NewMedia SPARK

INTERIM REPORT 2006

VENTURE CAPITAL INVESTORS IN TECHNOLOGY, DIGITAL MEDIA AND TELECOMS

ABOUT SPARK

NewMedia SPARK ('SPARK') is a venture capital investor based in London and listed on the Alternative Investment Market (AIM) of the London Stock Exchange. Formed in 1999, SPARK has built up a portfolio of investments in the technology, media and telecom sectors (TMT), ranging from enterprise software to digital media and semiconductors. As an investor, SPARK expects to add value to its investments through active support and strategic direction. Our investment approach is to make a limited number of investments in early-stage companies with the objective of developing significant capital growth over the medium term. We typically take a lead investor role, own 20% or more of a company, hold a board seat and expect to invest through the growth cycle to full value.

For further information see www.newmediaspark.com

KEY HIGHLIGHTS

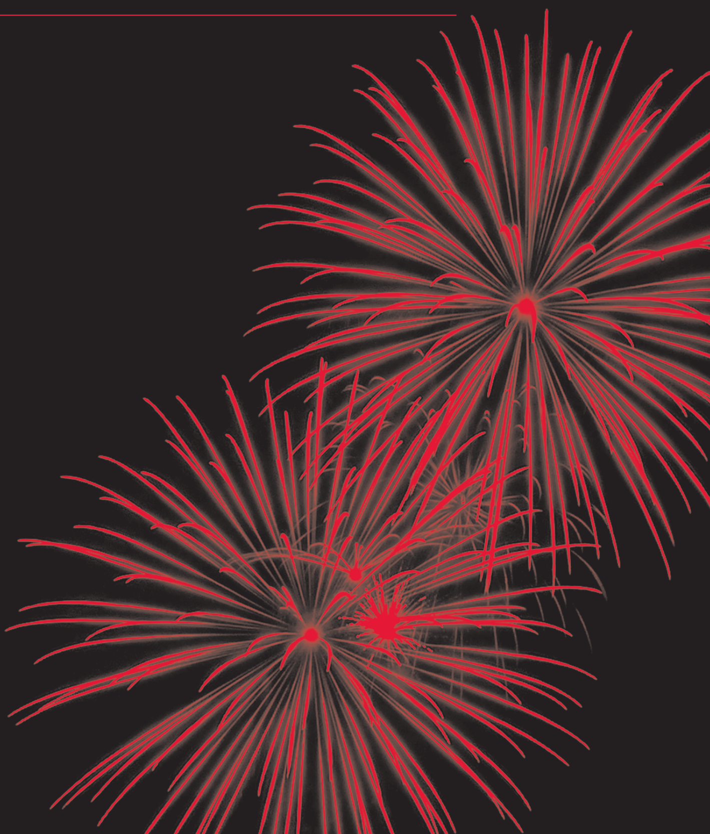
Net Assets per share increase in the period to 17.9p from 17.7p (up 27.9% over 12 months).

Net cash £38.1m, including restricted cash of £2.9m (September 2005: £19.9m, including £2.9m of restricted cash).

Realisations from the sale of portfolio assets contributed over £20m to cash reserves, after further investments of £3.9m, outflows from operations of £1.7m and share buy-backs of £1.7m.

Investments made in support of SPARK's position in the growing digital video and mobile media markets, with further funding for Aspex and DX3.

Sale of Synaptic to Capita post-period end for £1.4m represents a 44% uplift against book value since March.



CHIEF EXECUTIVE'S REVIEW
ANDREW CARRUTHERS

'SPARK'S INVESTMENT STRATEGY HAS DELIVERED AN OUTSTANDING INCREASE IN NAV OVER THE YEAR, WHILST CONTINUING TO STRENGTHEN OUR POSITION IN THE RAPIDLY GROWING AREAS OF DIGITAL VIDEO AND MOBILE MEDIA'

