

RADIO FIRST PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2001

Radio First plc (“Radio First” or the “Company”), the commercial radio company, are pleased to announce their Interim Results for the six months ended 31 March 2001.

Highlights

- ?? Carriage agreement with British Sky Broadcasting completed.
- ? £3.5 million of funding raised, through a private placing, to fund the development of the new radio stations.
- ? The launch of the first two services, “Big Blue” at Chelsea, and “The Saint” at Southampton set to coincide with the first home Premier League games in August 2001.
- ?? Aston Villa and Derby County services are planned to commence during the 2001/2002 football season.
- ?? The Group’s Programme Director, and Chelsea’s Station Director have been appointed.

John Aumonier, Chief Executive of Radio First, commented:

“I am delighted with the considerable progress that has been made, over the last six months, in advancing the development of our network of digital audio stations. We look forward to the imminent launch of our first two services, in Chelsea and Southampton, as well as the implementation of the Company’s carriage agreement with British Sky Broadcasting. As we move into the second half of the year, we are continuing to negotiate further clubs into the Fan Radio Network, as well as investigating all the platforms available for the further distribution of our services.”

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Radio First Plc

Interim statement

Six Months ended 31st March 2001

Radio First plc

Chairman's Statement

Dear Shareholder

I am delighted to be able to report on an extremely successful six months during which considerable progress has been made in advancing the development of our network of digital audio stations, to be marketed as The Fan Radio Network.

THE STATIONS

The completion of the carriage agreement with British Sky Broadcasting Limited ("BSkyB") announced on 12 March 2001 together with the successful placing of new ordinary shares announced on 28 February 2001 has enabled the Company to start building the first four radio stations immediately. On 18 January 2001 we announced a joint venture agreement for 12 years with Derby County FC, which together with existing contracts with Chelsea, Southampton and Aston Villa enables us to offer our exclusive services of live football and contemporary music to a large part of the UK on a regional basis.

Each station will be the official radio service of the relevant football club, holding the exclusive non-national digital audio rights in each case for periods of between 12 and 15 years. The construction and launch of the first four stations has now begun. Engineering and technical preparations to commence broadcasting via Sky Digital are well underway both at our head office in Brighton and at each site located within the clubs' stadia. The launches of the first two services, 'Big Blue' at Chelsea and 'The Saint' at Southampton are set to coincide with the first home Premier League games in August 2001.

In addition to the carriage agreement, the Company and BSKyB will undertake joint cross-marketing and promotional initiatives aimed at both listeners and viewers. The stations will also carry Sky News Radio's news and sports bulletins, and the agreement allows for the sharing of other editorial material. The Company looks forward to working closely with BSKyB as we expand The Fan Radio Network.

STAFF

The process of launching our new businesses successfully is dependent upon the recruitment of talented qualified staff. The Company has been successful in attracting and appointing two key senior executives. Ray Arthur has joined as Group Programme Director and will be responsible for creating and maintaining the programming output of all of the services within The Fan Radio Network. Ray, 43, has spent most of his career in the highly competitive Australian radio market. He has been Music Director of Triple M, the top-rated commercial radio station in Sydney. He was responsible for establishing various radio stations in Australia including the highly successful K-ROQ on the Australian Gold coast. In Europe, Ray Arthur has been a consultant to Virgin Radio and the Scandinavian Broadcasting Service Group for which he re-launched Noordzee FM, a national station in Holland, and Lampsi FM, which is now the number one music station in Athens.

I am also pleased to announce that our joint venture with Chelsea has appointed Nicky Leggatt as Station Director of Big Blue based at Stamford Bridge. As well as working at a number of major advertising agencies, Nicky was, until she joined Big Blue earlier this month, managing director of Fusion New Media Limited. Nicky brings with her wealth of experience in both buying and selling Radio Airtime. Nicky has received a positive reaction to Big Blue from both local and national advertisers.

Other senior staff have been identified for both Radio First and the joint ventures and we expect to make further appointments in the near future.

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RESULTS

At £329,000 administrative expenses for the six months ended 31 March 2001 are in line with our expectations for the period and slightly less than for the same period last year when they were £339,000. This reflects our continuing efforts in maintaining effective control over operating costs which allows us to concentrate our financial resources on building and launching the stations.

However, as we brought to your attention in the 2000 Annual Report, there have been changes in accounting rules over the last 12 months which in the 2000 Financial Statements led to a prior year adjustment relating to potential employer's National Insurance contributions on share option gains and resulted in our 1999 results being restated. Since then the Urgent Issues Task Force has introduced UITF Abstract 30 – Date of award to employees of shares or rights to shares.

