

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action to be taken, you should immediately consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 (“FSMA”) who specialises in advising on transactions of the kind described in this document.**

**If you have sold or transferred all your Existing Ordinary Shares please send this document, together with the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.**

The Directors, whose names are set out on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made for the New Ordinary Shares to be admitted to trading on the AIM market of the London Stock Exchange. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on or around 1 October 2008.

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# **TV COMMERCE HOLDINGS PLC**

*(Incorporated in England and Wales under the Companies Act 1985 with registered number 05292528)*

## **Proposed Capital Reorganisation**

**Proposed Subscription for 1,000,000,000 New Ordinary Shares at 0.02p per share**

**Proposed issue of 500,000,000 Warrants**

**Approval of waiver of obligations under Rule 9 of the Takeover Code**

**and**

**Notice of Extraordinary General Meeting**

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Shareholders will find enclosed with this document a Form of Proxy for use in connection with the Extraordinary General Meeting to be held at 12.30 p.m. at the offices of Dowgate Capital Advisers Limited, 46 Worship Street, London EC2A 2EA on 30 September 2008, notice of which is set out at the end of this document. To be valid the Form of Proxy should be signed and returned in accordance with the instructions printed thereon so as to be received by the Company’s registrars, Capita Registrars Limited, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible but in any event no later than 12.30 p.m. on 28 September 2008. Completion and posting of the Form of Proxy does not prevent a Shareholder from attending and voting in person at the Extraordinary General Meeting.

The Existing Ordinary Shares have not been, and the New Ordinary Shares will not be, registered under the United States Securities Act 1933 (as amended) nor under the applicable securities legislation of the United States of America or any province or territory of Canada, Australia, the Republic of South Africa or Japan or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the Existing Ordinary Shares and the New Ordinary Shares may not, subject to certain exemptions, be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, the Republic of South Africa or Japan or to any national, resident or civilian of the United States of America, Canada, Australia, the Republic of South Africa or Japan. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

A copy of this document will be available for collection, free of charge to the public during normal business hours on weekdays (excluding public holidays) from the date hereof until the date one month following Admission, from Dowgate Capital Advisers Limited, 46 Worship Street, London EC2A 2EA. This document will also be available from the Company’s website, [www.tvcommerce.co.uk](http://www.tvcommerce.co.uk).

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## SUBSCRIPTION STATISTICS

Subscription Price	0.02p
Number of Existing Ordinary Shares in issue at the date of this document (immediately before the Capital Reorganisation)	64,179,632
Number of New Ordinary Shares in issue immediately following the Capital Reorganisation (but prior to the Subscription)	64,179,632
Number of Subscription Shares to be issued	1,000,000,000
Enlarged Ordinary Share Capital	1,064,179,632
Percentage of the Enlarged Ordinary Share Capital represented by the Subscription Shares	94.0 per cent.
Maximum percentage holding of the Concert Party of the Enlarged Ordinary Share Capital*	89.2 per cent.
Number of Warrants in issue immediately following Admission	500,000,000
Market capitalisation of the Company at the Subscription Price immediately following Admission	£212,836
Gross proceeds of the Subscription	£200,000
Estimated net proceeds of the Subscription	£144,000

\* assuming each member of the Concert Party exercises his Warrants in full, no other Warrants are exercised and no additional New Ordinary Shares are issued.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

**2008**

Date of this document	10 September
Latest time and date for receipt of completed Forms of Proxy to be valid at the EGM	12.30 p.m. on 28 September
EGM	12.30 p.m. on 30 September
Record date for the Capital Reorganisation	5.30 p.m. on 30 September
Admission and commencement of dealings in the New Ordinary Shares on AIM	1 October
CREST accounts credited for the Subscription Shares in uncertificated form	1 October
Despatch of definitive share certificates for the Subscription Shares in certificated form by not later than	8 October

*Each of the times and dates in the above timetable is subject to change. If any details in the above timetable should change, the revised times and dates will be notified to shareholders by means of an announcement through a Regulatory Information Service. All events listed in the above timetable following the EGM are conditional on the passing of the Resolutions contained in the Notice.*

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Andrew Haydn Mintern Vincenzo Angelo Stanzione	<i>Non-Executive Chairman</i> <i>Chief Executive</i>
<b>Company Secretary</b>	Christopher Delacombe	
<b>Registered Office</b>	443 Stroude Road Virginia Water Surrey GU25 4BU	
<b>Telephone number</b>	01344 845 000	
<b>Nominated Adviser</b>	Dowgate Capital Advisers Limited 46 Worship Street London EC2A 2EA	
<b>Broker</b>	Dowgate Capital Stockbrokers Limited Talisman House Jubilee Walk Three Bridges Crawley West Sussex RH10 1LQ	
<b>Auditors</b>	Littlejohn 1 Westferry Circus Canary Wharf London E14 4HD	
<b>Solicitors to the Company</b>	Schofield Sweeney LLP Springfield House 76 Wellington Street Leeds LS1 2AY	
<b>Solicitors to the Concert Party</b>	Eversheds LLP Eversheds House 70 Great Bridgewater Street Manchester M1 5ES	
<b>Registrars</b>	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
<b>Website</b>	<a href="http://www.tvcommerce.co.uk">www.tvcommerce.co.uk</a>	

## DEFINITIONS

“Acts”	the Companies Act 1985 (as amended) and/or the Companies Act 2006 (to the extent that it is in force and applicable), in each case as the context may require
“Admission”	admission of the New Ordinary Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules
“AIM”	the market of that name, operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange
“Board” or “Directors”	the directors of the Company as at the date of this document, whose names appear on page 4 of this document
“Capital Reorganisation”	the proposed re-organisation of the share capital of the Company, as set out in Resolution 5 of the Notice
“Company” or “TV Commerce”	TV Commerce Holdings plc, a company incorporated in England and Wales with registered number 05292528
“Concert Party”	Christopher Atur Potts and Robert Thomas Quedsted
“DCA”	Dowgate Capital Advisers Limited, nominated adviser to the Company
“DCS”	Dowgate Capital Stockbrokers Limited, broker to the Company
“Deferred Shares”	the deferred shares of 0.08p each in the share capital of the Company to be created as part of the Capital Reorganisation
“Enlarged Ordinary Share Capital”	the 1,064,179,632 New Ordinary Shares in issue immediately following Admission
“Existing Ordinary Shares”	the ordinary shares of 0.1p each in the share capital of the Company in issue as at the date of this document
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company, convened for 12.30 p.m. on 30 September 2008, and any adjournment thereof, notice of which is set out at the end of this document
“Form of Proxy”	the form of proxy sent to holders of Existing Ordinary Shares with this document for use in connection with the EGM
“Group”	the Company and its subsidiary company, TV Commerce Limited
“Investing Strategy”	the investing strategy of the Company as detailed under the heading “Investing Strategy” in paragraph 8 of Part I of this document
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the ordinary shares of 0.02p each in the share capital of the Company to be created as part of the Capital Reorganisation
“Notice”	the notice convening the EGM to be held for the purpose of considering and, if thought fit, passing the Resolutions which is set out at the end of this document
“Panel”	The Panel on Takeovers and Mergers
“Proposals”	the proposed change in the articles of association of the Company, the Subscription, the issue of Warrants, the Capital Reorganisation, the Waiver and Admission
“Registrar”	Capita Registrars Limited

