

**PRESS RELEASE**

**Yeoman accelerates commercial exploitation of mobile navigation  
Unaudited Interim Results for the half year to 31 March 2002**

**London, 27 June 0700:** Yeoman Group plc ("the Company") announces today commercial arrangements with a number of third parties to increase market penetration of its mobile navigation service, as well as the Group's unaudited Interim Results for the half year to 31 March 2002.

Highlights include:

- Following the public launch of a fully commercial mobile navigation service in December 2001, early customer adoption has demonstrated the viability of the service and provided the basis for negotiations with third parties
- The Company announces marketing agreements with:
  - ITIS, the telematics company
  - Caudwells, the Phones4U company
  - Hertz – full contract signed for the UKto provide co-branded versions of the service to their customers
- Recent independent study of navigation systems by MVA Consulting rated the Yeoman mobile navigation system the best for business driver use
- Detroit Telematics conference (May 2002) supports Yeoman view that future in-car navigation will be delivered to the mobile phone by specialist technology companies
- Research and development costs of £1.9 million have passed their peak (2001 first half: £2.3 million).
- Losses primarily reflect initial launch and marketing costs of mobile navigation.

Gordon Owen, Chairman remarked:

"We believe that we are establishing a global lead in the provision of mobile navigation and traffic information delivered via the mobile handset. Third party agreements, starting with those that we have announced today, will accelerate the commercial exploitation of our proven technical infrastructure. We are confident that Yeoman has positioned itself in the right place at the right time in this market."

**For further information, please contact:**

**Yeoman Group plc**

Hugh Agnew, Chief Executive Tel: 01590 679777

Charles Marshall, Finance Director Tel: 01590 679777

Vincent Geake, Executive Director Tel: 01590 679777

**Brewin Dolphin Securities Limited**

James Matheson Tel: 0141 221 7733

**Chancery Communications**

David Waller Tel: 0207 269 6940

**Call Yeoman TravelM8 (pronounced TravelMate), the world's first mobile navigation service, on 09050 50 50 50 for journey planning, traffic information and turn-by-turn directions to your mobile phone**

**Background**

The main aim of the Group is to position itself as a leading provider of mobile navigation services. This objective is based on the Board's long-held view that the navigation and traffic services will largely be supplied into cars through mobile phones accessing information from central computers with extensive and continually updated data-bases.

Substantial progress has been made towards this goal. Specific achievements include:

<i>January 2000</i>	announcement of the Group's mobile navigation strategy and commitment to the development of a mobile navigation demonstration system.
<i>May 2000</i>	acquisition of Laser-Scan for a total consideration of £13.4 million to provide core technologies and software resources to advance the development of the mobile navigation system.
<i>December 2000</i>	demonstration of a mobile navigation system, delivering real-time, detailed, turn-by-turn voice navigation instructions through a location-enabled mobile handset.
<i>March 2001</i>	placing and open offer raising £10.5 million to finance the continued development and implementation of a full-scale commercial mobile navigation service and to fund an initial marketing and sales programme.
<i>December 2001</i>	public launch of a full-scale commercial mobile navigation service throughout Great Britain, delivering routing, real-time traffic information and navigation instructions by voice to any GSM mobile handset.

The current service, accessed through premium rate number 09050 50 50 50 on all networks, provides best routing, taking into account traffic conditions, time of arrival and stored turn-by-turn instructions which can be accessed at any time by the user. The user gives a journey start and destination to a call-centre operator and the rest of the service is delivered by computer and voice synthesis.

Yeoman has also developed a low cost GPS unit which plugs into a mobile telephone hands free kit and which then transmits the phone's location to the central server utilising a proprietary protocol. This automatically defines the journey start point and provides real-time turn-by-turn navigation instructions to existing model GSM phones when in such GPS hands free kit.

## **Current Trading**

The Group's Interim Results are set out below.

Sales decreased in the half-year to 31 March 2002 to £6.5 million against £7.8 million in the equivalent period in 2001. Marine sales were slightly affected by economic conditions at 92% of the equivalent period in 2001, while Laser-Scan saw weaker government sales reduce turnover to 72% for the same period. Operational EBITDA, before research and development costs, fell to a loss of £1.1 million compared to a profit of £0.5 million in the same period in 2001. This primarily arose because the Mobile Navigation division was included as an operational activity for the first time – initial launch and marketing costs (including overheads) were £0.9 million in the half-year to 31 March 2002.

Research and development costs have, as expected, passed the peak of 2001 – £1.9 million for the half-year to 31 March 2002 against £2.3 million in the equivalent period in 2001. The Board expects that these costs will reduce further in the second half of the current financial year. The declared loss for the half-year to 31 March 2002 was £6.8 million against a loss of £5.4 million in the equivalent period of 2001. This included a further write-off of goodwill from the acquisition of Laser-Scan. This goodwill will be entirely written off by the end of the current financial year.

