TV COMMERCE HOLDINGS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2006

Company No 05292528

CONTENTS

For the year ended 31 December 2006

Whilst the performance of the Group for the year to 31 December 2006 was profitable and substantially ahead of the previous year, the events since the year end, in the market in which the Group operates, have contrived against its future success.

For the year to 31 December 2006, the Group reported turnover of £2,293,272 (2005: £723,992) with a profit before tax of £146,200 (2005: loss of £551,389). As we reported in our interim statement in September 2006, the substantial growth in revenue was achieved through the delivery of a range of niche programmes using the Sky Television platform and based on premium rate billings from phone and messaging services.

As we reported in 24 November 2006, however, the Group's trading subsidiary, TV Commerce Limited, received a formal reprimand from the Independent Committee of the Supervision of Standards of Telephony Information Services ("ICSTIS") in relation to the day time show. Although swift action was taken to address the issue, this signified a fundamental shift in the regulatory regime in which the Group operated, which the Board considered was likely to render the business unprofitable.

Following a review of the operations of the Group, the Board announced on 28 February this year, that a decision had been taken to close the operations of TV Commerce Limited. The Board considered that was preferable to preserve the cash resources of the Group rather than the reinvestment of further funds in an uncertain future.

The curtailment of the Group's activities is disappointing, especially at a time when it appeared to have found a successful and profitable business model. The Board believes, however, that decisive action was required and this has enabled the Group to retain cash resources of approximately £492,000 as at the end of June 2007.

I would like to thank the directors who have served the Group during its period since flotation. The Board, together with its advisors, will continue to review options in relation to the preservation and return of Shareholder value.

Andy Mintern
Chairman

Board of Directors

Andrew Mintern, Non-Executive Chairman

Andrew is a qualified Chartered Accountant and joined Designer Vision in September of 2003, before which he was Financial Director for ID Data Group plc. From 1980 he spent ten years with Coopers & Lybrand, where he specialised in corporate finance. From 1990 he worked for nine years in the retail sector with Burton Group plc and Sears plc, where he held a number of divisional finance director roles

Vince Stanzione

Vince is the founder and chief executive of TV Commerce. Before this he ran First Information, a publishing business specialising in training courses and educational materials related to financial spread betting and was an advisor to Regent Markets Group, operating under the 'betonmarkets' name. Prior to this he co-founded Midas Communications Limited, a car phone company which became London Car Telephones, later acquired by Vodafone. His early career was in foreign exchange and derivatives dealing with City firms such as Nat West and Irving Trust.

Chelsey Baker

Chelsey acted as commercial director during the year and until her resignation on 1 March 2007.

Dean Wright

Dean was appointed as a director on 10 April 2006 and resigned on 1 March 2007.

Company Secretary

Christopher Delacombe

Christopher is a qualified chartered company secretary and provides company secretarial services to a number of listed clients through CK Corporate Services Limited.

Company's advisers

Nominated Adviser and Broker	Seymour Pierce 20 Old Bailey London EC4M 7EN
Auditors	CLB Littlejohn Frazer Chartered Accountants and Registered Auditors 1 Park Place Canary Wharf London E14 4HU
Solicitors	Memery Crystal 44 Southampton Buildings London WC2 1AP
Principal Bankers	Barclays Bank PLC 9 High Street Stony Stratford Milton Keynes MK11 1HR
Public Relations	First City Financial Limited 10-11 Percy Street London W1T 1DA
Registrars	Capita IRG plc The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Registered Office	443 Stroude Road Virginia Water Surrey GU25 4BU

The Directors present their report on TV Commerce Holdings PLC ('the Company') together with the audited consolidated Financial Statements and auditors' report for the year ended 31 December 2006.

Principal Activity

The Group's principal activity is the provision broadcasting services.

Business Review

The Group's results for the year are set out in the Consolidated Profit and Loss Account in the Financial Statements. On 28 February 2007, the Board announced its decision in relation to the closure of TV Commerce Limited, the Group's main trading subsidiary.

Directors and their Interests

The Directors who held office during the year were as follows:

Mr A Mintern	Non-Executive Chairman	
Mr V Stanzione	Managing Director	
Ms C Baker	Commercial Director	
Mr D Wright	Broadcasting Director	(appointed on 13 April 2006)

Both Ms C Baker and Mr D Wright resigned as Directors on 1 March 2007.

