TEATHER &
GREENWOOD
LIMITED

JUST GROUP

Turning IP into Profit

- Just Group is progressing down the all-important path of monetising its IP portfolio. In addition, it is investing to develop further its IP portfolio for the future. Following the further development of the group the risk/reward ratio has become more attractive.
- We have upgraded our forecasts to reflect the increased breadth and depth of the licensing of its IP and the Mediakey acquisition.
- Just Group shares trade at a significant discount to our DCF valuation and on a PEG of less than 0.5 for each of the next 3 years. Our DCF is based on the Butt Ugly Martians not becoming the next Pokeman and modest long-term growth rates; therefore additional upside exists to our forecasts and valuation.

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Just Group	9.7p		BUY
SEAQ/Reuters: 29195/JUS.L	T&G Brokership	Index: FTSE AIM	Listing: AIM

Butt Ugly Martians heading for the stars

Just Group has moved on significantly since last year as the group has made a number of advances in key areas. The group has increased the breadth and depth of the licensing of its products significantly. This has been driven by the company's strong relationships with key industry players following the improvement in awareness of Just Group and its properties. Hasbro, Tomy, Toys "R" Us and other major retailers/distributors are now dealing with Just Group on a regular basis.

Year to April	Turnover £000	T&G PBT £000	Tax %	T&G EPS p	PER x	P/E Rel	EV/EBITDA x	DPS p	Yield %
2000 A	11,750	1,291	28.0	0.15	64.9	248	53.6	0.0	0.0
2001 E	27,150	3,335	28.0	0.29	33.8	118	22.5	0.0	0.0
2002 E	62,150	6,517	28.0	0.46	20.9	89	11.1	0.0	0.0
2003 E	81,700	14,850	28.0	1.06	9.2	45	5.1	0.0	0.0

Market cap:	£89.3m	Debt/Equity:	£8.5m	12m High/Low:	14.1p/6p
Shares in issue:	1,011m	Interest cover:	N/A	Next results:	Finals (July 01)

- **Most importantly for investors we have upgraded our PBT forecast by 25% for FY2001** (excluding the Mediakey acquisition). The Mediakey acquisition will be earnings enhancing in 2001. This bodes well for future acquisitions should any attractive opportunities materialise. We have upgraded our numbers to reflect the growing breadth and depth of the Intellectual property portfolio (IPR) portfolio that Just is developing and a number of new contracts agreed across the IP portfolio. Our FY2001 profit forecast for Just Group (ex Mediakey) rises from PBT of £2.34m to £2.93m (2000 £1.29m). We estimate that Marshall Publishing (formerly Mediakey) will contribute an operating profit of £0.4m in 2001. Our EPS forecast rises from 0.23p to 0.29p for FY2001.

- **We have also upgraded our Just Group PBT forecast for FY2002 and FY2003.**

- Just has increased its marketing and development spend in 2001, but this is forecast to be the peak year and will decline from 2002 onwards. The key areas are the scaling up of the Butt Ugly Martians property and investment in a US presence, which any serious global IP company must have.

- **The arrival of David Newcombe (new Finance Director)** fits well with the growth of the company. David can take the group through the next level of growth. He has identified key areas for improvement which means further progress for the financial management of the company.

- **Overall the business has matured substantially since last summer and is now set to monetise the value it is creating** over the coming years. Beyond this the company's ability to develop (from scratch) new IP to add to its portfolio will drive growth and strengthen the investment proposition further. Add to this **the hit potential of Butt Ugly Martians** (to which Just already has a follow up planned) and the upside is considerable.

- **We re-iterate our BUY recommendation following the strategic development of the group, the improvement of the financial outlook and the increase in our DCF valuation to 35.6p per share.**

Executive summary

Just Group has moved on significantly since last year as the group has made a number of advances in key areas. The group has increased the breadth and depth of the licensing of its products significantly. This has been driven by the companies' strong relationships with key industry players following the improvement in awareness of Just Group and its properties. Hasbro, Tomy, Toys "R" Us and other major retailers/distributors are now dealing with Just Group on a regular basis.

The investment in a US showroom (in New York) and an office (in New Jersey) should help drive forward Just Group's market position and improve opportunities further.