The Board considers that recent trading and cash-flow in the Marine Navigation division has been satisfactory and as the process of strengthening of the management team there continues, a stronger performance is expected during the course of 2003.

Mobile navigation is still at an early stage of commercialisation and the fixed costs of maintaining the core operation, technical team and sales and marketing activities are unlikely to be matched by revenues in the near term.

### **Mobile Navigation – Market**

Yeoman has completed the necessary technology development to deliver, at full commercial scale, voice instructions to a mobile handset covering route planning, time of arrival and turn-by-turn instructions all taking into account predicted as well as real time traffic data.

The current commercial service, provided throughout Great Britain, was launched on 5 December 2001. It is accessed on a premium rate number at a charge of up to 60p per minute available across all UK mobile networks on **09050 50 50 50** and additionally a short code **1577** is available for Vodafone subscribers.

The Directors believe that Yeoman has established both a technical and commercial lead in the provision of mobile navigation and traffic information services delivered via the mobile handset. A recent study compared the Yeoman service to a number of alternatives, including a leading in-car navigation system, and rated the Yeoman system the best for business driver use. (*source: MVA Consulting, February 2002*).

There have been a number of recent indications that the motor industry recognises that the preferred method of access to such services will be via a mobile handset. Further, there is a growing industry belief that these services will be provided by independent specialist companies such as Yeoman. This view is supported by Yeoman's own discussions with a number of major car manufacturers. A recent report from a conference in May 2002, "*Telematics Detroit*", included the conclusions:

- "The wireless manufacturer will be the deliverers, and the automakers will be the enablers, based on the irrefutable view that the cell phone is king."
- "Many experts urged automakers...to cede the young (telematics) market to wireless providers and technology start-ups, lest they lose focus on their core business of designing and manufacturing vehicles."

Whilst initial work is focused in Great Britain, it is the Group's intention to extend the marketing and demonstration facilities into Europe. The Yeoman mobile technology platform is designed to work with data sets and languages for different countries.

### **Strategy and Objectives**

Yeoman's strategy for the further commercialisation of mobile navigation is based on a sequence of steps:

- Yeoman's own brand service sold directly by Yeoman to the end users with revenues deriving from premium rate calls. Much is learnt in this process about product, marketing and customer service. It demonstrates the viability of the service and forms the basis for negotiation with third parties
- Yeoman's service sold through third parties possessing substantial customer bases to whom mobile navigation and traffic information services and products can be sold. The service may be marketed under the Yeoman or third party label or may be co-branded. Such organisations include:
  - telecommunications companies
  - motoring organisations
  - car-hire companies

- mobile phone retailers
  - mapping and routing web-sites
  - directory enquiry companies
- Roll-out of similar services across Europe

Following the continuing implementation of third party agreements and development of technical infrastructure, the Board is confident that the Group will be well positioned to exploit further opportunities to provide server-based navigation and traffic information services through an evolving range of delivery methods and hardware devices.

## Progress

Since the launch of Yeoman's commercial mobile navigation service in December 2001, a variety of marketing methods have been used, including radio advertising, motorway service area advertising, direct mail and telephone sales. Over 2,000 direct customers have been recruited and marketing messaging and methods have been refined. Importantly, the average user spend per route is higher than shown in initial pilot studies at over 5 minutes connect time.

Based on this early market take-up and service availability, marketing has been conducted with suitable organisations possessing large customer bases with a view to offering Yeoman's service to these customers.

Specifically the following projects have been progressed during the first quarter of 2002. In each of these the financial terms are based on a revenue share with the major proportion accruing to Yeoman.

- ITIS Holdings plc through its subsidiary NavTrak Limited ("**NavTrak**")  
  
NavTrak has installed some 8,000 GPS/GSM NavTrak units in cars and commercial vehicles for security purposes. The heads of agreement provide for Yeoman and ITIS to co-operate to market and provide a located version of Yeoman's mobile navigation service for use by NavTrak's customers.
- Hertz (U.K.) Limited ("**Hertz**")  
Agreement has been entered into for Yeoman to provide a co-branded Yeoman service which Hertz will promote to its rental car customers in Great Britain. A Hertz customer will call a dedicated telephone number to access the Yeoman service.
- Caudwell Group through its subsidiary Corporate 4U Limited ("**Corporate 4U**")  
Corporate 4U provides mobile telephones and airtime to a substantial corporate customer base. Heads of agreement have been signed for Corporate 4U to market the Yeoman service to this customer base.
- Vodafone Limited ("**Vodafone**")  
Since the beginning of March 2002, Vodafone subscribers have been able to access the Yeoman mobile navigation service on a short code **1577** under an agreement signed with Vodafone on 22 February 2002.

With regard to mainland Europe, Yeoman is in initial discussions with a number of mobile telecommunications companies, car manufacturers, hand-set manufacturers and motoring organisations with a view to supplying mobile navigation and traffic services to their customers on a revenue share basis.