“Resolutions”	the ordinary resolutions and the special resolutions set out in the Notice and “Resolution” shall mean any of them
“Regulatory Information Service”	any service by which companies can disseminate information to AIM in accordance with the AIM Rules
“Shareholder”	a holder of Existing Ordinary Shares or New Ordinary Shares (as the context may require)
“Subscription”	the proposed subscription of the Subscription Shares at the Subscription Price pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional agreement dated 10 September 2008 between (1) the Company, (2) the Directors, (3) Christopher Atur Potts, (4) Robert Thomas Quested, (5) Barnard Nominees Limited (or its nominees), details of which are set out in paragraph 9.1 of Part IV of this document
“Subscription Price”	0.02 pence per Subscription Share
“Subscription Shares”	the 1,000,000,000 New Ordinary Shares to be issued pursuant to the Subscription
“Subscription Warrants”	the warrants to subscribe for up to 500,000,000 New Ordinary Shares (at an exercise price of 0.02 pence per New Ordinary Share), to be granted pursuant to the Subscription Agreement on the basis of one warrant for every two Subscription Shares subscribed, the terms of which are set out in the Subscription Warrant Instrument
“Subscription Warrant Instrument”	the warrant instrument constituting the Warrants details of which are set out in paragraph 9.2 of Part IV of this document
“Takeover Code”	the City Code on Takeovers and Mergers
“Waiver”	the waiver by the Panel of Rule 9 of the Takeover Code as described in Part I of this document
“Warrants”	the Subscription Warrants

## PART I

### LETTER FROM THE CHAIRMAN OF TV COMMERCE HOLDINGS PLC

# TV COMMERCE HOLDINGS PLC

*(Incorporated in England and Wales under the Companies Act 1985 with registered number 05292528)*

**Directors:**

Andrew H Mintern (*Non-Executive Chairman*)  
Vincenzo A Stanzione (*Chief Executive*)

**Registered Office:**

Stroude Road  
Virginia Water  
Surrey GU25 4BU

10 September 2008

*To all holders of Existing Ordinary Shares*

Dear Shareholder,

**Proposed Capital Reorganisation  
Proposed Subscription for 1,000,000,000 New Ordinary Shares at 0.02p per Share  
Proposed issue of 500,000,000 Warrants  
Approval of waiver of obligations under Rule 9 of the Takeover Code  
and  
Notice of Extraordinary General Meeting**

#### **1. Background to and reasons for the Proposals**

The Board has today announced that it proposes to raise £200,000, before expenses, (£144,000 after expenses) by way of a conditional subscription for 1,000,000,000 New Ordinary Shares at 0.02p per share. A Warrant to subscribe for one New Ordinary Share (at an exercise price of 0.02p per New Ordinary Share) is to be issued for every two Subscription Shares subscribed pursuant to the Subscription Agreement. Christopher Potts and Robert Quedstedt (together the "Concert Party") have conditionally agreed, subject to Shareholder approval, to subscribe for, in aggregate 900,000,000 New Ordinary Shares (and attached warrants to subscribe for up to 450,000,000 New Ordinary Shares). The remaining 100,000,000 New Ordinary Shares (and warrants to subscribe for up to 50,000,000 New Ordinary Shares) are to be issued to Barnard Nominees Limited, on behalf of certain of its clients (none of whom have any connection with either member of the Concert Party). In order to effect the Subscription the Company has also today announced the proposed Capital Reorganisation.

In view of the size of the proposed shareholdings of the Concert Party in the Company following Admission, the Subscription would represent a change in control under the Takeover Code. This would require an offer to be made on behalf of the Concert Party to acquire the balance of New Ordinary Shares not owned by them pursuant to Rule 9 of the Takeover Code unless a waiver of this requirement is approved on a poll by independent holders of Existing Ordinary Shares at the EGM. The EGM has been convened for 12.30 p.m. on 30 September 2008, notice of which is set out at the end of this document. The Proposals outlined in this document are conditional upon holders of Existing Ordinary Shares passing the Resolutions at the EGM. The Subscription will give the Concert Party a shareholding of approximately 84.6 per cent. of the Enlarged Ordinary Share Capital (and following the exercise of all their Warrants approximately 89.2 per cent. of the then issued ordinary share capital of the Company, assuming only the members of the Concert Party exercise their Warrants) and that no other warrants are exercised and no additional New Ordinary Shares are issued.

It is expected that, subject to the Resolutions being approved by holders of Existing Ordinary Shares and the Subscription Agreement becoming unconditional in all respects, dealings in the New Ordinary Shares to be issued pursuant to the Subscription will commence on or around 1 October 2008.

The purpose of this document is to explain the background to and reasons for the Proposals, why your Directors believe that the Proposals are in the best interests and will promote the success of the Company for the benefit of the holders of Existing Ordinary Shares as a whole and that they recommend that you vote in favour of the Resolutions as they have irrevocably undertaken to do in respect of their own beneficial holdings of Existing Ordinary Shares.

You should read the entire document and your attention is drawn in particular to this Part I, which contains important information in relation to the Proposals, the “Risk Factors”, which are set out in Part II and Part III, which contains certain summary financial information relating to the Group.

## **2. Background to and reasons for the Proposals**

On 28 February 2007, following a review of operations, the Board decided to close its operating business, TV Commerce Limited and conserve cash rather than invest further funds in an uncertain regulatory environment.

On 17 March 2008, the Company made a capital distribution of £399,903.29 in aggregate, being 0.6231p per Existing Ordinary Share.

In addition, whilst the Company continues to be quoted on AIM, it is required to retain advisers and incur costs which in themselves diminish available resources.

The Proposals announced today include, *inter alia*, the Subscription and will provide the Company with the opportunity to carry out due diligence on potential investment opportunities that the Directors may identify in accordance with the Investing Strategy, for transaction costs and additional working capital. Further information on the Investing Strategy is set out in paragraph 8 of this Part I.

**Shareholders should note that following the Subscription their shareholding in the Company will be significantly diluted.**

**The Board believes that the Company has a viable future and is capable of creating shareholder value in the medium term if it can overcome its current funding needs and can grow by acquisition.**

**In the event the Proposals are not completed, the Board will consider its position in relation to the Subscription and in respect of the Company’s current trading and working capital position but in the absence of the Subscription or proposed further funding being available, it is unlikely that the Company will be able to meet its liabilities as they fall due and may result in the Company becoming insolvent.**

## **3. Capital Reorganisation**

Certain changes to the share capital of the Company are necessary in order to effect the Subscription. Under the Acts no share may be allotted fully paid at a discount to its nominal value. The nominal value of each Existing Ordinary Share is 0.1p and the Subscription Price is 0.02p per Subscription Share. Accordingly, to effect the issue of New Ordinary Shares at less than the present nominal value, it is proposed to subdivide and convert each issued Existing Ordinary Share of 0.1p into 1 New Ordinary Share of 0.02p each and 1 Deferred Share of 0.08p. This will result in 64,179,632 New Ordinary Shares and 64,179,632 Deferred Shares being in issue immediately following the Capital Reorganisation. As such, following the Capital Reorganisation, each Shareholder will have the same number of New Ordinary Shares as Existing Ordinary Shares held before the Capital Reorganisation.

The Board believe that the Capital Reorganisation will give the Company greater flexibility to effect its Investing Strategy.

Each New Ordinary Share will have the same rights (including voting rights, dividend rights and rights on a return of capital albeit on the basis of a reduced nominal amount) as each Existing Ordinary Share. Certificates for each Existing Ordinary Share will remain valid for the same number of New Ordinary Shares arising on the Capital Reorganisation.

The rights of the Deferred Shares, which are set out in the Notice, will render them effectively worthless and no application will be made to admit the Deferred Shares to trading on AIM. It is proposed that, in due course, the Deferred Shares will be cancelled.

## **4. Details of the Subscription and the Warrants**

The Company requires additional funding, so in order to provide working capital the Company is proposing to raise £200,000 (before expenses) by the issue of 1,000,000,000 Subscription Shares pursuant to the Subscription Agreement representing approximately 94.0 per cent. of the Enlarged Ordinary Share Capital. The Subscription is not being underwritten and is conditional, *inter alia*, upon the Resolutions being passed by holders of Existing Ordinary Shares at the EGM and Admission. 900,000,000 Subscription Shares are to be issued to the Concert Party, with the remaining 100,000,000 Subscription Shares to be issued as described in paragraph 1 above. The Subscription Shares, when fully paid, will rank *pari passu* in all respects with the New Ordinary Shares.