The development of the portfolio is on track and continues to drive the number of potential opportunities for merchandising of Just's IPR. Examples of this include the European Burger King promotion agreement, Gosh distribution agreement and the Hasbros licensing agreement. In addition the risk of the business has reduced further as the diversity of the revenue streams has grown. This makes Just Group an attractive growth orientated investment.

Most importantly for investors we have upgraded our PBT forecast by 25% for FY2001 (excluding the Mediakey acquisition). The Mediakey acquisition will be earnings enhancing in 2001. This bodes well for future acquisitions should any attractive opportunities materialise.

The arrival of David Newcombe (new Group Finance Director) fits well with the growth of the company. David can take the group through the next level of growth. He has identified key areas for improvement which means further progress for the financial management of the company.

Overall the business has matured significantly since last summer and is now set to monetise the value it is creating over the coming years. Beyond this the companies' ability to develop (from scratch) new IP to add to its portfolio will drive growth and strengthen the investment proposition further. Add to this the hit potential of Butt Ugly Martians (to which Just already has a follow up planned) and the upside is considerable.

Revised forecasts

We have upgraded our numbers to reflect the growing breadth and depth of the IPR portfolio that Just is developing and a number of new contracts agreed across the IP portfolio. We have upgraded our FY2001 profit forecast for Just Group (ex Media Key) from Operating Profit of £2.22m to £2.8m (2000 £1.27m). Mediakey now trades as Marshall Publishing and will eventually sit within Just Publishing as a separate division. We estimate that Marshall will contribute an operating profit of £0.4 in 2001.

Mediakey will be merged with Just Publishing and will not be separable from 2002 onwards; therefore our upgraded forecasts include a contribution from Mediakey and are as follows:

£000	FY 2002 Old	FY 2002 New	FY 2003 Old	FY 2003 New
Operating Profit	5,300	6,967	7,420	14,000

Including the Mediakey acquisition we forecast an operating profit of £3.2m. Our EPS is upgraded to 0.29p from 0.21p for 2001 (2000 0.14p), downgraded to 0.46p from 0.52p for 2002 and upgraded to 1.12p from 0.75p for 2003.

Although operating profit has been raised the dilutive effect of the share issuance from 2001 slightly reduces our eps for 2002. The extra capital will be invested in 2002 and should benefit 2003 eps.

These numbers confirm that the Mediakey acquisition has been earnings enhancing in 2001. The company stated that it would be earnings enhancing in its first full financial year. Therefore the target has been achieved ahead of schedule.

Forecast revenue growth in 2002 is driven by the Consumer Products and Audio/Visual segments where the sales of Butt Ugly Martians consumer products and videos will be strong. Revenue growth in Consumer Products will also be contributed to by properties such as MacDonald's Farm and Star Hill Ponies. Pinky & Perky and The Diddleys could also make significant contributions in 2002.

Margins vary considerably over the forecast years and will continue to do so as different agreements can have substantially different characteristics. Certain agreements in particular distort margins as all revenue is booked as profit.

Just has increased its marketing and development spend in 2001, but this is forecast to be the peak year and will decline from 2002 onwards. The key areas are the scaling up of the Butt Ugly Martians property and investment in a US presence, which any serious global IP company must have.

Costs attacked at Marshall

The Marshall Publishing business has had a 35 (out of 91) head-count reduction already. Further overhead savings will be made when Just Groups' London based businesses and Marshall Publishing are put into one unit over the summer. Disposal of the existing lease should produce an exceptional gain (reflected in our 2002 P&L). The businesses will be moved into a prime London located property. NatWest Bank will finance the £8m acquisition of the freehold. Both businesses will benefit from improved facilities and a London location. This will also reduce significantly the property occupancy costs for the Group.

A £2.5m cash injection to Marshall Publishing was required to provide working capital to facilitate the publication of books based on Just Group's properties such as Butt Ugly Martians and MacDonalds Farm. Marshall also has a number of exciting major properties under development both television broadcast and non-television broadcast led. In addition £4.5m of debt was assumed by Just on the acquisition and has been paid down contributing to the change in the cash flow. The funds required for Marshall during 2001 have been included in the cash flow as acquisitions as they form part of the one-off acquisition investment. This gives a clearer picture as to the real investment made in Medlakey and the real change in the underlying working capital. We have broken out in our forecast cash flow statement the estimated Intellectual Property asset capital expenditure.