This Abstract clarifies the date on which it is deemed that an award of share options is made. 567,537 share options awarded to the Chairman in June 1999 were subject to shareholder approval. This approval was gained at the 2000 Annual General Meeting on 10 March 2000. UITF Abstract 30 states that in such circumstances it is this latter date which should be used in order to ascertain whether there is a charge to the Profit and Loss Account relating to the notional gain by the employee on those options in accordance with UITF Abstract 17 – (Revised 2000) Employee share schemes. When the options were originally awarded the market value of shares was such that no charge was necessary under this Abstract. However, on the date of approval by shareholders, 10 March 2000, the share price was 202.5p and, under UITF Abstract 30, it is this price that must be used to ascertain whether a charge should be made under UITF Abstract 17. As a result we have restated our comparatives for the six months to 31 March 2000 and the year to 30 September 2000. There is, though, no effect on cash, net assets or distributable reserves as the charge is then credited to the Profit and Loss Reserve Account. Hence, the only lasting effect of the charge is to reduce earnings for that period in our comparative figures. The effect of the restatement of the 2000 Interim Statement comparatives to account for the notional gain on the 567,537 share options awarded to the Chairman and the National Insurance on notional gains on all share options awarded is to increase the loss by £1,036,000 and £794,000 respectively.

As a result of the accounting adjustments required by UITF Abstract 25 we have therefore reported a profit before and after taxation of £57,000 (*2000 restated: £2,151,000 loss*) due to the write back of £378,000 of the provision for National Insurance contributions. This is because the share price at 31 March 2001 was below that of 30 September 2000.

BALANCE SHEET

The balance sheet shows the impact of the successful placing of new shares in March 2001, which raised approximately £3.5 million and significantly strengthened the financial resources of the Company. At 31 March 2001 the Company had cash resources of £3.4 million compared with £0.5 million at the same time last year and £141,000 at the end of the last financial year. In addition, the fair value of the warrants given to BSKyB is recognised. At 80p per share, this results in a prepayment in respect of carriage and other services provided by BSKyB of £5,000,000 and a credit to a warrant reserve. The placing together with the fair value of the warrants and the write back of over half of the provision for national insurance contributions has resulted in net assets of £7.9 million compared with restated net liabilities of £0.8 million at the same time last year and restated net liabilities of £0.6 million at 30 September 2000.

OUTLOOK

The second half of the year will see the commencement of revenue streams following the launch of Big Blue and The Saint on Sky Digital. Our research indicates that the format and style of our stations will appeal to both listener and advertiser alike and the selling of advertising and sponsorship has already begun.

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Looking further ahead we intend to launch The Villan at Aston Villa and our Derby service later in the 2001/02 football season bringing the total number of stations on air by the end of that season to four. In addition negotiations are continuing to bring more clubs into The Fan Radio Network during the course of the next twelve months and complete our UK wide geographical coverage.

We continue to monitor developments in the world of digital technology and investigate all the platforms available for the further distribution of our services which will increase our listenership and create additional revenue earning opportunities.

Keith Harris

Chairman

29 June 2001

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Consolidated profit and loss account for the six months ended 31 March 2001

	6 months ended 31 March 2001 £000	As restated 6 months ended 31 March 2000 £000	As restated Year ended 30 September 2000 £000
Administrative expenses			
National Insurance on share options	378	(794)	(327)
UITF Abstract 17 Charge on Share Options	-	(1,036)	(1,036)
Other administrative expenses	(329)	(339)	(624)
	<hr/>	<hr/>	<hr/>
Operating profit/(loss) – continuing operations	49	(2,169)	(1,987)
	<hr/>	<hr/>	<hr/>
Profit/(loss) before interest and taxation	49	(2,169)	(1,987)
Interest receivable	8	18	25
	<hr/>	<hr/>	<hr/>
Profit/(loss) on ordinary activities before and after taxation and retained for the financial period	57	(2,151)	(1,962)
	<hr/>	<hr/>	<hr/>
Earnings/(loss) per 2p share			
Basic	0.2p	(9.0)p	(8.2)p
Diluted	0.2p	-	-
	<hr/>	<hr/>	<hr/>

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Consolidated balance sheet at 31 March 2001

	6 months ended 31 March 2001 £000	As restated 6 months ended 31 March 2000 £000	As restated Year ended 30 September 2000 £000
Fixed assets			
Tangible assets	<u>3</u>	<u>6</u>	<u>5</u>
Current assets			
Debtors	5,026	27	28
Cash at bank and in hand	3,407	506	141
	<u>8,433</u>	<u>533</u>	<u>169</u>
Creditors: amounts falling due within one year	(138)	(127)	(40)
	<u>8,295</u>	<u>406</u>	<u>129</u>
Net current assets			
	<u>8,298</u>	<u>412</u>	<u>134</u>
Total assets less current liabilities			
Provision for liabilities and charges	(370)	(1,215)	(748)
	<u>7,928</u>	<u>(803)</u>	<u>(614)</u>
Net assets			
	<u><u>7,928</u></u>	<u><u>(803)</u></u>	<u><u>(614)</u></u>
Capital and reserves			
Called up share capital	569	478	478
Share premium account	4,266	872	872
Other reserves	5,000	-	-
Profit and loss account	(1,907)	(2,153)	(1,964)
	<u>7,928</u>	<u>(803)</u>	<u>(614)</u>
Equity shareholders' funds			
	<u><u>7,928</u></u>	<u><u>(803)</u></u>	<u><u>(614)</u></u>

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Consolidated cash flow statement for the 6 months ended 31 March 2001