OVERVIEW

Since the announcement of our preliminary results for March 2006 in August, there have been no major changes in the value of net assets. Despite spending £1.7m purchasing our own shares through the buy-back programme, total net assets have only fallen by £0.9m and the consequent reduction of shares in circulation has increased the net assets per share. However, the composition has changed substantially, as £30.5m of disposals have come out of the investments line into cash and deferred consideration. Of this, £27.8m came from the sale of Mergermarket (of which £3.6m is deferred), and £2.7m from the sale of our residual stake in Spuetz AG, from Tradera and other small transactions. The other substantial movement in the period was the reduction of £2.7m in the carried interest provision offset against the value of investments. Of this, £2.4m was charged to the Profit and Loss Account and £0.3m was written off. This charge to the Profit and Loss Account (crystallised principally by the cash sale of Mergermarket) is £1.4m greater than that for the same period last year, but otherwise salaries and other staff costs are lower. Further details of the carried interest scheme are disclosed in note 5 to this statement. After the period end, Synaptic was sold to Capita for consideration of £1.4m, an uplift of £0.4m from the carrying value at 31 March of £1.0m.

PORTFOLIO INVESTMENTS

Events in the portfolio companies are tracking developments in the wider digital media markets. Summarised below is the impact that the growth of digital video, mobile media, emerging markets and new publishing models is having on specific portfolio companies. The companies not mentioned here continue to develop in line with expectations and will be reviewed after the financial year end.

HIGH SPEED VIDEO PROCESSING – ASPEX

Recent months have witnessed dramatic events in the broadcasting industry. In October, Google purchased YouTube, the video uploading site, for $1.65bn, and soon after announced that its advertising revenues in the UK alone were larger than those of Channel 4. The TV broadcasters, who by virtue of their licences and their delivery platforms (Cable, Terrestrial and Satellite etc), have been the traditional gatekeepers for the UK's consumption of video, now see user-generated content from YouTube, a company that was only formed 18 months ago, delivering 100 million videos a day. Advertising revenues are already fast migrating online, and the mass consumption of video online only threatens traditional broadcasters still further. Suddenly, any individual with a budget consumer video camera, a mid-range PC, a broadband connection and a bit of patience can become a broadcaster – even if only in poor quality.

In this context we have invested a further £2.9m in Aspex Semiconductors during the period. In order for the democratisation of video broadcast to continue, the software tools involved in the process now need the power of hardware solutions, such as those offered by Aspex, in order to satisfy the increasing demands for speed, volume and quality of video. The infrastructure involved in the capture, encoding and delivery of video is beginning to attract substantial investment by telecomms companies, broadcasters and consumer device manufacturers. The scale of the investment required to date by NewMedia SPARK has been greater than anticipated and the market has taken longer to develop, but the market is now moving quickly in Aspex's favour. We believe that the company still represents a strong technology developed and supported by a strong team who have been very early into a sector which is now experiencing rapid growth. Although the risks remain, the potential rewards in this investment are significant.

MOBILE MEDIA – DX3

In addition, the delivery of media to mobile phones is fast becoming a feature of the mass market. The arrival of hundreds of new, 'media ready', mobile devices on the market over recent and coming months will see the domination of Apple's iPod coming under threat from 'connected' devices manufactured by companies such as Nokia, Samsung, Motorola and others. Meanwhile, all the major mobile operators are stepping up their own efforts to service the mobile phone as the principal portable media device. It is expected that Apple will also launch a mobile network and an iPod phone in 2007. Taken together, these developments enhance the need for platforms capable of ingesting, hosting and securely delivering music content to wireless devices as well as the PC. In view of this trend, we have made a further investment of £0.5m into DX3, our technology platform for the delivery of digital media to wired and wireless devices.

INDIA – IMIMOBILE

The environment for the wireless sector in emerging markets is developing equally fast. IMImobile has benefited from this trend with revenues more than doubling year on year. Its reach now extends into the entire Indian subcontinent, with either a platform or content presence among all major operators in India, and leading operators in Bangladesh (Grameen Phone) and Sri Lanka (Dialog). In the Middle East, IMImobile's platform now delivers content and services on STC and Mobily in Saudi Arabia, Etisalat and Du in UAE, and Qtel in Qatar. In Africa, the company has deployments with Starcomm in Nigeria, and it is deployed in Latin America with Terra, where it will provide a messaging gateway and content management system with a reach of 250 million subscribers.

In addition to its territorial growth, the company has demonstrated its commitment to leading-edge technologies by deploying its first 3G service with MTC Vodafone in Kuwait. The service provides both live video streaming of leading TV channels and a Video On Demand service. A range of other 3G applications and services are expected to launch with a number of operators over the coming year.