In order to improve working capital the new finance director has plans to improve cash flow from debtors. In addition a clearer policy covering required returns on investment for new projects will be adopted.

Profit & Loss Forecasts

	1999 FY Apr (£'000)	2000 FY Apr (£'000)	2001 FYE Apr (£'000)	2002 FYE Apr (£'000)	2003 FYE Apr (£'000)
REVENUE					
Licensing	2,722	6,207	11,500	17,600	23,300
(% growth)	55.3	128.0	85.3	53.0	32.4
Consumer Products	1,762	2,056	3,500	21,700	34,400
(% growth)	241.9	16.7	70.2	520.0	58.5
Publishing	3,091	2,796	10,900	18,650	19,900
(% growth)	222.0	(9.6)	291.2	71.1	6.7
Audio/Visual	-	701	1,250	4,200	4,100
(% growth)			78.3	236.0	(2.4)
Total Revenue	7,576	11,759	27,150	62,150	81,700
(% growth)	134.8	55.1	131.1	128.9	31.5
Cost of Sales					
Licensing	2,722	6,207	900	8,700	8,400
(% growth)	55.3	128.0	(85.5)	844.4	(4.5)
Consumer Products	1,762	2,065	2,600	16,100	25,300
(% growth)	241.9	16.7	26.5	619.2	57.1
Publishing	3,091	2,786	7,900	12,650	13,300
(% growth)	222.0	(9.9)	183.5	60.1	5.1
Audio/Visual	-	701	650	2,300	2,100
(% growth)			(7.3)	253.8	(8.7)
Total COS	7,576	11,750	12,050	37,760	47,100
(% growth)	134.6	55.1	2.6	213.3	24.8
GROSS PROFIT					
Licensing	1,508	3,706	10,600	10,800	16,900
(% growth)	201.0	146.7	186.1	2.8	56.0
Consumer Products	1,018	650	900	5,600	9,100
(% growth)	561.0	(36.1)	38.5	522.2	62.5
Publishing	(517)	415	3,000	6,000	6,600
(% growth)	98.8	(180.3)	622.9	100.0	10.0
Audio/Visual	-	542	600	1,900	2,000
(% growth)			10.7	216.7	5.3
Total Gross Profit	2,009	5,312	15,100	24,400	34,600
(% growth)	408.6	164.4	184.3	61.6	41.8
GROSS PROFIT MARGIN					
Licensing (%)	55.4	59.7	92.2	61.9	72.5
(% growth)	93.8	7.7	54.4	(32.8)	17.1
Consumer Products (%)	57.8	31.6	25.7	25.8	26.5
(% growth)	93.4	(45.3)	(18.7)	0.4	2.5
Publishing (%)	(16.7)	14.9	27.5	32.2	33.2
(% growth)	(38.3)	(189.1)	84.8	16.9	3.1
Audio/Visual (%)	n/a	77.3	48.0	45.2	48.8
(% growth)			(37.9)	(5.6)	7.8
Total Gross Profit Margin (%)	26.5	45.2	55.6	39.3	42.4
(% growth)	118.8	70.5	23.0	(29.4)	7.9
Administrative exps	(1,976)	(4,039)	(11,800)	(17,433)	(19,300)
(% growth)	(25.8)	104.4	104.6	40.6	10.7
Operating Margin (%)	0.4	10.8	11.8	11.2	18.7
(% growth)	(100.6)	2,386.8	6.5	(4.9)	67.1
Operating Profit	33	1,273	3,200	6,967	15,300
(% growth)	(101.5)	3,757.6	151.4	117.7	119.6
amortisation of g'will	-	(88)	(200)	(200)	(200)
Operating Profit (FRS10)	33	1,361	3,400	7,167	15,500
(% growth)	(101.5)	4,024.2	149.8	110.8	116.3
Interest	(30)	18	136	(450)	(460)
Exceptionals	-	-	-	400	-
PBT(Norm)	3	1,291	3,336	6,517	14,860
(% growth)	(100.2)	42,933.3	158.3	95.4	127.9
Tax	-	361	934	1,826	4,168
Tax Rate (Norm)	0.0%	28.0%	28.0%	28.0%	28.0%
Earned	3	930	2,401	4,692	10,692
EPS(Norm) (p)	0.00	0.16	0.29	0.46	1.06
PBT(FRS)	3	1,203	3,136	6,717	14,660
(% growth)	(100.2)	40,000.0	160.6	114.3	118.1
Tax	-	361	934	1,825	4,158
Tax (%)	0.0%	30.0%	29.8%	27.2%	28.4%
Pref	-	-	-	-	-
Earned	3	842	2,201	4,892	10,492
EPS(FRS) (p)	0.00	0.14	0.26	0.48	1.04
In issue (m)	413.169	621.978	835.146	1011.000	1011.000
Div (p)	0.0	0.0	0.0	0.0	0.0