The Directors' interests in the ordinary shares of the Company, including interests in share options, all of which were beneficial, were as follows:

	31 December 2006 Number of Shares	31 December 2005 Number of Shares
Andrew Mintern	416,667	416,667
Vince Stanzione	45,567,300	43,367,300
Chelsea Baker	2,282,489	2,282,489
Dean Wright	-	-

Substantial Shareholdings

Apart from the interests disclosed above, the Directors have not been notified of any other substantial shareholdings in the Company

Details of the movement in share capital are given in note 12 to the Financial Statements.

Charitable Contributions

The Group made no political or charitable donations during the year

Employees

The Group is an equal opportunities employer. Applications for employment are always fully considered irrespective of gender, ethnic origin, race, religion or sexual orientation It is also the Group's policy to give full and fair consideration to the employment of applicants who are disabled, bearing in mind the aptitude and abilities of each person in relation to the requirements of the job.

The Group operates a communications policy that aims to integrate staff into the business and to encourage a sense of involvement. This is achieved through formal and informal meetings, dissemination of written communications directly or via notice boards and the Company web site. Technical and personal skills development courses are available to staff at all levels.

Environmental Matters

The Group aims to protect and preserve the environment and is committed to energy efficient operations. Wherever possible, waste materials are recycled and re-used. Paper and cardboard waste is separated for recycling and processes are continually examined to look for efficient, but environmentally-friendly, alternatives.

Creditors' Payment Policy

The Group's policy for all suppliers is to fix terms of payment when agreeing the terms of each business transaction, to ensure the supplier is aware of those terms and to abide by the agreed terms of payment. The creditor payment days outstanding for the Group at 31 December 2006 was 21 days (2005: 19 days)

Relevant Audit Information

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are individually aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

A resolution to reappoint CLB Littlejohn Frazer as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Christopher Delacombe

Company Secretary

28 June 2007

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and the profit and loss of the Group for that period. In preparing those financial statements, the Directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Remuneration Committee comprises the Company's Non-Executive Chairman, Andrew Mintern The Committee is, within agreed terms of reference, responsible for making recommendations to the Directors on matters relating to the Group's remuneration structure, including pension rights, the policy on compensation of Executive Directors and their terms of employment, with the objective of attracting, motivating and retaining high quality individuals who will contribute fully to the success of the Group's businesses.

Remuneration Policy

Salaries are reviewed annually on the basis of market comparisons with positions of similar responsibility and scope in comparable industries The Committee takes into account both Group and personal performance in reviewing Directors' salaries.

Executive Directors participate in a discretionary bonus scheme which is linked to the Group's overall performance and the achievement of individual personal objectives. Bonuses are not pensionable.

Non-Executive Directors' Remuneration

Fees for Non-Executive Directors are determined by the Board on the basis of market comparisons with positions of similar responsibility and scope in companies of a similar size in comparable industries. Non-Executive Directors do not have service contracts, are not eligible for pension scheme membership and do not participate in any of the Group's bonus schemes

Directors' Remuneration

Details of remuneration of the Directors of the Company who served in the year ended 31 December 2006 is set out below:

Name	Fees and Other Remuneration £	Taxable Benefits £	Pension Contributions £	2006 Total £	2005 Total £
Executive					
Vince Stanzione	-	-	-	-	-
Chelsea Baker	75,333	-	-	75,333	43,295
Jason Nichols	-	-	-	-	7,000
Dean Wright	10,000	-	-	10,000	-
Non-Executive					
Andrew Mintern	20,004	-	-	20,004	19,202
	£105,337	£ -	£ -	£105,337	£64,497

Service Agreements

The Committee has adopted current best practice in respect of service agreements issued on all new appointments. Executive Directors are employed under six month rolling service contracts

Share Options

The Company adopted an incentive scheme, under the Finance Act 2000 (the "EMI Scheme") and a non-Revenue approved share option plan (the "Unapproved Plan") on 18 January 2005 for the Directors and members of the senior executive management. Under the terms of these schemes the Company will grant options with the intention that the options granted under the Scheme should so far as possible be qualifying options (within Section 62 and Schedule 14 of Finance Act 2000) and that any excess over the Schedule 14 £100,000 limit per individual be non-tax approved options. Options under these schemes have yet to be allocated.

At 31 December 2006, details of options granted under theses schemes were:

	Unapproved Scheme	EMI Scheme
Chelsea Baker	615,823	1,666,666
Andrew Mintern	333,333	-
	949,156	1,666,666

All of the options were waived after the year end

Compliance with the FRC Code

Under the rules of AIM, the Company is not required to comply with the FRC Code, nevertheless the Company has taken steps to comply with the FRC in so far as it can be applied practically, given the size of the Company and the nature of its operation.