ALTERNATIVE REALITY GAMING – MIND CANDY

Finally, the recent investment into Mind Candy by Accel Ventures is an indication that SPARK is able to take early advantage of its position in the cutting edge of the UK digital media market. Mike Smith, the founder of the online retailer for gadgets, Firebox.com, raised seed funding from SPARK and private investors in 2004 for 'Perplex City' – a business addressing the new market in alternative reality gaming (ARG). The business provides players with a blend of puzzles, clues and online community focused on discovering the location of a substantial prize. The revenues are derived from selling cards containing puzzles and clues through retailers, which can then be solved and traded in order to get closer to locating the prize. The combination of game play, puzzle solving, online community and physical product work well with the developing trends for interactivity. The two fund-raising rounds since our initial modest investment of £50k has allowed us to write up the value of this investment to £340k, of which £92k was follow-on investment from SPARK.

NEW INVESTMENTS

At present, we are not in a position to disclose the investments that are currently in hand. However, we expect to be able to announce a number of new additions to the portfolio as well as further developments within the portfolio over coming months. In addition to businesses directly associated with the developments in digital media, we are working on a spread of investments in the enterprise software sector, as well as established companies that need investment and support to make the transitions required by the changing media market.

Andrew Carruthers
Chief Executive

5 December 2006

INDEPENDENT REVIEW REPORT
TO NEWMEDIA SPARK PLC

INTRODUCTION
We have been instructed by the Company to review the financial information for the six months ended 30 September 2006, which comprises the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated reconciliation of shareholders' funds, the consolidated balance sheet, the consolidated cash flow statement and related notes 1 to 8. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company, in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

DIRECTORS' RESPONSIBILITIES
The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are also responsible for ensuring that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

REVIEW WORK PERFORMED
We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

REVIEW CONCLUSION
On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2006.

Deloitte & Touche LLP
Chartered Accountants
London

5 December 2006

Notes: A review does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial information since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
TO 30 SEPTEMBER 2006

	Six months to 30 Sep 2006 £'000 Unaudited	Six months to 30 Sep 2005 £'000 Unaudited	Year to 31 Mar 2006 Restated £'000 Audited
Administrative expenses			
Salaries and other staff costs	**(3,015)**	(1,512)	(3,500)
Other administrative and operating costs	**(1,109)**	(1,000)	(2,200)
Depreciation	**(65)**	(75)	(143)
Other costs	**(101)**	(181)	(302)
Total administrative expenses	**(4,290)**	(2,768)	(6,145)
Other operating income	**773**	725	1,280
Operating loss	**(3,517)**	(2,043)	(4,865)
(Losses)/gains from investments	**(16)**	1,546	3,224
Dividends received	**145**	–	–
Interest receivable and similar income	**400**	604	1,074
(Loss)/profit on ordinary activities before taxation	**(2,988)**	107	(567)
Tax (charge)/credit on loss/profit on ordinary activities	**–**	–	–
(Loss)/profit on ordinary activities after taxation	**(2,988)**	107	(567)
Retained (loss)/profit for the period	**(2,988)**	107	(567)
Basic and diluted (loss)/earnings per ordinary share (note 4)	**(0.70p)**	0.02p	(0.13p)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
TO 30 SEPTEMBER 2006

	Six months to 30 Sep 2006 £'000 Unaudited	Six months to 30 Sep 2005 £'000 Unaudited	Year to 31 Mar 2006 Restated £'000 Audited
Loss for the financial period as previously stated			(119)
Restatement following change in accounting policy (note 2)			(448)
(Loss)/profit for the financial period	**(2,988)**	107	(567)
Unrealised gain on investments	**3,631**	5,268	21,273
Foreign currency translation	**(4)**	(16)	(16)
Total recognised gains and losses in the period	**639**	5,359	20,690

RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' FUNDS
TO 30 SEPTEMBER 2006