	6 months ended 31 March 2001 £000	As restated 6 months ended 31 March 2000 £000	As restated Year ended 30 September 2000 £000
Cash flow from operating activities	(222)	(320)	(693)
Returns on investments and servicing of finance			
Net interest received	3	17	25
Capital expenditure			
Purchase of tangible fixed assets	-	(4)	(4)
Cash outflow before financing	(219)	(307)	(672)
Financing			
Issue of shares	3,485	-	-
Increase/(Decrease) in cash in period	3,266	(307)	(672)
Reconciliation of net cash flow to movement in net funds			
Increase/(Decrease) in cash in the period	3,266	(307)	(672)
Movement in net funds in the period	3,266	(307)	(672)
Net funds at the start of the period	141	813	813
Net funds at the end of the period	3,407	506	141

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Notes

1 Basis of preparation

The Interim Statement has been prepared on the basis of the accounting policies set out in the Group's 2000 statutory financial statements. The Interim Statement, which has been approved by the Directors, is unaudited and does not constitute full financial statements as defined in Section 240 of the Companies Act 1985.

The comparative figures for the financial year ended 30 September 2000 are not the Company's statutory financial statement for that financial year. Those financial statements have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

2 Prior year adjustments

Introduction of UITF Abstract 30

This Abstract clarifies the date on which it is deemed that an award of share options is made. 567,537 share options awarded to the Chairman in June 1999 were subject to shareholder approval. This approval was gained at the 2000 Annual General Meeting on 10 March 2000. UITF Abstract 30 states that in such circumstances it is this latter date which should be used in order to ascertain whether there is a charge to the Profit and Loss Account relating to the notional gain by the employee on those options in accordance with UITF Abstract 17 – (Revised 2000) Employee share schemes. When the options were originally awarded the market value of shares was such that no charge was necessary under this Abstract. However, on the date of approval by shareholders, 10 March 2000, the share price was 202.5p and, under UITF Abstract 30, it is this price that must be used to ascertain whether a charge should be made under UITF Abstract 17. As a result the comparatives have been restated for the six months to 31 March 2000 and the year to 30 September 2000. There is, though, no effect on cash or on distributable reserves as the charge is then credited to the Profit and Loss Reserve Account. Hence, the only lasting effect of the charge is to reduce earnings for that period in our comparative figures. The effect of the restatements of the 2000 comparatives to account for the notional gain on the 567,537 share options awarded to the Chairman and the National Insurance on notional gains on all share options awarded is to increase the loss by £1,036,000 and £794,000 respectively.

Introduction of UITF Abstract 25

Following the introduction of "UITF Abstract 25 – National Insurance contributions on share option gains" which requires the accrual of employer's national insurance contributions on the notional gains on exercise of share options granted, the balance sheets, consolidated profit and loss account and cash flow statement for the 6 months ended 31 March 2000 have been restated. The effect of this has been to increase the operating loss for those six months by £794,000 and to reduce net assets at 31 March 2000 by £1,215,000 (£421,000 for which was accounted in the year ended 30 September 1999).

3 National Insurance on share options

This relates to the estimated liability for employer's national insurance contributions on the notional gain on the exercise of employees' share options granted based upon the market value of the ordinary shares at the balance sheet date.

4 Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	Share premium account £000	Profit and loss account £000	Other Reserves £000	Shareholders funds £000
At 30 September 2000	478	872	(1,964)	-	(614)
Retained profit for the period	-	-	57	-	57
Issue of shares (net of expenses)	91	3,394	-	-	3,485
Warrants granted	-	-	-	5,000	5,000
	=====	=====	=====	=====	=====
At 31 March 2001	569	4,266	(1,907)	5,000	7,928
	=====	=====	=====	=====	=====

Issue of shares

During the period to 31 March 2001 the Group issued 4,550,000 ordinary shares at a price of 80 pence per share raising approximately £3.5m net of expenses.

In addition the Group issued warrants to British Sky Broadcasting Limited over 6,246,082 ordinary shares exercisable at a price of 2p per ordinary share. When exercised in full the warrants would give British Sky Broadcasting Limited an 18% interest in the Group.

5 Earnings per share

The profit/(loss) per share has been based on the profit after taxation of £57,000 (2000:loss £2,151,000 As restated) and 24,407,134 (2000:23,904,372) ordinary shares of 2p, the weighted average of the number of shares in issue.

The calculation of the diluted earnings per share in accordance with FRS 14 is based on a weighted average number of shares in issue of 31,030,476 (2000:30,286,358).

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6 Reconciliation of operating profit to net cash flow from operating activities

	6 months ended 31 March 2001 £000	As restated 6 months ended 31 March 2000 £000	As restated Year ended 30 September 2000 £000
Operating profit/(loss)	49	(2,169)	(1,987)
UITF Abstract 17 Charge on Share Options	-	1,036	1,036
Depreciation	3	-	2
Decrease/(increase) in debtors	7	(13)	(16)
Increase/(decrease) in creditors	98	32	(55)
(Decrease)/increase in provision for liabilities and charges	(378)	794	327
	_____	_____	_____
Net cash flow from operating activities	(222)	(320)	(693)
	=====	=====	=====