A summary of the principal terms of the Subscription Agreement is set out in paragraph 9.1 of Part IV of this document.

In addition, it is proposed that Warrants be issued to those applying for Subscription Shares in accordance with the terms of the Subscription Agreement in the proportions set out below. Each Warrant will entitle the holder to subscribe for one New Ordinary Share for every two Subscription Shares Subscribed. The Warrants will be over an aggregate of 500,000 New Ordinary Shares and will be exercisable at a price of 0.02p at any time from the date of Admission until 30 September 2013. The Warrants will not be admitted to trading on AIM or any other stock exchange nor will any other dealing facility in them be sought. The Warrants are freely transferable.

<i>Shareholder</i>	<i>Number of Warrants</i>
Robert Quested*	325,000,000
Christopher Potts*	125,000,000
Barnard Nominees Limited	50,000,000
Total	<u>500,000,000</u>

\* As Christopher Potts and Robert Quested are members of the Concert Party the proposed issue of the Warrants has certain implications under Rule 9 of the Takeover Code. Further details are set out in the paragraph 10 of this Part I.

A summary of the principal terms of the Subscription Warrant Instrument is set out in paragraph 9.2 of Part IV of this document.

To enable the Company to issue New Ordinary Shares pursuant to the Subscription and upon exercise of the Warrants, it is necessary for the Company to obtain approval of the holders of Existing Ordinary Shares to increase the Company's authorised share capital and grant the Directors the authority to issue and allot the Subscription Shares and the Warrants, together with a disapplication of the statutory pre-emption rights of the holders of Existing Ordinary Shares arising on the allotment of the Subscription Shares and the Warrants for cash.

**If Resolution 1 is not passed, the Directors will need to consider other options to finance the continued development of the Company. Should further financing not be forthcoming then it is unlikely that the Company will be able to meet its liabilities as they fall due and may result in the Company becoming insolvent.**

## **5. Lock in Agreements**

On Admission, Christopher Potts and Robert Quested will hold an aggregate of 900,000,000 New Ordinary Shares representing approximately 84.6 per cent. of the Enlarged Ordinary Share Capital.

Under the terms of the agreements, each member of the Concert Party has undertaken to the Company, DCA and DCS that he will not sell or otherwise dispose of any interest in New Ordinary Shares beneficially owned or otherwise held or controlled by him other than in certain limited circumstances, any of their respective interests in New Ordinary Shares at any time before the earlier of the completion of a reverse takeover as defined by AIM Rule 14 and six months from Admission. These restrictions will not apply to disposals made in connection with acceptance of a recommended takeover offer, in the event of an intervening court order or following the death of the relevant shareholder.

Further details of the lock-in agreements are set out in paragraph 9.3 of Part IV of this document.

## **6. Details of the Concert Party**

The Concert Party comprises Christopher Potts and Robert Quested, who have previously invested in private and public companies. Christopher Potts was first introduced to Robert Quested in 2002 whilst he was an employee of Evolution Group plc, where Robert Quested was a client of its stockbroking subsidiary. In 2006, they pooled their experience and access to capital and secured controlling interests in two small AIM traded companies, Readybuy PLC and Flightstore Group plc, and were subsequently instrumental in the reverse takeovers by Readybuy PLC of Avacta Limited and Flightstore Group plc of VPhase Limited. Since then, Christopher Potts has been seeking to identify other small AIM quoted companies with a market capitalisation of less than £500,000. TV Commerce was identified as such a company and the Board was approached by Mr Potts on behalf of the Concert Party.

Details of the Concert Party members, together with their contact details are set out below:

***Christopher Atur Potts (age 41)***

Chris began his career in 1986 with stockbrokers Keith, Bayley, Rogers & Co before moving to Winterflood Securities as a market maker in 1988. In 2002, he moved to Evolution Group PLC to expand their trading operation and was appointed head of market making, overseeing in excess of 700 smaller companies. Chris has been involved with a number of private companies and was a shareholder of Proquote Limited which was subsequently acquired by the London Stock Exchange. More recently, Chris was instrumental in the flotation of Avacta Group PLC via a reverse takeover of Readybuy PLC and VPhase PLC via the reverse takeover of Flightstore Group plc. He also assisted in the flotation of an investment vehicle, West End Ventures PLC on the PLUS Market late last year.

Address: Chartview, Westerham Road, Limpsfield, Surrey RH8 0SW.

***Robert Thomas Quested (age 63)***

Robert is currently resident in the United Arab Emirates where his business interests include pharmaceutical importation and wholesaling. His career in the Middle East started in Saudi Arabia in the 1970s where he was involved in the provision of pharmacy services to the military and continued in a similar capacity in The Sultanate of Oman. He has been an active investor in the UK stock market over the last 30 years. Robert has been a director of Rock Island Investments Limited, a long/short fund, since June 2007, and of Total Boating Solutions, a yacht brokerage, since October 2007.

Address: PO Box 41412, Abu Dhabi, United Arab Emirates.

**7. Current and Future Board Composition**

As your Chairman, I have chaired the Company through a difficult and challenging period. The Directors believe the Company will be strengthened following the investment by the Concert Party both financially and strategically. Whilst there are no current proposals to change the composition of the Board, it is likely to change upon completion of any successful acquisition by the Company.

**8. Investing Strategy**

As the Company does not currently trade, it is deemed under the AIM Rules to be an ‘Investing Company’ and is therefore required to have an investing strategy.

Resolution 6 to be proposed at the Annual General Meeting deals with obtaining Shareholders’ consent to implement an investing strategy pursuant to AIM Rule 15.

The Company’s strategy is to invest in, participate in joint ventures with or acquire one or more companies or businesses, in the natural resource sector in Africa (but will consider other geographical areas), where that is considered appropriate.

The Company must undertake an investment which constitutes a reverse takeover (as defined by the AIM Rules) by 29 September 2009 (within 12 months of the 2008 Annual General Meeting), after which date the Company’s shares will be suspended from trading on AIM for a period of up to six months, then its admission to AIM will be cancelled and funds returned to Shareholders.

The Company will be an active investor and will spread its investments across one or two opportunities which the Directors consider have:

- an experienced and professional management team; and
- the ability to add value to TV Commerce in the short and medium term.

The Directors believe that the natural resource sector is capable of delivering attractive levels of investment return and that there are a number of companies in this sector that would benefit from greater access to capital, quoted company profile and support.

When an acquisition has been identified, the Directors will mandate an independent and suitably qualified person with relevant experience to perform due diligence on any potential acquisition. In addition, in the event of a reverse takeover (as defined by the AIM Rules), an executive director with relevant sector experience will be appointed to the Board.

The Directors intend to pursue such investment opportunities and intend to fund them by using a combination of cash, the issue by the Company of new securities and possibly through debt finance as the Directors consider appropriate.

## 9. Corporate Governance

The Directors recognise the value and importance of effective corporate governance and observe the principal provisions of the combined code on corporate governance issued by the Financial Reporting Council, to the extent that they consider them to be appropriate for a company of its size and nature.

The Board has established an Audit Committee and a Remuneration Committee with formally delegated duties and responsibilities.

The Remuneration Committee is constituted solely by Andrew Mintern and determines the terms and conditions of service contracts of the executive Director, including his remuneration and grant of options.

The Audit Committee is constituted solely by Andrew Mintern and is responsible for reviewing the accounting policies, internal controls and the financial information in the Company's annual and half-yearly reports and/or accounts, in all cases having due regard to the interests of Shareholders.

The Directors do not consider that, given the size of the Board and its Investing Strategy, it is necessary to have a nominations committee. The Company has adopted a share dealing code and, in accordance with AIM Rule 21 on share dealing, will take all reasonable steps to ensure compliance by the Directors.

## 10. The Takeover Code

Under Rule 9 of the Takeover Code, any person who acquires an interest in shares (as defined in the Takeover Code) which, taken together with shares in which he and persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares acquired during the 12 months prior to the announcement of the offer.

