b>			
Underlying operating profit	637	3,257	6,434
Adjustments for:			
Decrease/(increase) in trade and other receivables	1,598	1,594	2,484
(Increase) in inventories	(50)	(60)	(62)
(Decrease)/increase in trade & other payables	(1,410)	(1,202)	(1,806)
Profit on disposal of investments	-	(106)	(106)
<b>Cash generated from operations before non-recurring costs</b>	<b>775</b>	<b>3,483</b>	<b>6,944</b>
Re-organisation and re-launch costs	(508)	-	(1,489)
<b>Cash generated from operations</b>	<b>267</b>	<b>3,483</b>	<b>5,455</b>
Interest received	2	77	103
Interest paid	(444)	(23)	(309)
Income taxes paid	-	(873)	(1,015)
<b>Net cash from operating activities</b>	<b>(175)</b>	<b>2,664</b>	<b>4,234</b>
<b>Cash flows from investing activities</b>			
Acquisitions of subsidiaries net of cash acquired	-	(47,911)	(47,256)
Purchase of property, plant and equipment	(14)	(70)	(83)
Purchase of intangible assets	(978)	(1,455)	(2,063)
Capitalised development expenditure	(304)	(250)	(1,304)
Sale/(purchase) of investments	-	356	356
<b>Net cash used in investing activities</b>	<b>(1,296)</b>	<b>(49,330)</b>	<b>(50,350)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	-	43,700	41,100
Share issue costs settled in cash	-	-	(604)
Proceeds from new borrowings	1,043	5,000	8,500
Repayment of borrowings	-	(1,076)	(570)
Payment of equity dividends	-	(1,544)	(3,480)
<b>Net cash from financing activities</b>	<b>1,043</b>	<b>46,080</b>	<b>44,946</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(428)</b>	<b>(586)</b>	<b>(1,170)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>534</b>	<b>1,704</b>	<b>1,704</b>
<b>Cash and cash equivalents at end of period</b>	<b>106</b>	<b>1,118</b>	<b>534</b>

## **NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION**

### **1. General Information**

Sport Media Group Plc and its subsidiaries (“the Group”) sell digital media content through mobile telephones via the internet to mobile customers of major UK network operators and users of leading UK internet key search engines. Since September 2007 the Group has been the publisher of two national newspapers in the UK under the titles of the Daily Sport and the Sunday Sport.

SPMG, the Group’s ultimate parent company, is incorporated and domiciled in Great Britain. Its registered office is at Ramillies House, 2 Ramillies Street, London W1F 7LN and its principal places of business are 26 Thames Road, Barking, Essex IG11 0JA and 19 Great Ancoats Street, Manchester M60 4BT. SPMG’s ordinary shares are listed on the AIM market of the London Stock Exchange.

### **2. Basis of preparation**

The interim financial information has been prepared in accordance with IAS 34 'Interim financial reporting' and on the basis of the accounting policies set out in the July 2008 annual report and accounts, which are prepared in accordance with International Financial Reporting Standards. The interim financial information is unaudited, has not been reviewed by the Group’s auditors and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The last statutory accounts for the Company and the Group, for the financial year ended 31 July 2008, upon which the auditors issued a disclaimer of view opinion, have been delivered to the registrar of companies.

As announced on 7 January 2009, on 6 January 2009 the Group was notified by its bankers that SPMG was in breach of one of its banking covenants. The bank initially informed the Board that the Group would be provided with a two month extension to its current facility, expiring on 6 March 2009. That extension period was later extended to enable the Group continue to negotiate in relation to the breach and the Group has subsequently reached agreement with its bankers for an extension of its current banking facilities for a period of 18 months. In addition, the Group has reached agreement with David Sullivan and Gold Group International Limited for the provision of loans of £1.68 million. The interim financial information has therefore been prepared on a going concern basis.

The accounting policies adopted by the Group and set out in its last statutory accounts have been applied consistently throughout the Group for the purposes of preparation of this consolidated interim financial information.

