

# VIRTUE BROADCASTING PLC

## INTERIM REPORT 2003

### SIX MONTHS ENDED 30 JUNE 2003 (UNAUDITED)

30 SEPTEMBER 2003

#### Financial highlights

	2003 £ thousand	2002 £ thousand	% inc / (dec)
<b>Group results</b>			
Turnover	1,264	1,031	↑23%
Operating loss	(730)	(4,167)	↓(82)%
Loss per share	(0.4)	(4.2)	↓(90)%
<b>Turnover from continuing operations</b>			
	637	273	↑133%
<b>Continuing operations results before exceptional items and goodwill amortisation</b>			
Operating loss	(440)	(536)	↓(18)%
Loss per share	(0.6)	(3.4)	↓(82)%

- Divestment of Virtue Media Services Ltd. for approximately £0.8 million
- Business now restructured to focus on our core competencies to encompass IP based audio and video solutions to a pan European client base
- Loss per share reduced to 0.4 pence as a result of net operating expenses being reduced to £2.0 million (six months to June 2002 £5.2 million)
- Successful acquisition and integration of Unit.Net in July 2003 which expands our European footprint allowing Virtue to win and retain high quality clients. Unit.Net recorded consolidated revenues of £2.2 million in 2002 and will contribute to Group earnings from 1 July 2003
- Strong management team in place
- The Company has raised approximately £205,000 from new and existing shareholders to fund additional working capital.

**Mike Neville, Chairman, comments:** *"The Company has proactively responded to the difficult economic environment by cutting costs, refocused on its core competencies and is exploiting the consolidation opportunities occurring in the Corporate Communications sector. We are cautiously optimistic and remain determined to grow the company and deliver shareholder value".*

END

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## **Chairman's Statement**

The past year has seen extremely mixed fortunes for businesses in the telecommunications, media and technology (TMT) sector. Many have either failed or gone into administration, whilst others have enjoyed their first operating profits, primarily through a focus on cost saving and value adding. These latter 'green shoots' have created a renewed interest amongst investors and confidence in the sector is beginning to return. I am pleased to report that Virtue, as one of these companies, is also beginning to prove its worth.

By reviewing our strategy, which resulted in the divestment of Virtue Media Services Ltd, the company, has now begun to focus all its efforts on the Corporate Communication market, where there are a growing number of opportunities, both organically and acquisition based. As a result our interim results are representative of the old business and should be seen in that light. The Board believes that the company is now well placed to exploit the opportunities presented by the consolidation in its market segment and by any economic upturn in Europe and the UK.

For the six months to the end of June 2003, overall turnover increased by 23% to £1,264,000 (2002: £1,031,000) however our continuing operations turnover encompassing our Corporate Services division has increased by 133% to £637,000 (2002: £273,000), a tremendous performance against a background of organisational change and a difficult trading environment. Turnover of discontinued operations which represents our Media Service division fell by 17% to £627,000 (2002: £758,000). Loss per share has decreased to 0.4p (2002: (4.2)p).

As announced in June we divested our UK Media Services division to Interoute Communications Limited for a consideration of approximately £800,000. This decision was taken to allow Virtue to concentrate its resources on the Corporate Communications market, where it has significant competencies, and a solid history of service delivery, which is reflected in its high quality customer base. By concentrating our efforts on the real areas of growth in communications and maximising on these competencies, the Board believes that we will be able to deliver a successful and profitable business. This new strategy will allow us to drive the business forward, in a very focused manner, and to build and deliver shareholder value in the medium term. We are now a strong operator in a consolidating sector with a growing and high quality customer base both in the UK and across Europe. Some of these companies are major multi nationals, such as UBS, Deutsche Bank, ABB, Deutsche Post, General Electric, Holcim and ABN Amro. We are also now in a position to increase our focus on customer needs across geographical territories, which we believe will yield major benefits. Our strategy is one of retaining and attracting high quality clients, which are able to deliver higher margins to the business.

We have had some excellent business wins that demonstrate our ability to offer broader solutions. There are exciting growth prospects in the field of internal communications where we have signed a number of clients including GE, Bertelsmann, E.On, PC World, Novartis, Swisscom and others.