The Company has complied with the provisions set out in Section 1 of the FRC Code as annexed to the Listing Rules of the Financial Services Authority since its admission to the Alternative Investment Market of the London Stock Exchange in August 2003, to the extent that they are practical for a Group of its size and resources. The Directors consider that the Group is not of a size to warrant the need for a separate nominations committee or internal audit function

Board of Directors

The Board consists of two Executive and one Non-Executive Directors The Non-Executive Director is considered to be independent according to the requirements of the Code.

The Board meets not less than four times a year and has formally adopted a schedule of matters which are required to be brought to it for decision, which ensures that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. Directors receive an information pack in the week before each Board meeting, which contains background information on the agenda items.

Board Committees

There are two Board Committees, namely the Audit and the Remuneration Committee consisting solely of the Non-Executive Director.

The Audit Committee meets at least twice a year and is chaired by Andrew Mintern. The Company's external auditors and the Executive Directors normally attend part of these meetings. The Committee is responsible for reviewing the accounting policies, internal control assessment and the financial information contained in the Annual and Interim Reports. It provides an opportunity for the Non-Executive Director to make independent judgements and contributions thus furthering the effectiveness of the Group's internal financial controls.

The Remuneration Committee is also chaired by Andrew Mintern and sets the remuneration of the Company's Executive Directors. It also considers grants under the Executive Share Option Schemes and reviews the Company's employment strategy generally. Executive Directors may be invited to attend Committee meetings but will not be present during any discussion of their own pay arrangements

Relations with Shareholders

The Company's Executive Directors meet regularly with institutional shareholders, fund managers and analysts as part of an active investor relations programme to discuss long-term issues and obtain feedback. Private investors are encouraged to participate in the Annual General Meeting

Internal Control

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness.

A comprehensive budgetary process is completed once a year and is reviewed and approved by the Board. The Group's results as compared to the budget and prior year are reported to the Board on a monthly basis and Revenue is re-forecast on a monthly basis

TV COMMERCE HOLDINGS PLCCORPORATE GOVERNANCE

Going Concern

The Financial Statements have been prepared on the basis that the Company and Group is not a going concern. A decision was made post year end to wind down the activities with the intention of ultimately dissolving the Company and Group The Group's trading activities ceased on 28 February 2007.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TV COMMERCE HOLDINGS PLC

We have audited the Group and Parent Company Financial Statements (the "Financial Statements") of TV Commerce Holdings Plc for the year ended 31 December 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's 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 and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Financial Statements

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises only the Directors' Report, the Chairman's Statement, the Remuneration Report and the Corporate Governance Statement We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TV COMMERCE HOLDINGS PLC

Opinion

In our opinion·

- the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the Parent Company's affairs as at 31 December 2006 and of the Group's profit for the year then ended;

- the Financial Statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the Financial Statements.

CLB Littlejohn Frazer

Chartered Accountants
and Registered Auditors

1 Park Place
Canary Wharf
London E14 4HJ

28 June 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 2006

	Notes	2006 £	2005 £
Group Turnover	1	**2,293,272**	723,992
Cost of sales		**(1,620,262)**	(908,741)
Gross Profit / (Loss)		**673,010**	(184,749)
Administration expenses		**(529,256)**	(380,010)
Group Operating Profit / (Loss)	2	**143,754**	(564,759)
Interest receivable and similar items		**2,446**	13,514
Interest payable and similar charges	4	-	(144)
Profit / (Loss) on Ordinary Activities before Taxation		**146,200**	(551,389)
Taxation	5	**-**	-
RETAINED PROFIT/ (LOSS) FOR THE YEAR	13	**146,200**	(551,389)
Profit / (Loss) per ordinary share (in pence): Basic and diluted loss per share	6	**0.23**	(1.0)

All activities relate to discontinued operations. There were no recognised gains or losses for the period other than those included in the profit and loss account. The accompanying notes are an integral part of this consolidated profit and loss account.