In the period between the publication of the Company’s unaudited interim results for the six months ended 31 January 2008 and the audited annual report for the year ended 31 July 2008 changes were made to certain accounting estimates underlying the Group’s valuation model for acquired intangible assets. These changes in accounting estimates gave rise to changes in recognised assets, liabilities and equity on consolidation. In accordance with IAS 8, these changes were recognised by adjusting the carrying amounts in the period ended 31 July 2008. The impact of the changes between 31 January 2008 and 31 July 2008 was to reduce indefinite lived assets by £20.8 million, to reduce other intangible assets by £0.9 million, to increase goodwill on consolidation (before impairment charges) by £12.2 million, to reduce deferred tax liabilities by £6.9 million and to reduce consolidated equity by £2.6 million.

This consolidated interim financial information was been approved for issue by the Board of Directors on 29 April 2009.

### **3. Segment analysis**

Prior to the acquisition of Sport Newspapers the Group was organised for management purposes into a single operating division delivering digital content to mobile telephony and internet based platforms. Following the acquisition of Sport Newspapers the group is organised into two operating divisions for management purposes – Digital and Print.

#### **Digital Division - digital content delivery**

For internal reporting purposes the group records and monitors digital content revenues and cost of sales according to the delivery platform to which content is delivered and through which services are provided, differentiating its key business segments between mobile telephony and internet. Administrative expenses of the digital content delivery business are shared overheads of that business and cannot meaningfully be allocated by revenue stream. The principal tangible fixed assets utilised in the digital content delivery business consist of computer equipment and servers, which are utilised in the delivery of content and services through both platforms. All of the group's digital content delivery activities are currently carried out in the United Kingdom.

#### **Print Division – publication of newspapers, magazines and related periodicals**

For internal reporting purposes the group records and monitors revenues of the Print Division according to the nature of the revenues – from the wholesale distribution of newspaper and magazine titles and from advertising, differentiating its advertising revenues between classified and display. The Group does not differentiate cost of sales in the Print Division between wholesale and advertising revenue streams as the overwhelming majority of such costs represent shared costs of producing, printing and distributing its newspaper titles. Similarly, administrative expenses of the print business are shared overheads of that business and cannot meaningfully be allocated by revenue stream. Excluding goodwill and other intangible assets arising on consolidation, the principal tangible fixed assets utilised in the print business consist of computer equipment and fixtures and fittings, which are utilised in the production of the titles. All of the group's print activities are currently carried out in the United Kingdom and Republic of Ireland. For internal reporting purposes management information in relation to publishing activities in the Republic of Ireland is treated as combined with information on newspaper and magazine sales in the UK and separate geographical segment information has not therefore been presented.

#### **Group overheads**

Group overheads consist of the costs of retaining the Company's AIM listing, investor relations activities and some central functions which are not recharged to the operating divisions.

The segment analysis presented in this interim financial information differs in presentation from that presented in the Group's 2008 annual report in that the component elements of the Print Division, in so far as they were previously separately disclosed, are now aggregated.

The directors do not consider the interim financial information to be subject to significant seasonal or cyclical fluctuations.

Segment information about these businesses is presented below.

6m to 31 January 2009	Digital £'000	Print £'000	Group & eliminations £'000	Consolidated £'000
<b>Gross revenues</b>	<b>2,018</b>	<b>9,826</b>	(127)	<b>11,717</b>
Intra-segment sales	-	(127)	127	-
<b>Net revenues</b>	<b>2,018</b>	<b>9,699</b>	-	<b>11,717</b>
<b>Underlying operating profit</b>	<b>307</b>	<b>330</b>	-	<b>637</b>
Depreciation	(18)	(64)	-	(82)
Impairment and amortisation of intangibles	(213)	(552)	-	(765)
Share based payment charges	-	-	(858)	(858)
Re-organisation and re-launch charges	-	(508)	-	(508)
<b>Profit/(loss) before interest and tax</b>	<b>76</b>	<b>(794)</b>	<b>(858)</b>	<b>(1,576)</b>
Finance costs – net				(314)
<b>Loss before tax</b>				<b>(1,890)</b>
Taxation credit				235
<b>Loss for the period</b>				<b>(1,655)</b>
<b>Balance sheet</b>				
<b>Assets</b>	<b>6,611</b>	<b>43,310</b>	<b>(7,131)</b>	<b>42,790</b>
<b>Liabilities</b>	<b>1,201</b>	<b>2,575</b>	<b>(806)</b>	<b>2,970</b>
<b>Capital expenditure</b>				
Property, plant and equipment	-	12	-	<b>12</b>
Goodwill – business combinations	-	-	-	-