In conjunction with this work Yeoman has been reviewing the product name for the mobile navigation services in conjunction with a marketing organisation with substantial experience in related areas. As a result the Yeoman mobile navigation service and co-branded versions will, as of 1 July 2002, be called TravelM8 (pronounced 'travelmate') with the GPS located version called TravelM8 *active*. Applications for suitable trademarks are pending.

## **Outlook**

The Directors believe that the marketing arrangements that the Company has put in place to date give it a strong platform to deliver its service on a larger commercial scale. More encouragingly the growing industry belief that such services will be provided by independent specialist companies such as Yeoman, and that such services will be provided via a mobile phone, gives us confidence in the strategy that we have so consistently followed. The Company has reached a new milestone in the last 6 months with the launch and early exploitation of a full-scale commercial mobile navigation service throughout Great Britain. The new arrangements in place with Hertz, ITIS, Caudwells and Vodafone will, the directors believe, be followed by other agreements of a similar nature which together will see the Company establish in the next 12 to 18 months a significant share of the market for the provision of mobile navigation and traffic information services.

I thank the management and staff for their efforts and achievements towards establishing Yeoman as a world leader.

G M W Owen  
Chairman

27 June 2002

## INTERIM RESULTS OF YEOMAN GROUP PLC

The following are unaudited Interim Results of the Yeoman Group for the half year to 31 March 2002.

### Consolidated Trading Results for the 6 months to 31 March 2002

	Unaudited 6 months to 31/3/02 £,000	Unaudited 6 months to 31/3/01 £,000	Audited 12 months to 30/9/01 £,000
<b>Sales</b>	6,542	7,801	14,891
<b>Cost of sales</b>	(3,394)	(4,247)	(8,609)
<b>Gross profit</b>	3,148	3,554	6,282
<b>Administrative expenses</b>			
Amortisation of goodwill	(2,754)	(2,754)	(5,696)
Research and development	(1,948)	(2,344)	(4,872)
Other	(5,271)	(3,891)	(8,346)
<b>Total administrative expenses</b>	(9,973)	(8,989)	(18,914)
<b>Operating loss</b>	(6,825)	(5,435)	(12,632)
Interest receivable	88	44	191
Interest payable	(31)	(8)	(41)
Taxation	(4)	(1)	(23)
<b>Loss on ordinary activities after tax</b>	(6,772)	(5,400)	(12,505)
Loss per share - basic	(45.3p)	(45.9p)	(95.7p)
Loss per share - diluted	(45.3p)	(44.2p)	(95.7p)

## Consolidated Balance Sheet as at 31 March 2002

	Unaudited As at 31/3/02 £,000	Unaudited As at 31/3/01 £,000	Audited As at 30/9/01 £,000
<b>Fixed assets</b>			
Intangible	2,807	8,393	5,595
Tangible	1,397	1,412	1,512
	<b>4,204</b>	<b>9,805</b>	<b>7,107</b>
<b>Current assets</b>			
Stocks	1,785	1,636	1,517
Debtors	2,281	3,289	2,465
Cash at bank and in hand	3,387	311	6,728
	<b>7,453</b>	<b>5,236</b>	<b>10,710</b>
<b>Deduct: Creditors</b>			
Amounts falling due within one year	(5,512)	(5,061)	(4,699)
<b>Net current assets/(liabilities)</b>	<b>1,941</b>	<b>175</b>	<b>6,011</b>
<b>Total assets less current liabilities</b>	<b>6,145</b>	<b>9,980</b>	<b>13,118</b>
<b>Creditors: amounts falling due after more than one year</b>	<b>(65)</b>	<b>(105)</b>	<b>(103)</b>
Provisions for liabilities and charges	(342)	(553)	(561)
<b>Net assets</b>	<b>5,738</b>	<b>9,322</b>	<b>12,454</b>
<b>Capital and reserves</b>			
Called up share capital	3,738	2,946	3,729
Share premium account	27,550	18,213	27,511
Merger reserve	692	692	692
Profit and loss	(26,242)	(12,529)	(19,478)
	<b>5,738</b>	<b>9,322</b>	<b>12,454</b>

### Notes:

1. The Directors do not intend to pay an interim dividend
2. The basic loss per share is 45.3p (6 months to 31 March 2001 - 45.9p) based on a loss for the period of £6,772,000, divided by the weighted average number of ordinary shares in issue of 14,935,854 shares (6 months to 31 March 2001 - 11,772,033) during the period. There are no dilutive potential ordinary shares for the six months to 31 March 2002 (6 months to 31 March 2001 - 44.2p, based on a loss of £5,400,000 divided by the average number of shares and options issued of 12,230,121 during the period).
3. Additional copies of these Interim Results are available from the Company's Head Office at The Shipyard, Bath Road, Lymington, Hampshire SO41 3YL.

*The interim accounts have been prepared under the historic cost convention and are unaudited. The comparatives for the 12 months ended 30 September 2001, which do not constitute statutory accounts, were extracted from the Group financial statements which have been filed with the Registrar of Companies, together with an unqualified audit report.*