CONSOLIDATED BALANCE SHEET
As at 31 December 2006

	Notes	2006 £	2005 £
Fixed Assets			
Tangible fixed assets	8	-	16,141
Current Assets			
Debtors	9	**437,094**	300,495
Cash at bank and in hand		**261,310**	179,807
		698,404	480,302
Creditors: amounts falling due within one year	10	**(205,890)**	(150,129)
Net Current Assets/Liabilities		**492,514**	330,173
Total Assets less Current Liabilities		**492,514**	346,314
Capital and Reserves			
Called up share capital	12	**641,796**	641,796
Share premium account	13	**624,066**	624,066
Merger Reserve	13	**66,351**	66,351
Profit and loss account	13	**(839,699)**	(985,899)
Equity Shareholders' Funds	14	**492,514**	346,314

These Financial Statements were approved by the Board of Directors on 28 June 2007 2

Andrew Mintern
Director

Vince Stanzione
Director

The notes on pages 9 to 27 form part of these financial statements.

COMPANY BALANCE SHEET
As at 31 December 2006

	Notes	2006 £	2005 £
Fixed Assets			
Investments	7	-	433,671
Current Assets			
Debtors	9	**492,514**	699,243
Investments	7	**2**	-
Creditors: amounts falling due within one year	10	**(1)**	(1)
Net Current Assets		**492,515**	699,242
Total Assets Less Current Liabilities		**492,515**	1,132,913
Capital and Reserves			
Called up share capital	12	**641,796**	641,796
Share premium account	13	**624,066**	624,066
Profit and loss account	13	**(773,347)**	(132,949)
Equity Shareholders' Funds	14	**492,515**	1,132,913

These Financial Statements were approved by the Board of Directors on 28 June 2007.

Andrew Mintern
Director

Vince Stanzione
Director

The notes on pages 9 to 27 form part of these financial statements.

	Notes	2006 £	2005 £
Reconciliation of Profit / (Loss) before Interest and Taxation to Operating Cash Inflow / (Outflow)			
Operating profit/(loss) before interest and taxation		**143,754**	(564,759)
Depreciation of tangible fixed assets		**16,375**	949
Increase in debtors		**(126,099)**	(168,110)
Increase in creditors		**55,761**	112,927
Net Cash Inflow / (Outflow) from Operating Activities		**89,791**	(618,993)
Returns on Investments and Servicing of Finance			
Interest received		**2,446**	13,514
Interest paid		-	(144)
		2,446	13,370
Capital Expenditure and Financial Investment			
Payments to acquire tangible fixed assets		**(10,734)**	(17,090)
Net Cash Inflow / (Outflow) before Financing		**81,503**	(622,713)
Financing			
Shares issued		-	1,248,761
Flotation expenses		-	(416,550)
Net inflow from other long term creditors		-	-
Repayment of loans		-	(105,000)
		-	727,211
Increase in Net Cash in the Year		**81,503**	104,498
Reconciliation of Net Cash Flow to Movement in Net Cash			
Increase in net cash in the year		81,503	104,498
Loans repaid / (received)		-	105,000
Conversion of loans to equity		-	500,000
Movement in Net Funds in the Year		**81,503**	709,498
Net cash / (debt) beginning of year		**179,807**	(529,691)
Net Cash at end of Year	15	**261,310**	179,807

The notes on pages 9 to 27 form part of these financial statements.

Basis of Preparation of Financial Statements

The Financial Statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Going Concern

The Financial Statements have been prepared on the basis that the Company and Group is not a going concern A decision was made post year end to wind down the activities with the intention of ultimately dissolving the Company and Group The Group's trading activities ceased on 28 February 2007.

Basis of Consolidation

The Group Financial Statements consolidate the financial statements TV Commerce Holdings PLC and its TV Commerce Limited, both of which have been made up to 31 December 2005, accounted for under merger accounting. Profits or losses on intra-group transactions are eliminated on consolidation. A separate profit and loss account for the parent company, TV Commerce Holdings PLC, has been omitted under the provisions of s230 of the Companies Act 1985

The Company is entitled to the merger relief offered by section 131 of the Companies Act 1985 in respect of the consideration for the acquisition, through a share for share exchange of TV Commerce Limited, on 10 February 2005

Turnover

Turnover represents the total amount receivable for goods and services provided in the ordinary course of business excluding value added tax

Tangible Fixed Assets

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases·

Motor vehicles	- 3 years on a straight line basis
Office & computer equipment	- 3 years on a straight line basis

Research and Development

Expenditure on research and development is charged to the profit and loss account as incurred.

Finance and Operating Leases

Assets acquired under finance leases or hire purchase contracts are treated as tangible fixed assets and depreciation is provided accordingly The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease so as to produce a constant periodic rate of charge on the outstanding balance of the obligation for each accounting period.

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

Investments

Investments are stated at cost less any provision for permanent diminution in value.