	Six months to 30 Sep 2006 £'000 Unaudited	Six months to 30 Sep 2005 £'000 Unaudited	Year to 31 Mar 2006 Restated £'000 Audited
(Loss)/profit for the financial period	**(2,988)**	107	(567)
Other recognised gains and losses for the period	**3,627**	5,252	21,257
Share-based payment	**197**	–	448
Own shares purchased for Treasury	**(1,712)**	(504)	(3,167)
Net (reduction to)/increase in shareholders' funds	**(876)**	4,855	17,971
Opening shareholders' funds	**75,967**	57,996	57,996
Closing shareholders' funds	**75,091**	62,851	75,967

CONSOLIDATED BALANCE SHEET
AT 30 SEPTEMBER 2006

	Six months to 30 Sep 2006 £'000 Unaudited	Six months to 30 Sep 2005 £'000 Unaudited	Year to 31 Mar 2006 £'000 Audited
Fixed assets			
Tangible assets	**641**	755	690
Investments	**36,623**	42,962	59,522
	37,264	43,717	60,212
Current assets			
Debtors	**598**	1,750	873
Deferred consideration	**3,866**	250	250
Restricted cash	**2,869**	2,869	2,869
Cash at bank and in hand	**35,233**	17,069	14,903
	42,566	21,938	18,895
Creditors: amounts falling due within one year	**(4,606)**	(2,615)	(3,007)
Net current assets	**37,960**	19,323	15,888
Total assets less current liabilities	**75,224**	63,040	76,100
Provision for liabilities and charges	**(133)**	(189)	(133)
Net assets	**75,091**	62,851	75,967
Capital and reserves			
Called up share capital	**11,818**	11,818	11,818
Own shares held by EBT	**(413)**	(413)	(413)
Share premium account (note 8)	**39,693**	39,693	39,693
Revaluation reserve (note 8)	**(25,969)**	(18,835)	(3,510)
Profit and loss account (note 8)	**49,962**	30,588	28,379
Equity shareholders' funds	**75,091**	62,851	75,967
Net Asset Value per share	**17.9p**	14.0p	17.7p

	Number '000	Number '000	Number '000
Ordinary shares in issue	**472,736**	472,736	472,736
Shares held in Treasury	**(46,741)**	(14,500)	(36,016)
Shares held by Employee Benefit Trust	**(7,023)**	(9,269)	(8,339)
Shares in issue for net asset per share calculation	**418,972**	448,967	428,381

CONSOLIDATED CASH FLOW STATEMENT
TO 30 SEPTEMBER 2006

	Six months to 30 Sep 2006 £'000 Unaudited	Six months to 30 Sep 2005 £'000 Unaudited	Year to 31 Mar 2006 £'000 Audited
Net cash outflow from operating activities (note 7)	**(1,661)**	(1,006)	(2,698)
Return on investments and servicing of finance			
Interest received	**400**	604	1,073
Dividend received	**145**	–	–
Net cash inflow from returns on investments and servicing of finance	**545**	604	1,073
Taxation			
UK Corporation tax paid	**–**	–	–
Overseas tax repaid	**275**	–	–
Net cash inflow from taxation	**275**	–	–
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	**(16)**	(2)	(5)
Proceeds from disposal of fixed assets	**–**	20	20
Payments to acquire investments	**(3,851)**	(3,745)	(7,289)
Receipts from sales of investments	**26,749**	2,887	8,155
Net cash inflow/(outflow) from investing activities	**22,882**	(840)	881
Net cash inflow/(outflow) before financing	**22,041**	(1,242)	(744)
Financing			
Purchase of own shares	**(1,711)**	(504)	(3,167)
Net cash outflow from financing	**(1,711)**	(504)	(3,167)
Net cash inflow/(outflow) in the period	**20,330**	(1,746)	(3,911)

1) NewMedia Spark plc is a company incorporated in the United Kingdom. The consolidated interim financial statements as at 30 September 2006 and for the six months then ended comprise those of the Company and its subsidiaries (together referred to as the "Group"). The consolidated interim financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). The accounting policies applied by the Group in the consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 March 2006, except for the introduction of a new accounting policy for share-based payments in accordance with FRS20, as described in note 2 below.

   The preparation of consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2006.