Our ultimate goal is to be a key player in the provision of IP based communications, which encompasses a number of differing strands, all of which are highly synergistic, and margin enhancing. To this end in July 2003 we completed the acquisition of Unit.Net, the leading European provider of communication solutions. This has allowed us to create a strong European presence. Virtue now has a foothold in the UK, Switzerland, Germany and Spain. This acquisition and its integration has been completed successfully and are now delivering tangible benefits to the business. Costs have been rationalised and efficiencies increased. Staff levels have now been reduced to 52 people from circa 86. We have acted quickly to ensure Unit.Net begins to make a positive contribution to our business, and maximise the value for our shareholders. The consolidated revenues of subsidiaries and assets of Unit.Net for the year ended 31 December 2002 totalled £2.2 million and will start to contribute to Group earnings from 1 July.

The acquisition of Unit.Net has also enabled us to consolidate our Research and Development, into one discrete unit, and in addition, Europe can now be served from one primary centre. Perhaps most importantly we have established a scalable platform, which delivers enhanced services to our valued and trusted customers. This means we now have one R&D team, one operational centre and one platform, which will allow us to increase our customer base without a corresponding increasing overheads, thus enhancing the bottom line of the business.

We are happy with the solid progress made in Australasia with turnover there up nearly 400% to £201,000 (2002: £54,000).

We have taken stringent measures to address our cost base as we recognised that this was creating a drag on our performance, and we will of course continue to look for cost saving opportunities where possible. Costs are now at a more efficient and practical level for a business of our size. We have robustly reduced net operating expenses by £3.2 million to £2.0 million in the six months to June 2003. This compares very favourably with total net operating expenses for fiscal 2002, which stood at £10.0 million. This reduction is reflected in our decrease in losses per share.

The addition of the Unit.Net management team including Klaus Ackerstaff as the CEO of the Group's operating board in addition to our existing Corporate communications team means we now have in place a strong management team who know and understand our sector.

The economic environment remains difficult. However, with our reduced cost base and restructured business we are in a strong position to benefit from any upturn in the economy, and consolidation opportunities within the sector. In this regard I am pleased to report that existing and new shareholders have confirmed their belief in our potential by subscribing



£205,000 before expenses, via a placing of 6,588,700 new ordinary shares at 3.125 pence per share to fund additional working capital for the Group.

I believe the company has now the right focus, and the right team to deliver our objectives of building the business and increasing shareholder value. We believe the long-term prospects for the business are excellent as we create more sustainable revenue streams. This is an exciting time for Virtue and I look forward to updating you on our progress at the year-end.

**Mike Neville, Chairman**

## **Financial Review**

Virtue Broadcasting's interim results for the six months to 30 June 2003 include turnover increasing by 23 per cent. to £1,264,000 (2002: £1,031,000) and operating loss before tax reducing by 82 per cent. to £730,000 (2002: £4,167,000).

### **Corporate Services**

The Corporate Services division recorded increased turnover of 133 per cent. to £637,000 (2002: £237,000) and 39 per cent. over the £458,000 earned in the second half of 2002. Revenue growth has been accomplished through the full year impact of last year's acquisitions together with organic growth

This division's operating loss before goodwill amortisation and exceptional items was £238,000 in the period (2002: £229,000) which improved by 38 per cent. over the loss of £388,000 incurred in the second half of 2002. The flow through of almost all of the growth in revenue to the bottom line is as a result of: (i) cost synergies implemented following last year's acquisitions; and (ii) returns on the investment in the Group's technology platform and fixed cost base.

### **Discontinued operations**

Discontinued operations include the results of the UK Media Services division, Virtue Media Services Ltd, for six months which was sold to Interoute Communications Ltd on 30 June 2003. In addition the comparative figures include the results of Tornado Entertainment Ltd and Virtue Broadcasting Company, Inc. which were both disposed of during 2002. Discontinued operations contributed turnover of £627,000 (2002: £758,000) and operating losses of £0.3 million (2002: £3.6 million) for the six months to 30 June 2003.

### **Disposal of Virtue Media Services Ltd**

The Board concluded in the first half of 2003 that in order to deliver value to shareholders in light of its financial position it was appropriate to pursue the disposal of the Group's UK Media Services division, Virtue Media Services Ltd. The Group completed the disposal to Interoute Communications Ltd on 30 June 2003 for an aggregate consideration of £800,000. This sum comprises cash of £551,000 and £249,000 which is dependent on the resolution of a property matter and the collection of trade debtors outstanding. In addition Interoute will provide streaming services to the Group to the value of €168,000 over which the Board has placed a fair value of £60,000. The transaction resulted in an exceptional profit of £290,000 after taking into account the net assets disposed, transaction costs of £70,000 and £94,000 of related redundancies expenditure.