Segment assets and liabilities are reconciled to Group assets and liabilities as follows:

	<b>Assets £'000</b>	<b>Liabilities £'000</b>
Segment assets / liabilities	42,790	2,970
Borrowings	-	11,473
Deferred tax	618	4,939
<b>Total</b>	<b>43,408</b>	<b>19,382</b>

6m to 31 January 2008	Digital £'000	Print £'000	Group & eliminations £'000	Consolidated £'000
<b>Gross revenues</b>	<b>4,628</b>	<b>9,906</b>	(170)	<b>14,364</b>
Intra-segment sales	-	(170)	170	-
<b>Net revenues</b>	<b>4,628</b>	<b>9,736</b>	-	<b>14,364</b>
<b>Underlying operating profit</b>	<b>2,612</b>	<b>645</b>	-	<b>3,257</b>
Depreciation	(31)	(70)	-	(101)
Impairment and amortisation of intangibles	(128)	(290)	-	(418)
Share based payment charges	-	-	(470)	(470)
<b>Profit/(loss) before interest and tax</b>	<b>2,453</b>	<b>285</b>	<b>(470)</b>	<b>2,268</b>
Finance costs – net				54
<b>Loss before tax</b>				<b>2,322</b>
Taxation				(737)
<b>Loss for the period</b>				<b>1,585</b>
<b>Balance sheet</b>				
<b>Assets</b>	<b>10,813</b>	<b>70,453</b>	<b>(7,161)</b>	<b>74,105</b>
<b>Liabilities</b>	<b>5,465</b>	<b>3,252</b>	<b>(4,864)</b>	<b>3,853</b>
<b>Capital expenditure</b>				
Property, plant and equipment	82	635	(635)	82
Goodwill – business combinations	-	36,352	-	36,352

Segment assets and liabilities are reconciled to Group assets and liabilities as follows:

	Assets £'000	Liabilities £'000
Segment assets / liabilities	74,105	3,853
Borrowings	-	8,924
Corporation tax payable	-	1,005
Deferred tax	141	11,307
<b>Total</b>	<b>74,246</b>	<b>25,089</b>

#### 4. Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders of the Company divided by the weighted average number of shares in issue during the year. The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares. Dilutive options and other dilutive potential ordinary shares are not considered dilutive where the effect of doing so would be to reduce a reported loss per share.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

##### 6 months to 31 January 2009

	Earnings £'000s	Weighted Average number of shares	Per share amount Pence
<b>Continuing and total operations</b>			
Loss after tax	(1,708)	96,851,547	
	<hr/>		
Earnings attributable to ordinary shareholders	(1,708)		
Weighted average number of shares (used for basic earnings per share)		96,851,547	
Dilutive effect of options		-	
Dilutive effect of share bonus schemes		-	
		<hr/>	
Diluted weighted average number of shares (used for diluted earnings per share)	(1,708)	96,851,547	
Basic earnings per share			<hr/> <hr/> (1.76)p
Diluted earnings per share			<hr/> <hr/> (1.76)p