Foreign Currencies

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date and gains or losses on translation are included in the profit and loss account.

Deferred Taxation

Provision is made for deferred taxation as a result of material timing differences between the incidence of income and expenditure for tax and accounts purposes using a full provision basis.

Capital Instruments

Share capital and share premium account are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

1 **Turnover**

All the Group's turnover and profit arose from the Group's main activities, which are based in the United Kingdom and relate to the Group's principal activity.

2. **Operating Profit / (Loss) on Ordinary Activities**

The Operating Profit / (Loss) on Ordinary Activities is stated after charging:

	2006 £	2005 £
Depreciation of tangible fixed assets	16,375	949
Auditors' remuneration		
- Audit services	11,000	10,000
- Other services	-	1,500
Operating lease rentals:		
- Land and Buildings	200,000	103,750

An amount of £21,908 was paid to the auditors in 2005 in respect of the flotation of the Company on the Alternative Investment Market.

3 **Staff Costs**

Staff costs, including Directors' emoluments, were as follows:

	2006 £	2005 £
Wages and salaries	105,337	76,397
Social security costs	12,036	7,913
	117,373	84,309

The average number of persons employed by the Group, including Directors, during the year was:

	2006	2005
Sales and Administration	3	4
	3	4

Directors' Remuneration

The aggregate Director emoluments, including pension contributions, in the year were £105,337 (2005: £69,497). Further details are provided in the Remuneration Report

4. Interest Payable and Similar Charges

	2006	2005
	£	£
Bank loans and overdrafts	-	144

5. Taxation

No UK corporation tax charge arises in respect of the year due to the trading losses incurred. The Group has UK corporation tax losses available to be carried forward and used against trading profits arising in future periods of £813,810 (2005 £960,010).

A deferred tax asset has not been recognised in respect of the tax losses carried forward as it is unlikely that that profits will arise against which the losses can be offset.

The tax assessed for the year differs from the standard rate of corporation tax in the UK as follows:

	2006	2005
	£	£
Profit / (Loss) on ordinary activities before tax	146,200	(551,389)
Expected tax charge/(credit) at standard rate of UK Corporation Tax in the UK of 19% (2005:19%)	27,778	(104,764)
Tax losses carried forward	-	104,764
Tax losses utilised	(27,778)	-
Current tax charge for the year	-	-

6. Profit per Share

Basic profit per share is calculated by dividing the Group's Profit after taxation of £146,200 (2005: loss of £551,389) by the weighted average number of shares in issue during the year of 64,179,632 (2005: 53,681,432)

No diluted earnings per share is presented as the effect of the exercise of share options would be to decrease the loss per share.

7. Investments

	Investment in subsidiaries £
Company	
Cost	
At 1 January 2006	433,671
Impairment	(433,669)
Transferred to current asset investments	(2)
At 31 December 2006	-

As at 1 January 2006 and 31 December 2006, the Company owned the entire ordinary share capital of its two subsidiary undertakings, TV Commerce Limited and The Advert Channel Limited. The shareholdings, after impairment, have been transferred to current assets on the basis that the Company intends to dispose of its shareholding in both subsidiaries and wind up these companies.

Subsidiary	Country of Registration	Holding	Proportion of voting Rights held	Nature of Business
TV Commerce Limited	England and Wales	Ordinary Shares	100%	Broadcasting Services
The Advert Channel Limited	England and Wales	Ordinary Shares	100%	Dormant

8. Tangible Fixed Assets

The movement in the year was as follows:

Group	Motor Vehicles	Office & Computer Equipment	Total
	£	£	£
Cost			
At 1 January 2006	17,090	-	17,090
Additions	-	10,734	10,734
Transferred to current assets	(17,090)	(10,734)	(27,824)
At 31 December 2006	-	-	-
Accumulated Depreciation			
At 1 January 2006	949	-	949
Charge for the year	10,141	6,234	16,375
Transferred to current assets	(11,090)	(6,234)	(17,324)
At 31 December 2006	-	-	-
Net book value			
At 31 December 2006	-	-	-
At 31 December 2005	16,141	-	16,141

9. Debtors

	Group 2006	Group 2005	Company 2006	Company 2005
	£	£	£	£
Trade debtors	398,187	134,046	-	-
Amounts owed by Group undertakings	-	-	492,514	699,243
Other debtors	-	37,500	-	-
Prepayments and accrued income	28,407	128,949	-	-
Amounts transferred from fixed assets	10,500	-	-	-
	437,094	300,495	492,514	699,243

