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chairman's statement

The results for the six months ended 30 September 2003 reflect the continuing progress made by the Group.

As you will be aware from my statement in the last Annual Report and Accounts, trading for the second half of the year ended 31 March 2003 produced a turnover of £1.1 million and a loss of £16,000. I am pleased to report that the Group's trading for the twelve months to 30 September 2003 has generated a net profit.

Results

Turnover for the six months ended 30 September 2003 was £1,062,000 compared with £633,000 in the same period last year. The profit (both before and after tax) for the half year was £23,000 compared with a loss of £556,000 in the same period last year.

No dividend is proposed for the period (2002: £nil).

Operating Review and Current Developments

Die Hard™: Vendetta, our game released across Europe, the US and Canada towards the end of last year for Nintendo's GameCube™, has been released for both Sony's Playstation® 2 and Microsoft's Xbox™. The result for the period under review includes modest royalty income from this game.

The US release of Rogue Ops, a stealth-action adventure game developed for all three major platforms, took place at the end of October, whilst the European and Japanese launches are due in the early part of 2004. Very encouragingly, the game was proclaimed as the best surprise at this year's European Computer Trade Show ("ECTS") in the Eurogamer/GamesBiz website awards.

The Rogue Ops agreement with Kemco allowed for a series of bonus payments to the Group upon successful achievement of key time-related milestones and I am very pleased to report that the maximum bonus was earned.

chairman's statement *(continued)*

The Group has also been working on a number of other development opportunities and we look forward to announcing these in due course.

The Group's cash position is now much more healthy as a result of the successful completion of Rogue Ops and Die Hard: Vendetta.

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

25 November 2003

consolidated profit and loss account

for the six months ended 30 september 2003

	Unaudited 6 months ended 30 September 2003	Unaudited 6 months ended 30 September 2002	Audited Year ended 31 March 2003
Note	£'000	£'000	£'000
Turnover	1,062	633	1,702
Cost of sales	(852)	(991)	(1,920)
Gross profit/(loss)	210	(358)	(218)
Operating profit/(loss)	22	(562)	(578)
Interest receivable	1	6	6
Profit/(Loss) on ordinary activities before taxation	23	(556)	(572)
Taxation	-	-	88
Retained profit/(loss) for the period	23	(556)	(484)
Earnings/(Loss) per share	pence	pence	pence
basic and diluted	2 0.06	(1.66)	(1.29)

All amounts relate to continuing operations.

statement of total recognised gains and losses

for the six months ended 30 september 2003

	Unaudited 6 months ended 30 September 2003 £'000	Unaudited 6 months ended 30 September 2002 £'000	Audited Year ended 31 March 2003 £'000
Profit/(Loss) for the period	23	(556)	(484)
Currency translation differences	(5)	-	(40)
Total recognised gains and losses relating to the period	18	(556)	(524)

consolidated balance sheet

as at 30 september 2003

	Unaudited As at 30 September 2003 £'000	Unaudited As at 30 September 2002 £'000	Audited As at 31 March 2003 £'000
Fixed assets			
Intangible assets – Games licences	152	396	254
Tangible assets	34	108	68
	186	504	322
Current assets			
Debtors	275	573	1,014
Cash at bank and in hand	651	60	12
	926	633	1,026
Creditors: amounts falling due within one year	(711)	(774)	(965)
Net current assets/(liabilities)	215	(141)	61
Net assets	401	363	383
Capital and reserves			
Called up share capital	415	415	415
Share premium account	3,719	3,739	3,719
Merger reserve	735	735	735
Profit and loss account	(4,468)	(4,526)	(4,486)
Shareholders' funds - equity	401	363	383

consolidated cash flow statement

for the six months ended 30 september 2003

	Unaudited 6 months ended 30 September 2003	Unaudited 6 months ended 30 September 2002	Audited Year ended 31 March 2003	
Note	£'000	£'000	£'000	
Net cash inflow/(outflow) from operating activities	3	650	(832)	(888)
Returns on investments and servicing of finance				
Interest received		1	6	6
		1	6	6
Taxation				
Corporation tax recovered		-	-	88
		-	-	88
Capital expenditure				
Purchase of tangible fixed assets		(7)	(29)	(49)
		(7)	(29)	(49)
Net cash inflow/(outflow) before use of liquid resources and financing		644	(855)	(843)
Management of liquid resources				
Movement in short term bank deposits		(672)	480	480
		(672)	480	480
Financing				
Issue of ordinary share capital		-	390	390
Expenses paid in connection with share issues		-	(32)	(52)
		-	358	338
Decrease in cash		(28)	(17)	(25)

notes to the interim financial statements

for the six months ended 30 september 2003

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 2003. The financial information for the year ended 31 March 2003 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.

2 Earnings/(Loss) per share

The calculation of basic earnings is based on the profit after taxation of £23,000 (six months ended 30 September 2002 - loss £556,000; year ended 31 March 2003 - loss £484,000) by reference to the 41,491,690 (six months ended 30 September 2002 - 33,446,608; year ended 31 March 2003 - 37,458,128) weighted average ordinary shares in issue during the period. As the Company's market share price is lower than the exercise price of all options currently in issue, none of the Company's potential ordinary shares are dilutive and therefore the earnings per share is the same as the diluted earnings per share.

3 Net cash outflow from operating activities

	Unaudited 6 months ended 30 September 2003 £'000	Unaudited 6 months ended 30 September 2002 £'000	Audited Year ended 31 March 2003 £'000
Operating profit/(loss)	22	(562)	(578)
Depreciation and amortisation of fixed assets	144	136	337
Decrease/(Increase) in debtors	739	(167)	(609)
Decrease in creditors	(255)	(239)	(38)
Net cash inflow/(outflow) from operating activities	650	(832)	(888)

notes to the interim financial statements *(continued)*

for the six months ended 30 september 2003

4 Reconciliation of net cash flow to movement in net funds

	Unaudited 6 months ended 30 September 2003 £'000	Unaudited 6 months ended 30 September 2002 £'000	Audited Year ended 31 March 2003 £'000
Decrease in cash in the period	(28)	(17)	(25)
Increase/(Decrease) in liquid resources	672	(480)	(480)
Change in net funds resulting from cash flows	644	(497)	(505)
Currency translation differences	(5)	-	(40)
Movement in net funds in the period	639	(497)	(545)
Opening net funds	12	557	557
Closing net funds	651	60	12

5 Analysis of net funds

	At 1 April 2003 £'000	Cash Flows £'000	Translation differences £'000	At 30 September 2003 £'000
Cash at bank and in hand	12	(28)	(5)	(21)
Short term deposits	-	672	-	672
Total net funds	12	644	(5)	651

company information

Directors

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

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

Secretary

M Robert Hakim FCA

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

Auerbach Hope, 58-60 Berners Street, London, W1T 3JS

Solicitors

Jones Day 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