The members of the Concert Party are deemed to be acting in concert for the purpose of the Takeover Code. On Admission, the Concert Party will be interested in 900,000,000 New Ordinary Shares representing approximately 84.6 per cent. of the Company's enlarged issued voting share capital. Assuming exercise in full by the Concert Party of the Warrants issued pursuant to the Subscription Agreement (assuming no other person converts any convertible securities or exercises any options or any other right to subscribe for shares in the Company), the Concert Party would be interested in 1,350,000,000 New Ordinary Shares representing approximately 89.2 per cent. of the Company's enlarged issued voting share capital. The earliest date on which the Warrants can be exercised is immediately following Admission.

A table showing the interests in shares of the members of the Concert Party on Admission, and also following the exercise of the Warrants as set out above, is set out in the table below:-

	<i>(i) On Admission*</i>			<i>(ii) Assuming full exercise of the Warrants by the Concert Party only*</i>	
	<i>Number of Existing Ordinary Shares</i>	<i>Number of New Ordinary Shares</i>	<i>Percentage of Enlarged Ordinary Share Capital</i>	<i>Maximum Number of New Ordinary Shares</i>	<i>Maximum Percentage of New Ordinary Shares</i>
<i>Concert Party member</i>					
Christopher Potts	Nil	250,000,000	23.5	375,000,000	24.8
Robert Quested	Nil	650,000,000	61.1	975,000,000	64.4
		<u>900,000,000</u>	<u>84.6</u>	<u>1,350,000,000</u>	<u>89.2</u>

\* These are expressed on a consolidated basis assuming that the Capital Reorganisation is approved by Shareholders.

The Panel has agreed, however, to waive the obligation to make a general offer that would otherwise arise as a result of the Proposals and exercise of the Warrants, subject to the approval of independent Shareholders. Accordingly, Resolution 1 is being proposed at the EGM and will be taken on a poll.

**Following completion of the Proposals, the members of the Concert Party will hold more than 50 per cent. of the Company's voting share capital and (for so long as they continue to be treated as acting in concert) may accordingly, increase their aggregate interests in shares without incurring any obligation under Rule 9 to make a general offer, although individual members of the Concert Party will not be able to increase their percentage interests in shares through or between a Rule 9 threshold without Panel consent.**

#### **11. Dividend Policy**

The Directors do not intend to pay a dividend. The Company's current assets and the funds generated by the Subscription will be devoted to funding the Group's search for investment opportunities. The Directors intend to review the dividend policy following any acquisition.

#### **12. Extraordinary General Meeting**

The Proposals are conditional upon, *inter alia*, the passing of the Resolutions at the EGM convened for 12.30 p.m. on 30 September 2008 to be held at the offices of DCA at 46 Worship Street, London EC2A 2EA. You will find set out at the end of this document a notice convening the EGM for the purpose of considering and if thought fit approving the Resolutions to:

1. approve the waiver granted in respect of Rule 9 of the Takeover Code;
2. approve the Subscription;
3. increase the Company's authorised share capital;
4. authorise the Directors to allot relevant securities for the purpose of the Subscription, the issue of the Warrants, and generally up to an aggregate nominal value of £200,000;
5. (a) sub-divide each issued Existing Ordinary Share in the capital of the Company into 1 Deferred Share and 1 New Ordinary Share; and  
(b) sub-divide each unissued Existing Ordinary Share in the capital of the Company into 5 New Ordinary Shares;
6. amend the articles of association of the Company; and
7. authorise the Directors to allot equity securities otherwise than on a pre-emptive basis for the purpose of the Subscription, the issue of the Warrants, and generally up to an aggregate nominal value of £200,000.

#### **13. Risk Factors**

Shareholders should consider fully the risk factors associated with the Proposals and your attention is drawn to the risk factors set out in Part II of this document.

#### **14. Recommendation**

The Directors, having been so advised by DCA, consider the Proposals are fair and reasonable and in the best interests of the Company and its shareholders as a whole. In providing advice to the Directors, DCA has taken into account the commercial assessments of the Directors.

Accordingly, your Directors unanimously recommend holders of Existing Ordinary Shares to vote in favour of the Resolutions as they themselves have irrevocably undertaken to do in respect of their own beneficial holdings which amount, in aggregate, to 45,983,967 Existing Ordinary Shares, representing approximately 71.7 per cent. of the issued Existing Ordinary Shares.

#### **15. Action to be taken**

A Form of Proxy is enclosed with this document. Whether or not you intend to be present at the EGM, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon. To be valid, completed Forms of Proxy must be received by Capita Registrars Limited, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event so as to arrive not later than 12.30 p.m. on 28 September 2008. Completion and return of the Form of Proxy does not preclude you from attending the EGM and voting in person, if you so wish.

**16. Additional Information**

Your attention is drawn to the additional information set out in Parts II to IV of this document and the Notice at the end of this document.

Yours faithfully

**Andrew Mintern**  
**Chairman**

## PART II

### RISK FACTORS

**Any investment in the New Ordinary Shares is subject to a number of risks. Investment in the Company constitutes a high risk investment and prospective purchasers of New Ordinary Shares should carefully evaluate the risk factors set out below. Investment in the Company should be regarded as speculative and should be considered long term in nature and suitable only for sophisticated investors who understand the risks involved, including the risk of a total loss of capital.**

**If any of the following risks actually occur, the Company's business, financial condition, results or future operations could be materially adversely affected. In such circumstances, the trading price of the Company's shares could decline and investors could lose all or part of their investment.**

**The risks listed below do not necessarily comprise all those risks associated with an investment in the Company and are not set out in any order of priority. Additional risks and uncertainties not currently known to the Directors or which the Directors currently deem immaterial may also have an adverse effect on the Company.**

#### **1. Market Risks**

- (a) Potential investors should be aware that the value of shares can go down as well as up and that an investment in a share that is traded on AIM may be less readily realisable and may carry a higher degree of risk than an investment in a share listed on the Official List.
- (b) The price which investors may realise for their holding of New Ordinary Shares, as and when they are able to do so, may be influenced by a large number of factors, some of which are specific to the Company and others of which are extraneous.
- (c) It may be difficult for an investor to sell his or her New Ordinary Shares and he or she may receive less than the amount paid by him or her for them.
- (d) AIM has been in existence since June 1995 but its future success and the future market for the New Ordinary Shares cannot be guaranteed.
- (e) The share price of smaller publicly traded companies can be highly volatile.
- (f) The market for shares in smaller public companies, including the Company, is less liquid than for larger public companies. Consequently, the share price may be subject to greater fluctuation on small volumes of shares, and thus the New Ordinary Shares may be difficult to sell at a particular price.
- (g) The Company is in its early stages and does not currently have any revenue and, therefore, the New Ordinary Shares may not be suitable for a short-term investment.
- (h) The market price of the New Ordinary Shares may not reflect the underlying value of the Company's profits or net assets.

#### **2. Business Risks**

##### **(a) *The Company's objectives may not be fulfilled***

The Group does not currently trade. The Investing Strategy therefore depends upon identifying a suitable investment opportunity. The value of an investment in the Company is in part dependent upon the Company acquiring or investing in companies or businesses, that meet the Investing Strategy. There can be no guarantee that the Company will be able to do so or that any such company or business will be profitable or will achieve significant or sustainable growth.

##### **(b) *Acquisition opportunities***

The success of the Group depends largely upon the expertise of the Directors and their ability to identify and acquire suitable companies or businesses. There can be no guarantee that the Directors will be able to find appropriate acquisition targets or be able to agree acceptable terms with the vendors of such businesses within 12 months of the date convened for the 2008 Annual General Meeting.

(c) ***No assurance of profitability***

The expenses of operating the Group may exceed the Group's income, thereby requiring the difference to be paid from the Company's capital. Accordingly, results for any period should not be relied upon as being indicative of performance in future periods.

(d) ***Reliance on key management and employees***

The successful operation of the Group will depend partly upon the performance and expertise of its management and employees. The loss of the services of the Group's key management or employees, or a loss of the ability to continue to attract and retain qualified employees, may have a material adverse effect on the Group.

