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chairman's statement

The results for the six months ended 30 September 2002 reflect the ongoing challenges that we face this year.

Results

Turnover for the six months ended 30 September 2002 was £633,000 compared with £855,000 in the same period last year. The loss (both before and after tax) for the half year was £556,000 (2001: £375,000).

These figures reflect the continuing consequences of the mutually agreed suspension of a development agreement, as announced to shareholders in August.

No dividend is proposed for the period (2001: nil).

Operating Review and Current Developments

Die Hard™: Vendetta, our game for Nintendo's GameCube™, was released across Europe on 15 November and across the US and Canada on 18 November 2002. The game is being sold in the major gaming retail outlets and the release was accompanied by an extensive TV advertising campaign across Europe. Industry reviews have been good and early retail sales indications are encouraging. Royalties for Die Hard™: Vendetta will not be received before August 2003.

Substantially the whole of the amount raised in the recent placing of shares has been expended, and the future viability of the Company depends upon the sale of the game that was the subject of the mutual suspension of the agreement referred to above or another game utilising the Company's existing technologies. Discussions regarding this potential sale are ongoing and we hope to be in a position to make an announcement in this regard over the course of the next month.

The Company has also been working on two other funded developments, which are yet to be announced at the request of our publishers. We look forward to announcing these in due course.

In addition, discussions with a number of potential publishing partners continue to progress with regard to the sale of other games for the major console platforms.

Prospects

The Group remains focused on its core activity, the design and development of video games for all next generation games consoles.

John Corre
Chairman

16 December 2002

consolidated profit and loss account

for the six months ended 30 september 2002

	Unaudited 6 months ended 30 September 2002	Unaudited 6 months ended 30 September 2001	Audited Year ended 31 March 2002
Note	£'000	£'000	£'000
Turnover	633	855	994
Cost of sales	(991)	(954)	(2,274)
Gross loss	(358)	(99)	(1,280)
Operating loss	(562)	(409)	(1,772)
Interest receivable	6	34	47
Interest payable	-	-	(3)
Loss on ordinary activities before taxation	(556)	(375)	(1,728)
Taxation	-	-	(13)
Retained loss for the period	(556)	(375)	(1,741)
Loss per share - basic	2	pence (1.66)	pence (5.49)

There are no material gains or losses, other than as stated in the profit and loss account, for the current and preceding financial period.

All amounts relate to continuing operations.

consolidated balance sheet

as at 30 september 2002

	Unaudited As at 30 September 2002 £'000	Unaudited As at 30 September 2001 £'000	Audited As at 31 March 2002 £'000
Fixed assets			
Intangible assets - Games licences	396	563	458
Tangible assets	108	169	152
	504	732	610
Current assets			
Debtors	573	1,089	405
Cash at bank and in hand	60	723	557
	633	1,812	962
Creditors: amounts falling due within one year	(774)	(612)	(1,003)
Net current assets/(liabilities)	(141)	1,200	(41)
Net assets	363	1,932	569
Capital and reserves			
Called up share capital	415	317	317
Share premium account	3,739	3,476	3,479
Merger reserve	735	735	735
Profit and loss account	(4,526)	(2,596)	(3,962)
Equity Shareholders' funds	363	1,932	569

consolidated cash flow statement

for the six months ended 30 september 2002

	Unaudited 6 months ended 30 September 2002	Unaudited 6 months ended 30 September 2001	Audited Year ended 31 March 2002
Note	£'000	£'000	£'000
Net cash outflow from operating activities	4	(832)	(1,240)
Returns on investments and servicing of finance			
Interest received	6	34	47
Interest paid	-	-	(3)
	6	34	44
Taxation			
Overseas tax paid	-	-	(13)
	-	-	(13)
Capital expenditure			
Purchase of tangible fixed assets	(29)	(118)	(172)
	(29)	(118)	(172)
Net cash outflow before management of liquid resources and financing	(855)	(1,212)	(1,381)
Management of liquid resources			
Movement in short term bank deposits	480	1,150	1,000
	480	1,150	1,000
Financing			
Issue of ordinary share capital	390	-	3
Expenses paid in connection with share issues	(32)	-	-
	358	-	3
Decrease in cash	(17)	(62)	(378)