Source: T&G Estimates

Cash flow forecasts

	1999 FY Apr (£'000)	2000 FY Apr (£'000)	2001 FYE Apr (£'000)	2002 FYE Apr (£'000)	2003 FYE Apr (£'000)
GROUP CASH FLOW					
Total Operating P/l	33	1,273	3,200	6,967	15,300
Reorganisation Csts					
Investments					
Depr & Amortstn	143	272	700	1,700	2,200
Associates					
Other					
EBITDA	**176**	**1,545**	**3,900**	**8,667**	**17,500**
Provisioning					
Δs in working cap	(1,187)	(3,500)	(8,070)	(3,260)	(939)
Other non-csh itm		6			
Operating Cash Inflow	**(1,011)**	**(1,949)**	**(4,170)**	**5,407**	**16,561**
ROI & Servicing of Fin.					
Int recd	28	78	180		
Int paid	(59)	(60)	(45)	(450)	(450)
Net int paid	(31)	18	135	(450)	(450)
Divs recd					
Pref divs paid					
Divs paid	-	-	-	-	-
Other income					
Net Cash Outflow	**(31)**	**18**	**135**	**(450)**	**(450)**
Tax Paid	-	**(57)**	**(180)**	**(1,400)**	**(2,100)**
Investing Activities					
Asset Capex	(664)	(614)	(385)	(8,700)	(550)
IP Asset Capex			(6,000)	(4,000)	(3,500)
Acquisitions	-	(1,203)	(16,000)	-	-
Asset disposals	-	-	-	400	-
Invstmt purchases					
Investmt disposals					
Disp(purch) securts					
Net chg liquid funds					
Other/merger costs		(711)			
Net cash in(out)	(664)	**(2,528)**	(22,385)	(12,300)	(4,050)
Net cash o/f pre-fin	**(1,706)**	**(4,516)**	**(25,600)**	**(8,743)**	**9,961**
Financing activities					
Equity issues	2,250	11,355	21,761	-	-
Net inc(dec) of debt	(607)	48		7,500	-
Other / Forex					
Net cash inflow from financing	1,643	**11,403**	**21,761**	**7,500**	-
Inc/(Dec) in cash	**(63)**	**6,887**	**(4,839)**	(1,243)	**9,961**
Net change in debt					
lease financing	(66)	(86)	(211)	(200)	(85)
TG Free Cash Flow	**(1,706)**	(2,602)	**(4,600)**	**(5,143)**	**13,461**
CFPS (p)	**(0.41)**	(0.42)	**(0.55)**	**(0.51)**	**1.33**
New finance leases					
Exchange differce					
Adjustment	(108)	(126)	-	-	-
Net Cash (Debt)	**(157)**	**6,556**	**1,717**	**(7,026)**	**2,935**

Source: T&G Estimates

Management update

David Newcombe joins as new Finance Director. This additional management resource will free up time, which is valuable as Just Group continues to grow quickly.

David Newcombe was previously Group Finance Director at Sharpe & Fisher (87-90) and at Philip Harris (90-92). In 1992 David became Group CEO of Philip Harris and then Group CEO of Novara in 1997 (following the merger of Nottingham Group and Philip Harris which created Novara). His experience encompasses a number of acquisitions and a merger as well as the development of an e-commerce strategy. David has helped create significant shareholder value previously and should be an asset to the company.