##### 6 months to 31 January 2008

	Earnings £'000s	Weighted Average number of shares	Per share amount Pence
<b>Continuing and total operations</b>			
Profit after tax	1,545	85,451,545	
	<hr/>		
Earnings attributable to ordinary shareholders	1,545		
Weighted average number of shares (used for basic earnings per share)		85,451,545	
Dilutive effect of options	-	3,754,802	
Dilutive effect of share bonus schemes	-	6,779,604	
		<hr/>	
Diluted weighted average number of shares (used for diluted earnings per share)	1,545	95,985,951	
Basic earnings per share			<hr/> <hr/> 1.81p
Diluted earnings per share			<hr/> <hr/> 1.61p

## Year to 31 July 2008

	Earnings £'000s	Weighted Average number of shares	Per share amount Pence
<b>Continuing and total operations</b>			
Loss after tax	(18,099)	91,104,234	
Earnings attributable to ordinary shareholders	(18,099)		
Weighted average number of shares (used for basic earnings per share)		91,104,234	
Dilutive effect of options	-	-	
Dilutive effect of share bonus scheme	-	-	
Diluted weighted average number of shares (used for diluted earnings per share)	(18,099)	91,104,234	
Basic earnings per share			(19.87)p
Diluted earnings per share			(19.87)p

### Adjusted basic and diluted earnings per share

In order to understand the underlying trading performance, the directors consider it appropriate to disclose earnings per share before and after amortisation of acquired intangible assets and the costs of share based payments. The calculation of adjusted earnings per share is set out below:

	6 months to 31 Jan 2009 Unaudited	6 months to 31 Jan 2008 Unaudited	Year to 31 July 2008 Audited
(Loss)/earnings attributable to ordinary shareholders (£'000s)	(1,708)	1,545	(18,099)
Post-tax impairment and amortisation of acquired intangible assets (£'000s)	551	293	21,333
Post-tax costs of re-organization and re-launch (£'000s)	342	-	1,072
Post-tax cost of share based payments (£'000s)	818	329	902
<b>Adjusted profit on ordinary activities after taxation (£'000s)</b>	<b>3</b>	<b>2,167</b>	<b>5,208</b>
<b>Weighted average number of shares in issue - basic</b>	<b>96,851,547</b>	<b>85,451,545</b>	<b>91,104,234</b>
<b>- diluted</b>	<b>96,851,547</b>	<b>95,985,951</b>	<b>91,104,234</b>
Basic earnings/(loss) per share (pence)	(1.76)	1.81	(19.87)
Amortisation of acquired intangible assets (pence)	0.57	0.34	23.42
Costs of re-organization and re-launch (pence)	0.35	-	1.18
Cost of share based payments (pence)	0.85	0.40	0.99
<b>Adjusted earnings per share (pence)</b>			
<b>- basic</b>	<b>0.01</b>	<b>2.55</b>	<b>5.72</b>

## 5. Dividends

	<b>6 months to 31 Jan 2009 Unaudited £'000s</b>	6 months to 31 Jan 2008 Unaudited £'000s	Year to 31 July 2008 Audited £'000s
<b>Dividends paid</b>			
2007 final dividend - 4.00 pence per share	-	1,544	1,544
2008 interim dividend – 2.00 pence per share	-	-	1,936
	<u>-</u>	<u>1,544</u>	<u>3,480</u>
	<u>-</u>	<u>1,544</u>	<u>3,480</u>

## 6. Share issues

No new shares were issued during the period to 31 January 2009.

## 7. Share options and share based payments

Share options held by directors, employees and third parties are as follows:

<b>Outstanding 01.08.08</b>	<b>Granted during period</b>	<b>Exercised during period</b>	<b>Outstanding 31.01.09</b>	<b>Exercise price</b>	<b>Date of grant</b>	<b>First date of exercise</b>	<b>Final date of exercise</b>
463,972	-	-	<b>463,972</b>	73p	08.05.06	08.05.07	08.05.10
1,345,765	-	-	<b>1,345,765</b>	73p	08.05.06	08.05.06	08.05.11
1,237,699	-	-	<b>1,237,699</b>	73p	08.05.06	08.05.06	08.05.16
707,366	-	-	<b>707,366</b>	79.25p	01.11.06	01.11.09	01.11.16
<u>3,754,802</u>	<u>-</u>	<u>-</u>	<u><b>3,754,802</b></u>				

A modified Black-Scholes model has been used to determine the fair value of the share options on the date of grant. The fair value is expensed to the profit and loss account on a straight line basis over the vesting period, which is determined annually. The model assesses a number of factors in calculating the fair value. These include the market price on the date of grant, the exercise price of the share options, the expected share price volatility of the market sector in which the group operates, the expected life of the options, the risk free rate of interest and the expected level of dividends in future periods.