(e) ***Acceptability of New Ordinary Shares as consideration***

Although it is the Company's intention to issue New Ordinary Shares to satisfy all or part of any consideration payable on an acquisition, vendors of suitable companies or businesses may not be prepared to accept shares traded on AIM or may not be prepared to accept New Ordinary Shares at the quoted market price.

(f) ***Requirement for further funds***

It is likely that the Company will need to raise further funds in the future, either to complete a proposed acquisition or to raise further working or development capital for such an acquisition. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for New Ordinary Shares at a price that is not lower than the Subscription Price.

The Group's expansion plans may be constrained to the extent that it is able to raise equity finance or that banks may provide debt or other facilities as required.

The Concert Party is under no obligation to provide funding to the Group beyond the Subscription.

(g) ***Other directorships***

Investors should note that none of the Directors is in any way limited, by way of their involvement with the Company, from acting in the management or conduct of the affairs of any other company. Each of them has and will continue to acquire and hold interests in other businesses and companies and other directorships.

**3. Political and Economic Risks**

(a) ***Regulatory and legal changes***

The Company's strategy has been formulated in light of the current regulatory and legal environment. The regulatory and legal environment may change in the future and such changes may have a material adverse effect on the Group.

(b) ***General economic conditions***

Changes in general economic conditions in which the Group operates may adversely effect the financial performance of the Group. Factors that may contribute to the general economic climate include the level of interest rates and the rate of inflation.

## **PART III**

### **HISTORICAL FINANCIAL INFORMATION ON TV COMMERCE HOLDINGS PLC**

#### **AUDITED ACCOUNTS OF TV COMMERCE HOLDINGS PLC FOR THE THREE YEARS ENDED 31 DECEMBER 2005, 31 DECEMBER 2006 AND 31 DECEMBER 2007**

The following financial information does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the three years ended 31 December 2007 is an abridged version of the company's published financial statements for those years, which contained unqualified audit reports and which have been filed with the Registrar of Companies.

## PART III(A)

# HISTORICAL FINANCIAL INFORMATION ON TV COMMERCE HOLDINGS PLC REPORT FROM LITTLEJOHN IN RESPECT OF THE HISTORICAL FINANCIAL INFORMATION

LITTLEJOHN

The Directors  
TV Commerce Holdings plc  
443 Stroude Road  
Virginia Water  
Surrey  
GU25 4BU

and

The Directors  
Dowgate Capital Advisers Limited  
46 Worship Street  
London EC2A 2EA

10 September 2008

Dear Sirs

### TV COMMERCE HOLDINGS PLC

#### Introduction

We report on the financial information for the years ended 31 December 2005, 31 December 2006 and 31 December 2007 set out in Part III(B) (the "Financial Information"). The Financial Information has been prepared for inclusion in the Circular to Shareholders dated 10 September 2008 of TV Commerce Holdings plc (the "Circular") on the basis of the accounting policies set out in note 1 to the Financial Information. This report is required by Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that schedule and for no other purpose.

#### Responsibilities

The Directors of TV Commerce Holdings plc are responsible for preparing the Financial Information on the basis of preparation set out in the note 1 to the Financial Information and in accordance with the financial reporting framework.

It is our responsibility to form an opinion as to whether the Financial Information gives a true and fair view, for the purposes of the Circular, and to report our opinion to you.

#### Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 Information is free from material misstatement whether caused by fraud or other irregularity or error.

**Opinion**

In our opinion, the Financial Information gives, for the purposes of the AIM Circular dated 10 September 2008, a true and fair view of the state of affairs of the Group as at 31 December 2007, 2006 and 2005, and of its results, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation and in accordance with the applicable financial reporting framework as set out in note 1 to the Financial Information.

**Declaration**

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Circular and declare we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Circular in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

Littlejohn  
*Reporting Accountants*

**PART III(B)**

**HISTORICAL FINANCIAL INFORMATION ON TV COMMERCE HOLDINGS PLC**  
**CONSOLIDATED INCOME STATEMENT**

	<i>Notes</i>	<i>Year ended</i> <i>31/12/07</i> £	<i>Year ended</i> <i>31/12/06</i> £	<i>Year ended</i> <i>31/12/05</i> £
Discontinued operations:				
Turnover	4	199,724	2,293,272	723,992
Cost of sales		<u>(114,576)</u>	<u>(1,620,262)</u>	<u>(908,741)</u>
Gross profit/(loss)		85,148	673,010	(184,749)
Administrative expenses		(238,006)	(529,256)	(380,010)
Other income	8	38,436	–	–
Group operating profit/(loss)	7	<u>(114,422)</u>	<u>143,754</u>	<u>(564,759)</u>
Finance income	9	14,555	2,446	13,514
Finance costs	9	(493)	–	(144)
Finance income – net		<u>14,062</u>	<u>2,446</u>	<u>13,370</u>
Profit/(loss) on discontinued operations before taxation		<u>(100,360)</u>	<u>146,200</u>	<u>(551,389)</u>
Corporation tax expense	10	–	–	–
Profit/(loss) for the financial year		<u>(100,360)</u>	<u>146,200</u>	<u>(551,389)</u>
Attributable to:				
Equity holders of the Company		(100,360)	146,200	(551,389)
Earnings per share from discontinued operations				
Attributable to Equity Holders of the Company during the year				
Basic and diluted	12	<u>(0.16)</u>	<u>0.23</u>	<u>(1.0)</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Share Capital</i> £	<i>Share Premium</i> £	<i>Retained Earnings Account</i> £	<i>Merger Reserve</i> £	<i>Total</i> £
At 1 January 2005	2	–	(434,510)	–	(434,508)
Issue of equity	641,794	624,066	–	–	1,265,860
Premium on shares issued by subsidiary undertaking during the period	–	–	–	66,351	66,351
Loss for the year	–	–	(551,389)	–	(551,389)
At 31 December 2005	641,796	624,066	(985,899)	66,351	346,314
Profit for the year	–	–	146,200	–	146,200
At 31 December 2006	641,796	624,066	(839,699)	66,351	492,514
Loss for the year	–	–	(100,360)	–	(100,360)
At 31 December 2007	641,796	624,066	(940,059)	66,351	392,154

## CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	<i>As at</i> 31/12/07 £	<i>As at</i> 31/12/06 £	<i>As at</i> 31/12/05 £
<b>Assets</b>				
Property, plant and equipment	13	–	–	16,141
		<u>          </u>	<u>          </u>	<u>16,141</u>
<b>Current assets</b>				
Trade and other receivables	14	–	437,094	300,495
Cash and cash equivalents	15	–	261,310	179,807
		<u>          </u>	<u>          </u>	<u>          </u>
		–	698,404	480,302
Disposal group held for sale		441,135	–	–
		<u>          </u>	<u>          </u>	<u>          </u>
<b>Total assets</b>		<u>441,135</u>	<u>698,404</u>	<u>496,443</u>
<b>Current liabilities</b>				
Trade and other payables	16	–	(205,890)	(150,129)
		<u>          </u>	<u>          </u>	<u>          </u>
		–	(205,890)	(150,129)
Disposal group held for sale		(48,981)	–	–
		<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities</b>		<u>(48,981)</u>	<u>(205,890)</u>	<u>(150,129)</u>
<b>Net assets</b>		<u>392,154</u>	<u>492,514</u>	<u>346,314</u>
<b>Capital and reserves attributable to Equity holders of the Company</b>				
Called up share capital	18	641,796	641,796	641,796
Share premium account	19	624,066	624,066	624,066
Merger reserve	19	66,351	66,351	66,351
Retained earnings	19	(940,059)	(839,699)	(985,899)
		<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Equity</b>		<u>392,154</u>	<u>492,514</u>	<u>346,314</u>