2) Following the introduction of FRS20, Accounting for Share-Based Payments, into UK GAAP for AIM listed companies, the company has introduced a new accounting policy to account for the 2005 Executive Share Option Scheme. Under this scheme, full-time executives of SPARK were awarded share options over shares with a value equal to five times the executive's salary at the time. The options have an exercise price of 11p, which was the market price of SPARK's shares at the date of award (30 September 2005). One fifth of the options vest each year from 31 March 2006 onwards following confirmation that the Net Asset Value per share target has been achieved for the year. At the time the scheme was implemented the published, audited NAV of SPARK was 12.8p. If growth over the five-year period is in excess of 10% per year then all of an executive's options will vest; if growth averages 5% per year over the five-year period then half of the awarded options will vest, with performance in between rewarded proportionately. Average performance of less than 5% a year will result in no share options vesting, save for the fact that options which vest following strong performance in the early years of the scheme cannot be cancelled.

   The fair value of the options awarded (20,227,273 in total) has been estimated at 6.2p per share using the Black-Scholes valuation methodology and it has been assumed that all options will vest. The effect on the Profit and Loss Account has been to increase the remuneration charge by £197,000 and £448,000 for the six months to September 2006 and year to March 2006 respectively, but has had no effect on the results for the six months to 30 September 2005, as the Executive Share Option Scheme was only implemented on 30 September 2005. The corresponding credit entry to these amounts has been taken to the profit and loss reserve; consequently, this policy has no effect on the Balance Sheet or Cash Flow Statement.

3) The above financial information for the year ended 31 March 2006 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The information relating to the six month periods ended 30 September 2006 and 30 September 2005 is unaudited. The information relating to the period ended 31 March 2006 is extracted from the audited accounts of the Company which have been filed at Companies House. The auditors' report on those accounts was not qualified and did not contain statements under Section 237(2) or (3) of the Companies Act 1985. The information shown for the year ended 31 March 2006 has been restated following the change in accounting policy for share-based payments as stated in note 2 above.

4) (Loss)/earnings per share is based on the weighted average number of shares in issue during the six months ended 30 September 2006 of 425,752,000 (31 March 2006: 445,461,000).

5) Like most companies in the venture capital/private equity sector, NewMedia SPARK plc operates a carried interest scheme for its employees. The SPARK carried interest scheme was established in 2003 and is structured to pay to its employees 20% of all realised uplifts over the book value of investments as at 31 March 2003 together with additions after this date, less an annual 5% hurdle rate. At the start of the period the carried interest provision offset against investments was £6.4m. This provision was reduced to £6.1m in the period, and then further reduced to £3.7m by the effect of expensing £2.4m in the Profit and Loss Account following the highly profitable sale of Mergermarket.

6) Analysis of changes in net funds

	Six months to 30 Sep 2006 £'000 Unaudited	Six months to 30 Sep 2005 £'000 Unaudited	Year to 31 Mar 2006 £'000 Audited
Net cash inflow/(outflow) in the period	**20,330**	(1,746)	(3,911)
Foreign exchange differences	**–**	–	(1)
Increase/(decrease) in cash in the period	**20,330**	(1,746)	(3,912)
Opening net funds	**14,903**	18,815	18,815
Closing net funds	**35,233**	17,069	14,903

7) Reconciliation of operating loss to net cash outflow from operating activities

	Six months to 30 Sep 2006 £'000 Unaudited	Six months to 30 Sep 2005 £'000 Unaudited	Year to 31 Mar 2006 Restated £'000 Audited
Operating loss	**(3,517)**	(2,043)	(4,865)
Depreciation	**65**	75	143
Share-based payment	**197**	–	448
(Increase)/decrease in debtors	**(69)**	41	365
Increase in creditors	**1,663**	921	1,211
Net cash outflow from operating activities	**(1,661)**	(1,006)	(2,698)

8) Reserves

	Share Premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
Reserves at 1 April 2006	**39,693**	(3,510)	28,379
Unrealised gain on investments	–	3,631	–
Previously unrealised gains now deemed permanent		(26,090)	26,090
Own shares purchased for Treasury in the period	–	–	(1,712)
Foreign currency translation	–	–	(4)
Share-based payment	–	–	197
Loss for the period	–	–	(2,988)
Reserves at 30 September 2006	**39,693**	(25,969)	49,962

SHAREHOLDER INFORMATION & ADVISERS

REGISTRARS

Enquiries regarding shareholdings, lost certificates and changes of address should be addressed to the Company's registrars:

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