Property development update

Butt Ugly Martians

Butt Ugly Martians is set to be the major boys property in 2001.The property is aimed at the boys 4-8 market and is television broadcast led. Butt Ugly Martians **has the potential to be an international blockbuster** in its own right. The first series of 13 has been shown in the UK on CITV (launched on the 19th February) and has been a success. It has exceeded 40% audience share in the target audience. The launch was supported by video's, magazines and books.

A second series of 13 episodes is being produced (and has nearly been completed) and is expected to be broadcast in the autumn (date to be confirmed).

The plan for the UK in between the first and second series is to work with CITV in producing a themed Martian week to keep the properties profile up in particular via property linked competitions. This activity should help maintain, if not boost the already high **85% brand recognition** that the property has in its target market.

US broadcasts commence on 11th September. Sachs Entertainment has dealt with syndication in the US and have achieved 87% coverage so far. The following broadcasters have been signed up internationally (most will commence airing around the Autumn period).

Territory	Channels
USA	Warner Brothers, Fox and UPN
Australia	Network 10
Australia (Cable/Satellite)	Fox Kids
Germany/Austria/Switzerland	Super RTL
Italy	Mediaset
New Zealand	TVNZ
Singapore	TV12 Kids Central
UK	CITV

Focus moving in the UK to merchandising

The Consumer Marketing Strategy in the UK is built around a summer activity program centred on consumer and retailer based promotions. The Sun and News of the World will take part in promotions. Partnership promotions with various food companies will take place in the second half of the year. **All campaigns will focus on merchandising** following the very successful broadcasting activity.

Revenues driven by...

The growth driver of revenue in 2002 will be Consumer Products, as a very large range of Butt Ugly merchandise will become available. A significant number of contracts have been signed with external licensees for products such as apparel, confectionary and watches as well as agreements with Burger King across Europe for promotion and with Gosh for distribution. Hasbro has signed a worldwide master toy licence focusing on 2 key products, the 6" articulated figure and the 1.5" collectable figurines which will be in retail stores for Christmas. Just will generate profit from these toys.

The broad range of licences mean Just is not exposed to one particular contract and the Butt Ugly property is forecast to make up only 30% of Just Group profit in 2001 (based on our very conservative forecasts that do not assume Butt Ugly becomes the next Teenage Mutant Ninja Turtles). Again, the diversity of the property revenue streams adds to the quality of the business.

The next Pokemon?

Investors will continue to seek indications as to whether the Butt Ugly Martians can become the next Pokemon, Teenage Mutant Ninja Turtles, or Power Rangers. **Even if Butt Ugly Martians does not become the next Pokemon, it will have a substantial effect on the earnings of Just Group** and further strengthen the already strong portfolio. **Our forecasts do not factor in the hit potential of Butt Ugly Martians. Therefore considerable upside exists with respect to this property.**

Jellabies/Jellikins

This pre-school property is either being or will be broadcast in 40 territories. At present the property is in the top 2 of pre-school properties in Germany and Holland and is broadcast on channels such as Fox Kids and SuperRTL. Jellabies is a long-term pre-school based property that complements the Just Group IPR portfolio well. Woolworths and W.H.Smiths are stocking merchandise.

The Diddlys

This pre-school product was acquired with the Optical business in 2000. 150x10minutes episodes are in pre-production. Optical Image (acquired in 2000) will produce the 3D CGI based series. Optical Image is able to produce this cheaper than an outside entity and therefore show its worth to the group other than through creative means.

The bulk of revenue from the Diddlys in FY2002 will come from Entertainment and Licensing sales and then growth should follow through in Consumer Products in FY2003.

MacDonald's Farm

This property was acquired with the Abbey business in September 1999 and targets the pre-school education driven market and is backed by the Pre-school Learning Alliance, a registered charity covering 750,000 pre-schoolers, equivalent to around a quarter of the potential population. The programme is broadcast in the UK at present and the company hopes to extend this across internationally.

Revenue will continue to grow over the long term (we estimate a group revenue share of 7/8% in 2002) as this property is orientated towards longevity and therefore helps balance the Just Group portfolio. Marketing will be driven by physical in-store Toys'R'Us based "McDonald's Farm's" to support the sale of merchandise during the summer as well as through national press exposure. Tesco will also form part of the retail program.