10. **Creditors**

Amount falling due within one year	**Group 2006 £**	**Group 2005 £**	**Company 2006 £**	**Company 2005 £**
Trade creditors	112,432	63,260	-	-
Amounts owed to Group undertakings	-	-	1	1
Other taxes and social security	68,123	4,714	-	-
Other creditors	-	-	-	-
Accruals and deferred income	25,335	82,155	-	-
	205,890	150,129	1	1

11. **Derivatives and Other Financial Instruments**

a. Interest rate and currency profile of financial assets and liabilities:

Cash at bank and in hand earns interest at floating rates, based principally on short-term inter-bank rates. All financial liabilities and cash in hand are denominated in sterling.

b Liquidity risk

The Group's treasury management policies are designed to ensure the continuity of funding.

c. Credit risk

The Group's trading partners are predominantly large and established companies and the cost of bad debts is not considered significant. Where the status of a customer is less certain, appropriate payment terms or other safeguards are negotiated.

d. Foreign currency risk

The majority of the Company's sales and net assets are denominated in sterling. The risk to foreign currency is therefore not considered material.

e Maturity of financial liabilities

Obligations under Operating Leases	**Group 2006 £**	**Group 2005 £**	**Company 2006 £**	**Company 2005 £**
After more than five years	-	150,000	-	-

f. Fair values

The Directors estimate that the fair value of net assets at 31 December 2006 and 31 December 2005, were not significantly different from their book values.

12. Called Up Share Capital

	2006 £	2005 £
Authorised		
125,000,000 ordinary shares of 1p each	1,250,000	1,250,000
1,000 ordinary shares of £1	-	-
Allotted, called up and fully paid		
64,179,632 ordinary shares of 1p each	641,796	641,796
2 ordinary shares of £1	-	-

Share Options

The Company had 2,615,822 share options in existence throughout the year. These were exercisable at a price of 6 pence per share All of the options were waived after the end.

13. Reserves

	Share Premium Account £	Profit and Loss Account £	Merger Reserve £	Total Reserves £
Group				
At 1 January 2006	624,066	(985,899)	66,351	(295,482)
Retained profit for the year	-	146,200	-	146,200
At 31 December 2006	624,066	(839,699)	66,351	(149,282)
Company				
At 1 January 2006	624,066	(132,949)	-	491,117
Retained loss for the year	-	(640,398)	-	(640,398)
At 31 December 2006	624,066	(773,347)	-	(149,281)

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Company is not presented as part of these Financial Statements. The Consolidated loss after tax for the year includes a loss of £640,398 (2005: £132,949) in respect of the Company.

14. Shareholders' Funds

	2006 £	2005 £
Group		
At 1 January	346,314	(434,508)
Retained profit /(loss) for the year	146,200	(551,389)
New shares issued	-	641,796
Share premium on new shares issued net of expenses	-	624,066
On merger	-	66,349
At 31 December	492,514	346,314
Company		
At 1 January	1,132,913	-
Retained loss for the year	(640,398)	(132,949)
New shares issued	-	641,796
Share premium on new shares issued net of expenses	-	624,066
At 31 December	492,515	1,132,913

15. **Analysis of Changes in Net Debt**

	At beginning of year £	Cash flows £	Non-cash movements £	At end of year £
Cash at bank and in hand	179,807	81,503	-	261,310
Loans	-	-	-	-
Total	179,807	81,503	-	261,310

16. **Capital Commitments and Contingent Liabilities**

At 31 December 2006 the Group and Company had no outstanding capital commitments or contingent liabilities (2005 - £nil)

17 **Other Commitments**

The Group had annual commitments under non cancelable operating leases for land and buildings as follows·

	Group		Company	
	2006 £	2005 £	2006 £	2005 £
After more than five years	-	150,000	-	-

18. **Related Party Transactions**

During the year Mr V A Stanzione, a director and majority shareholder, provided interest free loans, totaling £100,000, to the Company to assist with working capital requirements from time to time. These were fully repaid by the year end

The Company is exempt from the requirement to disclose related party transactions with other group companies under Financial Reporting Standard 8. All group transactions are eliminated on consolidation.

19 **Ultimate Controlling Party**

Mr V A Stanzione is the ultimate controlling party, having control over 71% of the ordinary shares of the company.

20 **Post Balance Sheet Events**

A decision was made to cease trading with effect from 28 February 2007. The Directors are taking steps to wind up the Company and the Group in an orderly basis.