## CONSOLIDATED CASH FLOW STATEMENT

	<i>Year ended</i> 31/12/07 £	<i>Year ended</i> 31/12/06 £	<i>Year ended</i> 31/12/05 £
<b>Cash flows from discontinued Operating Activities</b>			
Profit/(loss) before taxation and interest on discontinued operations	(100,360)	146,200	(551,389)
Depreciation	–	16,375	949
Interest received	(14,555)	(2,446)	(13,514)
Interest paid	493	–	144
Profit on disposal of property, plant and equipment	(38,436)	–	–
(Increase)/decrease in trade and other receivables	423,706	(126,099)	(168,110)
Increase/(decrease) in trade and other payables	(156,909)	55,761	112,927
<b>Net cash inflow/(outflow) from discontinued operating activities</b>	<u>113,939</u>	<u>89,791</u>	<u>(618,993)</u>
<b>Cash flows from discontinued Investing Activities</b>			
Purchase of property, plant and equipment	–	(10,734)	(17,090)
Proceeds from sale of equipment	48,936	–	–
Interest received	14,555	2,446	13,514
Interest paid	(493)	–	(144)
<b>Net cash inflow from/(used in) discontinued investing activities</b>	<u>62,998</u>	<u>(8,288)</u>	<u>(3,720)</u>
<b>Cash flows from discontinued Financing Activities</b>			
Shares issued	–	–	1,248,761
Flotation expenses	–	–	(416,550)
Repayment of loans	–	–	(105,000)
Net cash inflow from discontinued financing activities	<u>–</u>	<u>–</u>	<u>727,211</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<u>176,937</u>	<u>81,503</u>	<u>104,498</u>
Cash and Cash Equivalents at beginning of year	<u>261,310</u>	<u>179,807</u>	<u>(529,691)</u>
<b>Cash and Cash Equivalents at end of year</b>	<u>438,247</u>	<u>261,310</u>	<u>179,807</u>

# NOTES TO THE CONSOLIDATED HISTORICAL FINANCIAL STATEMENTS

YEARS ENDED 31 DECEMBER 2005, 31 DECEMBER 2006 AND 31 DECEMBER 2007

## 1. Accounting Policies

### *Basis of Preparation of Financial Statements*

The Financial Statements have been prepared in accordance with EU-endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the parts of the Companies Act 1985 applicable to companies reporting under IFRS. The Financial Statements have also been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in Note 3.

### *Going Concern*

The Group Financial Statements have been prepared on the basis that the Group is not a going concern. A decision was made during 2007/8 to wind down the activities with the intention of ultimately dissolving the trading subsidiary of the Company. The Group's trading activities ceased on 28 February 2007.

### *Standards and Interpretations in Issue but not yet effective or not yet relevant*

IFRS 8 "Operating Segments" requires companies to adopt a management approach to reporting on their operating segments. This standard is effective for the period ended 31 December 2009 and is not expected to have an impact on the Group's financial statement.

A revised version of IAS 1 "Presentation of Financial Statements" will require information in financial statements to be aggregated on the basis of shared characteristics, and introduce a statement of comprehensive income. This standard is effective for the period ended 31 December 2009 and is not expected to have a major impact on the Group's financial statement.

A revised version of IAS 23 "Borrowing Costs" removes the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. This standard is effective for the period ended 31 December 2009 and is not expected to have an impact on the Group's financial statement.

An amendment to IFRS 2 "Share-based Payment" clarifies that vesting conditions are service conditions and performance conditions only, and specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. This standard is effective for the period ended 31 December 2009 and is not expected to have a major impact on the Group's financial statement.

IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions" considers how certain grants of equity instruments should be treated under IFRS 2 "Share-based Payment". This standard is effective for the period ended 31 December 2008 and is not expected to have a major impact on the Group's financial statement.

IFRIC 12 "Service Concession Arrangements" addresses how service concession operators should apply existing IFRSs to account for the obligations they undertake and rights they receive in service concession arrangements. This standard is effective for the period ended 31 December 2009 and is not expected to have an impact on the Group's financial statement.

IFRIC 13 "Customer Loyalty Programmes" addresses accounting by entities that grant loyalty award credits to customers who buy goods or services. This standard is effective for the period ended 31 December 2009 and is not expected to have an impact on the Group's financial statement.

IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" provides guidance on how to assess the limit in IAS 19 "Employee Benefits" on the amount of the surplus that can be recognised as an asset. This standard is effective for the period ended 31 December 2008 and is not expected to have an impact on the Group's financial statement.

### *Basis of Consolidation*

The Group Financial Statements consolidate the Financial Statements of TV Commerce Holdings PLC and all its subsidiary undertakings made up to 31 December annually.

Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the Financial Statements of subsidiaries have been adjusted where necessary to ensure consistency with the Accounting Policies adopted by the Group.

### *Foreign Currencies*

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the entity operates (its “functional currency”). The Financial Statements are presented in Pounds Sterling (£), which is the Company’s functional and presentation currency.

Transactions in foreign currencies are translated into the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated at the rates of exchange ruling at the Balance Sheet date. Foreign exchange differences on retranslation and settlement are recognised in the Income Statement.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss.

### *Property, Plant and Equipment*

Property, plant and equipment is stated at cost or fair value, net of depreciation and any provision for impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement in the period in which they are incurred.

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office & Computer Equipment	–	3 years straight line basis
Motor vehicles	–	3 years straight line basis

Material residual value estimates are updated as required, but at least annually, whether or not the asset is revalued.

An asset is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount, and are recognised in the Income Statement.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

### *Leasing and Hire Purchase Commitments*

A finance lease is one in which a significant portion of the risks and rewards of ownership are transferred to the lessee. Assets obtained under finance leases and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the Income Statement over the period of the lease, and represents a constant proportion of the balance of capital repayments outstanding.

An operating lease is one in which a significant portion of the risks and rewards of ownership are retained by the lessor. Rentals payable under operating leases are charged to the Income Statement on a straight-line basis over the term of the lease.

#### *Impairment of Intangible Assets and Property, Plant and Equipment*

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from the business combination on which the goodwill arose, and represent the lowest level within the Group at which management monitors the related cash flows.

Goodwill, other individual assets or cash-generating units that include goodwill, other intangible assets with an indefinite useful life, and those intangible assets not yet available for use, are tested for impairment at least annually. All intangible assets and property, plant and equipment with a finite life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal discounted cash flow evaluation. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. Impairment losses are charged to administrative expenses.

#### *Financial Assets*

Financial assets are divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets other than those categorised as at fair value through profit or loss are recognised initially at fair value plus transaction costs. Financial assets categorised as at fair value through profit or loss are recognised initially at fair value with transaction costs expensed through the Income Statement.

Financial assets at fair value through profit or loss are held for trading, i.e., acquired principally to be sold in the short term. Financial assets at fair value through profit or loss are measured after initial recognition at fair value, with changes in fair value being taken to the Income Statement in the period in which they occur.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed date of maturity, where it is the intention of the directors to hold them until maturity. Held-to-maturity investments are measured after initial recognition at amortised cost, using the effective interest method. If there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment are recognised in the Income Statement.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured after initial recognition at amortised cost, using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the Income Statement.

Provision for impairment of trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is the difference between the receivable's carrying amount and the present value of the estimated future cash flows.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are measured after initial recognition at fair value, with changes in fair value being taken to equity. On disposal, the accumulated gains and losses are taken to the Income Statement.

An assessment for impairment is undertaken at least annually.

#### *Cash and Cash Equivalents*

Cash and cash equivalents comprise cash in hand, demand deposits, bank overdrafts, and short-term, highly liquid investments that are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value.

#### *Disposal Group Held for Sale*

A disposal group is a group of assets and liabilities whose carrying amount will be recovered principally through a sale transaction, not through continuing use. A disposal group held-for-sale is measured at the lower of its carrying amount immediately prior to its classification as held-for-sale and its fair value less costs to sell.

#### *Discontinued Operations*

A discontinued operation is a cash-generating unit, or a group of cash-generating units, that has either been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

The disclosures for prior periods have been re-presented to show the results of discontinued operations separately from continuing operations.