Baby Bright

This product is being marketed in conjunction with Toys "R" Us and has been developed together with the Head of Neurocognitive Sciences at Great Ormond Street Hospital. It is aimed at the 0-12 month baby market. Currently the US market is dominated by "Lamaze" and it is this product that Baby Bright will compete with.

The product is based on videos and CD's that help develop babies' cognitive skills. At present Videos are being distributed in the UK and US. This product is selling well and could become a major international long-term property, further enhancing the value of Just's IPR portfolio.

Wide Eye

Developed by Marshall Publishing and brought to Just Group through the acquisition of Mediakey, this product is a pre-school learning aid sold door-to door. This property can be expanded to Television and pilots have been produced.

Star Hill Ponies

This property is aimed at the girls market, is non-fantasy and is monitored and supported by the Pony Club. The first television series of 13x10m episodes is currently licensed to the BBC and the second series is in production. Revenues here will be driven by merchandising from Just Consumer Products. Retailers include Argos, Woolworths and Toys'R'Us.

Pinky & Perky

Just Group acquired the rights to this classic IP some time ago and has moved the project on to pilot programmes being produced with Planet 24. These will be previewed at the Edinburgh Festival. Pinky and Perky will support Breast Cancer Research.

Other Properties

Whilst Butt Ugly Martians could be a property with a long profitable life **the company is not resting on its laurels and is already planning another new 3D CGI boys property**. This forward thinking portfolio approach to IP is a cornerstone of Just Group's strategy and one that any serious IP company should adopt.

Just Group also possesses a stable of other properties that were acquired with Abbey, Optical and Mediakey, which can be developed in the future.

Valuation

Whilst it is important to understand the relative valuation of similar companies in the sector, PE ratios and EV/EBITDA are not the most appropriate valuation method for companies that are only worth what can be generated from the exploitation of their intellectual property rights (IPR) portfolios. Therefore we recommend investors evaluate the IPR exploitation companies on a DCF basis and use a PEG ratio to give a guide as to the relative value of the growth rates of the peer group.

Discounted Cash Flow

Using a WACC of 9.33% we calculate that Just Group shares are worth 35.6p per share. Just Group shares (9.7p) are quite clearly trading at a significant discount to our revised DCF valuation (which we have arrived at using modest growth rates post 2003).

We have elected to apply a modified BETA to our calculations as the BETA historically has fluctuated considerably and cannot be said to be representative of the group's risk profile. We therefore apply a BETA of 1.1 to reflect a 10% risk premium over the market which takes into account the risk of a fast growing small company, whilst recognising the quality (breadth and depth) of the IPR portfolio and the companies growth track record.

Risk Free Rate	4.93%	Long Term Growth Rate	5%
Market Risk Premium	4.00%	WACC	9.25%
Beta	1.10	Cash (Debt)	£1.717m
Cost of Equity	9.33%	Long Term Operating Margin	24.3%

PEG ratio

Stock	Price p	P/E '01	PEG '01	P/E '02	PEG '02	P/E '03	PEG '03
Guilane Entertainment	610	31.8	1.32	27.13	1.59	23.57	1.56
Entertainment Rights	21.5	45.7	0.03	26.88	0.38	n/a	n/a
HIT Entertainment	317.5	86.7	18.61	32.79	0.20	21.09	0.38
Just Group	9.7	33.4	0.36	21.09	0.36	9.15	0.07
Winchester Entertainment	197	17.0	0.20	10.94	0.20	n/a	n/a

Source: Market Consensus/Hemscott

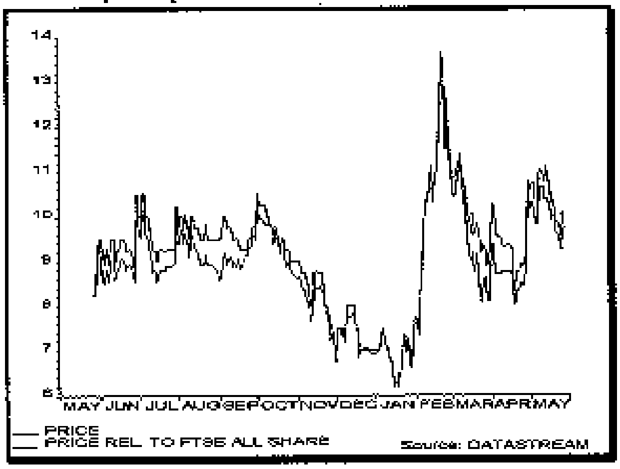
In broad terms the PEG ratio compared with the peer group suggests that Just Group is attractive. It certainly falls far below the traditional value benchmark of a PEG of 1, and also has an attractive P/E compared with the peer group. The P/E relative to the market falls to 89 for FY2002.