### **Australian operations**

The Australian operation has delivered improved results recording turnover of £201,000 (2002: £54,000) this includes a one month contribution of £30,000 from the acquisition of Bigstream Pty Ltd, of this contribution £15,000 related to a one off customer transaction. The operation now provides services to 22 of the ASX 150 compared to 6 as at December 2002. Operating loss before goodwill amortisation narrowed to £42,000 from £63,000 of which £2,000 profit related to Bigstream Pty Ltd.

### **Central expenses**

Central expenses, principally the cost of operating the head office of the Group, were reduced by 35 per cent. to £202,000 (2002: £307,000). The savings were generated from a 22 per cent. reduction in personnel costs to £58,000 and 42 per cent. reduction in professional fees to £89,000 for the six months ended 30 June 2003.

### **Net funds**

Net funds reduced from £1.1 million to £0.7 million due to continued funding of operating losses of £754,000 and capital expenditure of £111,000, offset by the net proceeds of the disposal of Virtue Media Services Ltd, £481,000 received as at 30 June 2003.

**Group profit and loss account (unaudited)**

For the half year ended 30 June 2003

£ thousands	Notes	30 June 2003	30 June 2002 (restated)	31 December 2002 (restated)
<b>Turnover</b>				
Continuing operations	2	<b>637</b>	273	695
Discontinued operations	2	<b>627</b>	758	1,518
<b>Total turnover</b>	2	<b>1,264</b>	1,031	2,213
Net operating expenses		<b>(2,018)</b>	(5,198)	(10,031)
<b>Operating loss</b>				
Continuing operations		<b>(464)</b>	(554)	(2,549)
Discontinued operations		<b>(266)</b>	(3,613)	(5,269)
<b>Total operating loss</b>		<b>(730)</b>	(4,167)	(7,818)
<b>Continuing operations analysed as:</b>				
Corporate Services Europe		<b>(196)</b>	(157)	(554)
Corporate Services Australasia		<b>(42)</b>	(72)	(63)
Central expenses		<b>(202)</b>	(307)	(713)
Exceptional items – operating	3	-	(19)	(1,046)
Goodwill amortisation		<b>(24)</b>	1	(173)
Exceptional items – non-operating				
Merger expenses	4	-	(278)	(280)
Profit/(Loss) on sale and termination of operations	4	<b>290</b>	48	(1,904)
<b>Loss on ordinary activities before interest</b>		<b>(440)</b>	(4,397)	(10,002)
Net interest receivable		<b>11</b>	109	145
<b>Loss on ordinary activities before tax</b>		<b>(429)</b>	(4,288)	(9,857)
Tax		-	-	-
<b>Loss on ordinary activities after tax</b>		<b>(429)</b>	(4,288)	(9,857)
Equity minority interests		<b>15</b>	(10)	64
<b>Loss for the financial year</b>		<b>(414)</b>	(4,298)	(9,793)
Dividends		-	-	-
<b>Retained loss for the financial year</b>	6	<b>(414)</b>	(4,298)	(9,793)
<b>Loss per share (pence)</b>				
Basic	5	<b>(0.4)</b>	(4.2)	(9.1)
Basic – Adjusted	5	<b>(0.6)</b>	(3.4)	(5.3)

There were no material recognised gains or losses other than those shown in the profit and loss account.

There was no difference between the loss before taxation and the retained loss the year and their historic cost equivalents.