#### *Financial Liabilities*

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are measured initially at fair value, with all transaction costs being recognised immediately in the Income Statement. All other financial liabilities are measured initially at fair value, net of direct issue costs.

Financial liabilities categorised as at fair value through profit or loss are measured after initial recognition at fair value, with changes in fair value being taken to the Income Statement in the period in which they occur. All other financial liabilities are recorded at amortised cost, using the effective interest method, with interest-related charges being recognised as an expense under finance costs in the Income Statement.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the Income Statement on an accruals basis, using the effective interest method, and are added to the carrying amount of the instrument, to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged, is cancelled, or expires.

#### *Taxation*

Current tax is the tax currently payable based on the taxable profit for the year.

Deferred tax is provided in full, using the liability method, on temporary differences between the carrying amounts of assets and liabilities and their tax bases, except when, at the initial recognition of the asset or liability, there is no effect on accounting or taxable profit or loss. Deferred tax is determined using tax rates and laws that have been substantially enacted by the Balance Sheet date, and that are expected to apply when the temporary difference reverses.

Tax losses available to be carried forward, and other tax credits to the Group, are recognised as deferred tax assets, to the extent that it is probable that there will be future taxable profits against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of the tax expense in the Income Statement, except where they relate to items that are charged or credited directly to equity (such as the revaluation of land), in which case the related deferred tax is also charged or credited directly to equity.

#### *Share Capital*

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### *Revenue Recognition*

Revenue comprises the fair value of the consideration received or receivable by the Group for goods supplied and services provided in the ordinary course of the Group's activities, excluding VAT and trade discounts. Revenue is recognised upon the performance of services or the transfer of risk to the customer.

## **2. Financial Risk Management**

#### *Liquidity Risk*

The Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure that the Group has sufficient available funds for operations and planned expansions.

#### *Capital Risk Management*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables as shown in the Consolidated Balance Sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the Consolidated Balance Sheet, plus net debt.

#### *Fair Value Estimation*

The carrying value less impairment provision of trade receivables and payables is assumed to approximate to their fair values, due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

## **3. Critical Accounting Estimates and Judgements**

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## **4. Turnover**

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

## 5. Expenses by nature

	<i>Year ended</i> <i>31/12/07</i>	<i>Year ended</i> <i>31/12/06</i>	<i>Year ended</i> <i>31/12/05</i>
	£	£	£
Wages and salaries	73,750	105,337	76,397
Social security costs	4,776	12,036	7,913
Staff costs	78,526	117,377	84,309
Other expenses	159,480	411,879	295,701
	<u>238,006</u>	<u>529,256</u>	<u>380,010</u>

The average monthly number of employees (including directors) during the year/period was as follows;

	<i>Year ended</i> <i>31/12/07</i>	<i>Year ended</i> <i>31/12/06</i>	<i>Year ended</i> <i>31/12/05</i>
	£	£	£
Sales and Administration	2	3	4
	<u>2</u>	<u>3</u>	<u>4</u>

## 6. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	<i>Year ended</i> <i>31/12/07</i>	<i>Year ended</i> <i>31/12/06</i>	<i>Year ended</i> <i>31/12/05</i>
	£	£	£
Emoluments received	48,526	117,372	76,497
Compensation for loss of office	30,000	–	–
	<u>78,526</u>	<u>117,372</u>	<u>76,497</u>

## 7. Operating profit/(loss)

	<i>Year ended</i> <i>31/12/07</i>	<i>Year ended</i> <i>31/12/06</i>	<i>Year ended</i> <i>31/12/05</i>
	£	£	£
The operating profit/(loss) is stated after charging/(crediting):			
Depreciation – fixed assets	–	16,375	949
Auditors' remuneration	2,000	8,000	10,000
Auditors' remuneration – non audit	5,500	3,000	1,500
Operating lease rentals – Land and Buildings	37,500	200,000	103,750
	<u>–</u>	<u>227,375</u>	<u>116,200</u>

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 and charged to the share premium account.

## 8. Other income

	<i>Year ended</i> <i>31/12/07</i>	<i>Year ended</i> <i>31/12/06</i>	<i>Year ended</i> <i>31/12/05</i>
	£	£	£
Profit on disposal of property, plant and equipment	38,436	–	–
	<u>38,436</u>	<u>–</u>	<u>–</u>

## 9. Finance income and costs

	<i>Year ended</i> <i>31/12/07</i>	<i>Year ended</i> <i>31/12/06</i>	<i>Year ended</i> <i>31/12/05</i>
	£	£	£
Finance Income – interest income on short term bank deposits	14,555	2,446	13,514
Finance costs – interest expense	(493)	–	(144)
	<u>14,062</u>	<u>2,446</u>	<u>13,370</u>

## 10. Taxation

No UK Corporation Tax charge arises 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 £832,878 (2006: £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 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:

	<i>Year ended</i> <i>31/12/07</i>	<i>Year ended</i> <i>31/12/06</i>	<i>Year ended</i> <i>31/12/05</i>
	£	£	£
(Loss)/Profit on ordinary activities before tax	(100,360)	146,200	(551,389)
Expected tax charge/(credit) at standard rate of UK Corporation Tax of 19%	(19,068)	27,778	(104,764)
Tax losses carried forward	19,068	–	104,764
Tax losses utilised	–	(27,778)	–
Tax charge for the year	<u>–</u>	<u>–</u>	<u>–</u>

## 11. Dividends

The amounts recognised as distributions to equity holders in the period:

	<i>Year ended</i> <i>31/12/07</i>	<i>Year ended</i> <i>31/12/06</i>	<i>Year ended</i> <i>31/12/05</i>
	£	£	£
Dividend to equity shareholders	<u>–</u>	<u>–</u>	<u>–</u>

## 12. Earnings per Share

	<i>2007</i> <i>Discontinued</i> <i>operation</i>	<i>2006</i> <i>Discontinued</i> <i>operation</i>	<i>2005</i> <i>Discontinued</i> <i>operation</i>
	£	£	£
Net profit/(loss) for the period attributable to ordinary shareholders	(100,360)	146,200	(551,389)
Weighted average number of shares	64,179,632	64,179,632	53,681,432
Basic earnings per share	(0.16)	0.23	(1.02)

There was a share cancellation after the year end as explained in Note 18, which reduced the share capital without a corresponding change in resources. The weighted average number of shares includes the effect of this cancellation as required by IAS 33, and is therefore not based on the number of shares outstanding at year end.

### 13. Tangible assets

	<i>Land and buildings</i> £	<i>Plant and machinery</i> £	<i>Total</i> £
<b>Cost</b>			
As at 1 January 2005	–	–	–
Additions	–	17,090	17,090
Disposals	–	–	–
As at 31 December 2005	–	17,090	17,090
<b>Depreciation</b>			
As at 1 January 2005	–	–	–
Charge for the year	–	949	949
As at 31 December 2005	–	949	949
Net book value	–	16,141	16,141
<b>Cost</b>			
As at 1 January 2006	–	17,090	17,090
Additions	–	10,734	10,734
Disposals	–	(27,824)	(27,824)
As at 31 December 2006	–	–	–
<b>Depreciation</b>			
As at 1 January 2006	–	949	949
Charge for the year	–	16,375	16,375
Transferred to current assets	–	(17,324)	(17,324)
As at 31 December 2006	–	–	–
Net book value	–	–	–
<b>Cost</b>			
As at 1 January 2007	–	–	–
Additions	–	–	–
Disposals	–	–	–
As at 31 December 2007	–	–	–
<b>Depreciation</b>			
As at 1 January 2007	–	–	–
Charge for the year/period	–	–	–
As at 31 December 2007	–	–	–
Net book value	–	–	–

### 14. Trade and other receivables

	<i>As at 31/12/07</i> £	<i>As at 31/12/06</i> £	<i>As at 31/12/05</i> £
Trade receivables	–	398,187	134,046
Other receivables	–	–	37,500
Prepayments and accrued income	–	28,407	128,949
Amounts transferred from non-current assets	–	10,500	–
	–	437,094	300,495

**15. Cash at bank and in hand**

	<i>As at</i> 31/12/07	<i>As at</i> 31/12/06	<i>As at</i> 31/12/05
	£	£	£
Cash at bank and in hand	438,247	261,310	179,807
	<u>438,247</u>	<u>261,310</u>	<u>179,807</u>

The 2007 figure is included within the disposal group on the face of the balance sheet (see note 17).