The inputs into the model were as follows:

<b>Granted</b>	<b>Unapproved</b>	<b>Other 2006</b>	<b>Other 2006</b>	<b>EMI 2007</b>
Weighted average share price	73.00p	73.00p	73.00p	79.50p
Weighted average exercise price	73.00p	73.00p	73.00p	79.50p
Expected volatility	25%	25%	25%	46%
Expected life	2 years	5 years	10 years	10 years
Risk-free rate	4%	4%	4%	4%
Expected dividend yield	6%	6%	6%	6%

Expected volatility was determined at the date of grant of the earlier options based on the directors' estimates of volatility of similar quoted stocks. In respect of later grants the directors estimated the actual volatility at the date of grant by reference to the company's share price since admission to AIM to the date of the relevant grant.

The weighted average contractual life of share options at 31 January 2009 was 7 years.

During the year ended 31 July 2008 three directors and one senior employee of the group were granted rights to acquire new ordinary shares under new schemes as follows:

the Executive Share Bonus Plan ('ESBP')

the Executive Incentive Plan ('EIP')

the Non Executive Share Bonus Plan ('NESBP')

the Non Executive Incentive Plan ('NEIP')

The terms of the ESBP, EIP, NESBP and NEIP were set out in the Company's AIM admission document dated 8 August 2007. At 31 January 2009 the following rights to acquire shares had been granted under the schemes:

<b>Scheme</b>	<b>Rights over shares awarded</b>	<b>Vesting period</b>
ESBP	1,452,771	18 months
EIP	3,631,932	36 months
NESBP	484,257	18 months
NEIP	1,210,644	36 months
<b>Total</b>	<b>6,779,604</b>	

Shares awarded under the ESBP and the NESBP were subject to forfeit if the recipients ceased continuous employment with the group in the eighteen month period following grant of rights (see below).

Shares awarded under the EIP and the NEIP are subject to continuous employment with the group and performance conditions which must be satisfied over a three year period from the date of grant of rights. Performance conditions are based on a target share price on a sliding scale between £1.20 and £1.60 with 2.5 per cent vesting for each penny increase in the share price. Subject to satisfaction of the defined performance criteria and to continuous employment awards will vest in equal instalments on the first, second and third anniversaries of the award.

The fair value of the share awards on the date of grant was determined by reference to the market value of shares at that date and the application of an appropriate discount factor to take into account the probability of the performance conditions being met. The fair value is expensed to the profit and loss account on a straight line basis over the vesting period, which is determined annually.

The inputs into the model were as follows:

<b>Granted</b>	<b>ESBP</b>	<b>EIP</b>	<b>NESBP</b>	<b>NEIP</b>
Weighted average share price	75.00p	75.00p	75.00p	75.00p
Weighted average exercise price	Nil	Nil	Nil	Nil
Discount rate applied to performance conditions	25%	75%	25%	75%
Expected life	18 months	3 years	18 months	3 years

The charge for share based payments arising in the period ended 31 January 2009 of £858,000 included an additional charge of £343,000 to correct the discount applied to the performance contributions applicable for ESBP and NESBP because all four beneficiaries from these systems qualified for the full share awards after the balance sheet date.

These interim results will be available on the Company's website [www.sportmediagroup.co.uk](http://www.sportmediagroup.co.uk). Further copies can be obtained from the registered office at Ramillies House, 2 Ramillies Street, London W1F 7LN.