notes to the interim financial statements

for the six months ended 30 september 2002

1 Basis of preparation

The interim financial statements have been prepared on the basis of the accounting policies set out in the Group's Annual Report and Accounts for the year ended 31 March 2002. The financial information for the year ended 31 March 2002 has been extracted from the Annual Report and Accounts, which have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain any statements under section 237(2) or (3) of the Companies Act 1985. The financial information contained in this document does not constitute statutory financial statements as defined in section 240 of the Companies Act 1985.

As referred to in the Chairman's Statement, due to the suspension of a contractual agreement for the publishing of a game, the Company has, since the year end, used the funds raised by a share issue to cover any shortfall in funding that may arise until this game is resold. The financial statements have been prepared on the going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future.

The validity of this assumption depends upon the resale of the game or another game utilising the Company's existing technologies. The financial statements do not include any adjustments that would result if the game is not resold or additional funds were not raised. The directors are confident that the game will be resold in the near future and, accordingly, the financial statements have been prepared on a going concern basis.

2 Loss per share

The calculation of basic earnings is based on the loss after taxation of £556,000 (six months ended 30 September 2001 - loss £375,000; year ended 31 March 2002 - loss £1,741,000) by reference to the 33,446,608 (six months ended 30 September 2001 - 31,707,240; year ended 31 March 2002 - 31,712,867) weighted average ordinary shares in issue during the period. Due to a loss being recorded for each of the periods, none of the Company's potential ordinary shares are dilutive and therefore the loss per share is the same as the diluted loss per share.

notes to the interim financial statements *(continued)*

for the six months ended 30 september 2002

3 Net cash outflow from operating activities

	Unaudited 6 months ended 30 September 2002 £'000	Unaudited 6 months ended 30 September 2001 £'000	Audited Year ended 31 March 2002 £'000
Operating loss	(562)	(409)	(1,772)
Depreciation and amortisation of fixed assets	136	111	286
Increase in debtors	(167)	(774)	(89)
(Decrease)/increase in creditors	(239)	(56)	335
Net cash outflow from operating activities	(832)	(1,128)	(1,240)

4 Reconciliation of net cash flow to movement in net funds

	Unaudited 6 months ended 30 September 2002 £'000	Unaudited 6 months ended 30 September 2001 £'000	Audited Year ended 31 March 2002 £'000
Decrease in cash in period	(17)	(62)	(378)
Decrease in liquid resources	(480)	(1,150)	(1,000)
Change in net funds resulting from cash flows	(497)	(1,212)	(1,378)
Opening net funds	557	1,935	1,935
Closing net funds	60	723	557

5 Analysis of net funds

	At 1 April 2002 £'000	Cash Flows £'000	At 30 September 2002 £'000
Cash at bank and in hand	77	(17)	60
Short term deposits	480	(480)	-
Total net funds	557	(497)	60

company information

Directors

John H Corre FCA
Fouad ("Foo") M A Katan
M Robert Hakim ACA
Julian I Levy FCA

Non-executive chairman
Chief executive/Managing director
Finance director
Non-executive director

Secretary

Leanne Leigh ACA

Registered Office

112 Cricklewood Lane, Cricklewood, London NW2 2DP

Company Number

4064683

Financial Advisers and Stockbrokers

Collins Stewart plc, 9th Floor, 88 Wood Street, London EC2V 7QR

Auditors

BDO Stoy Hayward, 8 Baker Street, London W1U 3LL

Solicitors

Gouldens, 10 Old Bailey, London EC4M 7NG

Bankers

Lloyds TSB plc, Butler Place Branch, PO Box 132, Caxton Street, London SW1H 0PR

Registrars

Capita IRG plc, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ

Financial Public Relations

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