When Just Groups strong growth record and quality IPR portfolio is taken into account the attractions of the valuation on both a DCF and PEG ratio are high.

Activities

The group's business incorporates the creation and development of character concepts, ownership of intellectual Property Rights, international licensing of character and corporate brand merchandise, the manufacture of toy related products and the publishing of magazines, primarily for the children's market.

Relative price performance



Rel. performance	1m	3m	12m
vs. All Share %	7.4	-3.4	30.4

Profit & Loss forecasts

Year to April £000	2000A	2001E	2002E	2003E
Turnover	11,750	27,150	62,160	81,700
Op. Profit	1,273	3,200	6,967	15,300
Margin %	10.8	11.8	11.2	18.7
Amortisation	(88)	(200)	(200)	(200)
Exceptionals	0	0	400	0
Net interest	18	135	(450)	-450
PBT FRS3	1,203	3,135	6,717	14,650
PBT T&G	1,281	3,335	6,517	14,850
Tax	361	934	1,825	4,158
Tax rate %	28.0	28.0	28.0	28.0
T&G earnings	930	2,401	4,692	10,692
No. shares m	622.0	836.1	1,011.0	1,011.0
FRS3 EPS p	0.14	0.26	0.48	1.04
T&G EPS p	0.15	0.29	0.46	1.06
Growth rate %	n/a	92.1	61.6	127.9
DPS p	0.0	0.0	0.0	0.0

5 year record

£000	1996(a)	1997(b)	1998(c)	1999	2000
	Year to April				
Turnover	1,826	2,435	3,228	7,676	11,750
Operating profit	360	338	(2,261)	33	1,273
Op. margin %	19.7	13.9	(70.0)	0.4	10.8
T&G PBT	311	213	(1,744)	3	1291
T&G tax rate %	34.4	34.3	5.5	0.0	0.0
T&G EPS p	0.16	0.11	(1.00)	0.00	0.15
Growth %	60.0	(31.3)	(1,009.0)	n/a	n/a

(a) Year to December 1995
(b) Year to December 1996
(c) 16 months to April 1998

Cash Flow forecasts

Year to April £000	2000A	2001E	2002E	2003E
Operating profit	1,273	3,200	6,967	15,300
Depreciation	272	700	1,700	2200
Working capital	(3,500)	(8,070)	(3,260)	(939)
Net interest	18	135	(450)	-450
Tax paid	(57)	(180)	(1,400)	(2,100)
Other	0	0	0	0
Gross cash flow	(1,994)	(4,216)	3,567	14,011
Capex	(614)	(6,385)	(12,700)	(4,050)
Use of prvs, other	0	0	0	0
Free cash flow	(2,602)	(10,600)	(9,143)	9,961
Dividends	0	0	0	0
Acq.ns & Invest's	(1,203)	(16,000)	0	0
Disposals	0	0	400	0
Shares issued	11,355	21761	0	0
Other	(126)	0	0	0
Change: net debt	7,424	(4,839)	(8,743)	9,961
End net cash (debt)	6,556	1,717	(7,026)	2,935
Cashflow per Share p	(0.42)	(0.55)	(0.51)	1.33

Major shareholders

Shareholder	% of ord. share capital
Directors	10.5%
Threadneedle Investments	4.6%
NCL Nominees	4.0%
Standard Life Assurance	3.6%

Key events

Date	Event
Feb 2001	First UK broadcast of Butt Ugly Martians
Jan 2001	Interims
Dec 2000	Acquisition of Mediakey
Jul 2000	Finals

Geographical analysis at end April 2000

Region	Sales £000	%
UK	6,697	57.0
USA	3,255	27.7
Rest of World	1,798	15.3
Total	11,750	100.0

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