**Group balance sheet (unaudited)**

As at 30 June 2003

£ thousands	Notes	30 June 2003	30 June 2002	31 December 2002
<b>Fixed assets</b>				
Goodwill		178	(9)	202
Other intangible assets		-	6	4
Tangible assets		273	1,124	359
Investments		-	64	64
		<b>451</b>	<b>1,185</b>	<b>629</b>
<b>Current assets</b>				
Debtors		794	1,609	1,610
Cash at bank and in hand		851	5,155	1,304
		<b>1,645</b>	<b>6,764</b>	<b>2,914</b>
<b>Creditors</b>				
Amounts falling due within one year		<b>(838)</b>	<b>(1,938)</b>	<b>(1,680)</b>
<b>Net current assets</b>		<b>807</b>	<b>4,826</b>	<b>1,234</b>
<b>Total assets less current assets</b>		<b>1,258</b>	<b>6,011</b>	<b>1,863</b>
<b>Creditors</b>				
Amounts falling due after more than one year		-	(36)	(9)
<b>Provisions for liabilities and charges</b>		<b>(670)</b>	<b>(353)</b>	<b>(878)</b>
<b>Net assets</b>		<b>588</b>	<b>5,622</b>	<b>976</b>
<b>Capital and reserves</b>				
Called up share capital		114	16,418	114
Share premium account		12,038	12,011	12,038
Other reserves		13,060	(3,814)	13,060
Profit and loss account		<b>(24,733)</b>	<b>(18,867)</b>	<b>(24,366)</b>
<b>Equity shareholders' funds</b>	6	<b>479</b>	<b>5,748</b>	<b>846</b>
Equity minority interests		109	(127)	130
Non-equity minority interests		-	1	-
		<b>588</b>	<b>5,622</b>	<b>976</b>

Approved by the board on 30 September 2003.

 Mike Neville  
 Chairman

 James Ormondroyd  
 Finance Director

**Group cash flow (unaudited)**

For the half year ended 30 June 2003

£ thousands	Notes	30 June 2003	30 June 2002	31 December 2002
<b>Net cash outflow from operating activities</b>	7	(875)	(3,002)	(5,364)
<b>Returns on investment and servicing of finance</b>				
Interest received		16	109	155
Interest paid		(5)	-	(10)
Net cash inflow from returns on investment and servicing of finance		11	109	145
<b>Taxation</b>				
UK corporation tax receipt		-	-	-
Tax receipt		-	-	-
<b>Capital expenditure and financial investment</b>				
Payments to acquire tangible assets		(111)	(64)	(223)
Cash outflow from capital expenditure and financial investment		(111)	(64)	(223)
<b>Acquisitions and disposals</b>				
Purchase of subsidiary undertakings		-	-	(70)
Cash acquired as part of acquisition of subsidiary undertakings		-	-	6
Disposal of subsidiary undertakings	8	481	50	(657)
Cash inflow/ (outflow) from acquisitions and disposals		481	50	(721)
<b>Equity Dividends paid to shareholders</b>				
		-	-	-
<b>Cash outflow before use of liquid resources and financing</b>		(494)	(2,907)	(6,163)
<b>Financing</b>				
Issue of ordinary shares		-	613	20
Cash inflow from financing		-	613	20
<b>Decrease in cash</b>		(494)	(2,294)	(6,143)
<b>Reconciliation of net cash flow movements in net funds</b>				
Net funds at the start of the period		1,104	7,447	7,447
Exchange differences		41	37	-
Decrease in cash		(494)	(2,294)	(6,143)
Debt in subsidiaries acquired		-	-	(200)
Other non-cash movements		-	(35)	-
<b>Net funds at end of period</b>		651	5,155	1,104

## Notes

### 0 Basis of Preparation

The results for the first half of the financial year have not been audited and are prepared on the basis of the accounting policies set out in the Group's 2002 Annual Report & Accounts.

The summary of results for the year ended 31 December 2002 does not constitute the full financial statements within the meaning of s240 of the Companies Act. The full financial statements for that year have been reported on the Group's auditors and delivered to the Registrar of Companies. The audit report was unqualified and did not contain a statement under s237(2) or s237(3) of the Companies Act 1985.

On 26 June 2002 the Group disposed of its UK Media Division, Virtue Media Services Ltd, the results of that business have been classified as discontinued operations in the profit and loss account and the comparative disclosures have been amended to reflect this presentation.

### 0 Turnover

£ thousands	30 June 2003	30 June 2002 (restated)	31 December 2002 (restated)
Corporate Services Europe	436	219	503
Corporate Services Australasia <sup>[1]</sup>	201	54	192
Continuing operations	637	273	695
Discontinued operations	627	758	1,518
<b>Total</b>	<b>1,264</b>	<b>1,031</b>	<b>2,213</b>

<sup>[1]</sup> Virtue Broadcasting Pty Ltd has integrated the business assets of Bigstream Pty Ltd, which it acquired on 27 May 2003 for negligible consideration. The acquisition has contributed £30,000 to turnover and £2,000 to net profit within the Australasian segment in the first half of 2003.

### 0 Exceptional items – operating

£ thousands	30 June 2003	30 June 2002 (restated)	31 December 2002
<b>Continuing operations</b>			
Merger integration costs <sup>[1]</sup>	-	19	18
Restructuring costs <sup>[2]</sup>	-	-	91
Impairment of goodwill <sup>[3]</sup>	-	-	937
	-	19	1,046
<b>Discontinued operations</b>			
Merger integration costs <sup>[1]</sup>	-	383	383
Restructuring costs <sup>[2]</sup>	-	175	285
	-	558	668
<b>Total exceptional items – operating</b>	<b>-</b>	<b>577</b>	<b>1,714</b>

<sup>[1]</sup> Following the merger with Virtue Broadcasting Ltd in 2002 the Group implemented a reorganisation plan with costs of £401,000. The exceptional charge represents the cost of redundancies and a UITF 17 charge of £90,000.

<sup>[2]</sup> The total costs of £376,000 incurred in 2002 arise from the restructuring of the business following the integration of Streamway Netcasting Ltd within the Group and other rationalisation programmes announced during that year. The exceptional charges represent the cost of redundancies and termination fees of software license contracts.

<sup>[3]</sup> Due to market conditions and the strategic repositioning of the Corporate Services division's products from on-line webcasting and webinar services to a technology product offering, management reviewed the division's acquired goodwill for impairment for the period ended 2002. The review indicated that the carrying value of the acquired goodwill at 31 December 2002 should be impaired by £937,000 which has resulted in an associated operating exceptional impairment charge being booked in the profit and loss account for the year ending 31 December 2002. This adjustment has no cash impact.

## 1 Exceptional items – non-operating

£ thousands	30 June 2003	30 June 2002	31 December 2002
Merger costs <sup>[1]</sup>	-	(278)	(280)
(Loss)/profit on sale and termination of operations:			
Virtue Media Services Ltd <sup>[2]</sup>	<b>290</b>	-	-
Tornado Entertainment Ltd <sup>[3]</sup>	-	-	(1,977)
Virtue Broadcasting Company, Inc. <sup>[4]</sup>	-	48	73
<b>Total</b>	<b>290</b>	<b>(230)</b>	<b>(2,184)</b>

<sup>[1]</sup> Expenses of £280,000 were incurred in respect of the merger of the Company with Virtue Broadcasting Ltd in 2002.

<sup>[2]</sup> On 30 June 2003 the Group disposed of its UK Media Services division, Virtue Media Services Ltd to Interoute Communications Ltd for an aggregate consideration of £800,000. See note 8 for further information.

<sup>[3]</sup> In October 2002 the Group's subsidiary Tornado Entertainment Ltd ceased trading following withdrawal of Group funding support. It was subsequently placed into liquidation in December 2002. The exceptional loss represents: £722,000 for the write off of the subsidiary's net assets; £360,000 for redundancies paid during the year; and provisions of £895,000 for a vacant property lease.

<sup>[4]</sup> In April 2002 the Group disposed of its Canadian subsidiary, Virtue Broadcasting Company, Inc., to the incumbent management team for £nil consideration, at the time of disposal the subsidiary had net liabilities of £91,000.

## 0 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding those held in the employee share trust which are treated as cancelled. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares being those share options granted to employees where the exercise price is less than the average market price of the company's ordinary shares during the year.

Supplementary basic EPS has been calculated to exclude the effect of goodwill amortisation in respect of the subsidiaries acquired during 2002 and exceptional items. The adjusted numbers have been provided in order that the effects of goodwill amortisation and exceptional items on reported earnings can be fully appreciated.

	30 June 2003	30 June 2002	31 December 2002
<b>Basic earnings per share</b>			
Earnings	<b>(414)</b>	(4,298)	(9,793)
Weighted average no of shares (thousands)	<b>113,966</b>	102,376	107,437
Earnings attributable to ordinary shareholders	<b>(0.4)</b>	(4.2)	(9.1)
<b>Supplemental earnings per share</b>			
Earnings	<b>(414)</b>	(4,298)	(9,793)
Effect of exceptional items:			
Operating exceptional items	-	577	1,714
Non-operating exceptional items	<b>(290)</b>	230	2,184
Acquisition goodwill amortisation	<b>24</b>	(1)	173
Adjusted earnings	<b>(680)</b>	(3,492)	(5,722)
Weighted average no of shares (thousands)	<b>113,966</b>	102,376	107,437
<b>Basic – adjusted earnings per share</b>	<b>(0.6)</b>	(3.4)	(5.3)

There is no material difference between the basic earnings per shares and diluted earnings per share as the Group has been loss making in both periods.

## 0 Reconciliation of movement in equity shareholders' funds

£ thousands	30 June 2003	30 June 2002	31 December 2002
Loss for the financial year	<b>(414)</b>	(4,298)	(9,793)
Foreign exchange adjustments	<b>47</b>	36	33
Share issues net of costs	-	20	616
Credit in respect of UITF 17 charge	-	90	90
Net (reduction)/ addition to shareholders' funds	<b>(367)</b>	(4,152)	(9,054)
Opening shareholders' funds	<b>846</b>	9,900	9,900
<b>Closing shareholders' funds</b>	<b>479</b>	5,748	846

## 0 Reconciliation of operating profit to net cash flow from operating activities

£ thousands	30 June 2003	30 June 2002	31 December 2002
Group operating loss	<b>(730)</b>	(4,167)	(7,818)
Depreciation	<b>159</b>	549	938
Amortisation	<b>24</b>	1	173
Impairment of goodwill	-	-	937
UITF 17 stock option charge	-	90	90
Decrease/ (increase) in debtors	<b>661</b>	44	467
(Decrease)/ increase in creditors	<b>(989)</b>	725	69
Loss on disposal of fixed assets	-	-	22
Merger expenses	-	(278)	(280)
Non-cash transactions	-	34	38
<b>Net cash outflow from operating activities</b>	<b>(875)</b>	(3,002)	(5,364)

## 0 Disposal

£ thousands	Virtue Services Ltd	Media Services Ltd
Intangible fixed assets		7
Tangible fixed assets		35
Investments		64
Debtors		464
Creditors		(164)
Exceptional charges <sup>[1]</sup>		94
		500
Profit on disposal		290
<b>Consideration</b>		<b>790</b>
<b>Consideration satisfied by:</b>		
Cash consideration (net of transaction expenses of £70,000)		481
Contingent cash consideration <sup>[2]</sup>		249
Fair value of prepaid network services <sup>[2]</sup>		60
		<b>790</b>

<sup>[1]</sup> At the time of the disposal of Virtue Media Services Ltd the company incurred £94,000 of redundancy costs.

<sup>[2]</sup> Contingent cash consideration comprises two elements: (i) a sum equating to the adjusted working capital of Virtue Media Services Ltd on 30 June 2003, which the Board estimate to be £200,000, which will be received to the extent that trade receivables are collected; and (ii) £49,000 relating to the conclusion of various property matters. In addition to the cash consideration, Interoute will provide internet access and streaming services to the Group over twelve months to June 2004 to the value of €168,000, which the Board estimate the fair value to be £60,000.

## **0 Post balance sheet events**

On 21 July 2003 the Company announced that it had acquired the UK, German and Spanish subsidiaries of Unit.Net A.G. (In Liquidation) ("Unit.Net"), a Swiss based company, together with certain Swiss based assets, sales contracts and employees of Unit.Net. The effective date of the transaction is 1 July 2003.

The Company is paying Unit.Net £nil consideration but will repay up to £100,000 of loans to Unit.Net to the extent that the trade receivables acquired within the subsidiaries are collected. It is estimated that at completion the net assets acquired net of loan repayments will amount to around £325,000 (including cash of £160,000). In addition, Unit.Net has underwritten certain ongoing costs including the surrender costs of Unit.Net (UK) Ltd's offices that will result in a saving of £120,000 per annum.

The Company is acquiring Unit.Net (UK) Ltd, Unit.Net Deutschland GmbH and Unit.Net Streaming Spain S.L. which had revenues of £390,000, £810,000 and £200,000 respectively in the year ended 31 December 2002. In addition, Virtue is receiving most of Unit.Net's ongoing sales contracts, trade receivables, software and intellectual property assets and Virtue will employ five of the forty-two Swiss based employees of Unit.Net. Unit.Net in Switzerland had turnover of £810,000 in year ended 31 December 2002. The consolidated revenues of subsidiaries and assets being acquired for the year ended 31 December 2002 totalled £2.2 million.

## **0 Shareholder information**

Additional copies of the Interim Report are available from Virtue Broadcasting Plc, 60-62 Commercial Street, London, E1 6LT. The results, as well as other shareholder information, can also be accessed online at [www.virtuebroadcasting.com](http://www.virtuebroadcasting.com).