**16. Trade and other payables**

	<i>As at</i> 31/12/07	<i>As at</i> 31/12/06	<i>As at</i> 31/12/05
	£	£	£
Trade creditors	–	112,432	63,260
Social security and other taxes	–	68,123	4,714
Accruals and deferred income	–	25,335	82,155
	<u>–</u>	<u>205,890</u>	<u>150,129</u>

**17. Disposal Group held for sale**

The assets and liabilities relating to the Group and Company have been presented as held for sale following the approval of the Group's management and shareholders on 10 August 2007.

	<i>As at</i> 31/12/07	<i>As at</i> 31/12/06	<i>As at</i> 31/12/05
	£	£	£
Assets classified as held for sale			
Disposal group held for sale:			
Cash	438,247	–	–
Receivables	2,888	–	–
	<u>441,135</u>	<u>–</u>	<u>–</u>
Liabilities directly associated with assets classified as held for sale			
Trade and other payables	48,981	–	–
	<u>48,981</u>	<u>–</u>	<u>–</u>

**18. Share capital**

	<i>As at</i> 31/12/07	<i>As at</i> 31/12/06	<i>As at</i> 31/12/05
	£	£	£
Authorised share capital			
125,000,000 ordinary shares of 0.1p each (2005 – 2006 1p each)	125,000	1,250,000	1,250,000
1,125,000,000 deferred shares of 0.1p each (2005 – 2006 nil)	1,125,000	–	–
	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>
Allotted, called up and fully paid			
64,179,632 ordinary shares of 0.1p each (2005 – 2006 1p each)	64,180	641,796	641,796
577,616,688 deferred shares of 0.1p each (2005 – 2006 nil)	577,616	–	–
	<u>641,796</u>	<u>641,796</u>	<u>641,796</u>

Following a resolution passed on 10 August 2007 each Ordinary Share of 1p each were subdivided into 1 new Ordinary Share of 0.1p and 9 Deferred Shares of 0.1p each. The rights attaching to the Deferred Shares are as follows:

- (a) no dividend or other distribution shall be paid or made in respect of the Deferred Shares;
- (b) the holders of Deferred Shares shall not be entitled to receive notice of, or to attend and vote at any general meeting of the Company;
- (c) on a return of capital, whether on a winding-up or otherwise, the holders of Deferred Shares shall be entitled to receive only the amount credited as paid up on each share, but only after the holders of each Ordinary Share have received the amount paid up or credited as paid up on such share, together with a payment of £10,000 per share;
- (d) the Company may transfer the shares without making any payment to the holders thereof, to such persons as the Company may determine, and acquire the same in accordance with the provisions of the Companies Acts at a price of 1p each.

#### *Share Options*

The Company had Nil (2006: 2,615,822) share options in existence at the year end. These had been exercisable at a price of 6 pence per share. However, all of the options were waived on 28 November 2007.

### **19. Reserves**

	<i>Share Capital</i>	<i>Share Premium</i>	<i>Retained Earnings Account</i>	<i>Merger Reserve</i>	<i>Total</i>
	£	£	£	£	£
At 1 January 2005	2	–	(434,510)	–	(434,508)
Issue of equity	641,794	624,066	–	–	1,265,860
Premium on shares issued by subsidiary undertaking during the period	–	–	–	66,351	66,351
Loss for the year	–	–	(551,389)	–	(551,389)
At 31 December 2005	641,796	624,066	(985,899)	66,351	346,314
Profit for the year	–	–	146,200	–	146,200
At 31 December 2006	641,796	624,066	(839,699)	66,351	492,514
Loss for the year	–	–	(100,360)	–	(100,360)
At 31 December 2007	641,796	624,066	(940,059)	66,351	392,154

### **20. Financial commitments**

	<i>Year ended 31/12/07</i>	<i>Year ended 31/12/06</i>	<i>Year ended 31/12/05</i>
	£	£	£
Annual commitments under non-cancellable operating leases for land and buildings			
After five years	–	–	150,000
	–	–	150,000

### **21. Related party transactions**

During 2006 Mr V A Stanzone, a director and majority shareholder, provided interest free loans, totalling £100,000, to the company to assist with working capital requirements from time to time. These were fully repaid.

During 2007 there were transactions between TV Commerce Holdings PLC and its subsidiary to pay off Group liabilities as they fall due. At the balance sheet date the balance due from the subsidiary to TV Commerce Holdings PLC was £nil (2006: £492,514).

**22. Controlling parties**

The Company is under the immediate and ultimate control of Mr. V A Stanzione who holds 71% of the issued share capital.

**23. Auditors**

The financial statements for the years ended 31 December 2005, 31 December 2006 and 31 December 2007 were audited by Littlejohn, a member of the Institute of Chartered Accountants in England and Wales. Littlejohn's address is 1 Westferry Circus, Canary Wharf, London E14 4HD.

**24. Post balance sheet events**

On 23 January 2008, the courts approved a capital reorganisation within the Company. This reduced the authorised share capital of the Company from £1,250,000 divided into 125,000,000 Ordinary Shares of 0.1p each and 1,125,000,000 Deferred Shares of 0.1p each to £125,000 divided into 125,000,000 Ordinary Shares of 0.1p each and cancelled the share premium account of the Company.

As a result the issued share capital decreased from £641,796 divided into 64,179,932 Ordinary Shares of 0.1p each and 577,616,688 Deferred Shares of 0.1p to £64,180 divided into 64,179,932 Ordinary Shares of 0.1p each.

On 17 March 2008, £399,903.29 was returned to shareholders via a payment of 0.6231p per share in compensation for the cancellation of the issued Deferred Shares in accordance with the court order on 23 January 2008.

## PART IV

### ADDITIONAL INFORMATION

#### 1. Responsibility

- 1.1 The Directors, whose names are set out on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 Each of the members of the Concert Party (whose details are set out in paragraph 6 of Part I of this document) accepts responsibility for the information contained in this document relating to themselves. To the best of the knowledge and belief of the members of the Concert Party (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. The Company

- 2.1 The Company was incorporated and registered in England and Wales on 22 November 2004 as a private limited company with the name TV Commerce Holdings Limited and with registered number 5292528.
- 2.2 The liability of the members of the Company is limited.
- 2.3 The principal legislation under which the Company operates is the Acts and the regulations made under the Acts.
- 2.4 The Company's registered office is 443 Stroude Road, Virginia Water, Surrey GU25 4BU.
- 2.5 The Company was re-registered as a public company limited by shares under the name of TV Commerce Holdings plc on 18 January 2005.
- 2.6 The Company is a holding company. At the date of this document the Company has the following subsidiary company.

<i>Name</i>	<i>TV Commerce Limited</i>
Nature of Business	Broadcasting. Not trading.
Country of Incorporation	England & Wales
Proportion of Ownership	100%

A further subsidiary company, The Advert Channel Limited, was dissolved on 5 February 2008 pursuant to an application made by its directors on 2 September 2007.

- 2.7 The accounting reference date is 31 December.

#### 3. Share Capital

- 3.1 The Company was incorporated with an authorised share capital of £1,000 divided into 1,000 ordinary shares of £1 each, two of which were issued nil paid to the subscribers to the memorandum of association of the Company. On 22 November 2004, one subscriber share was transferred to Vincenzo Stanzione and the other to Chelsey Baker. On 18 January 2005, Chelsey Baker transferred her subscriber share to Vince Stanzione.
- 3.2 On 18 January 2005:
  - 3.2.1 each of the ordinary shares of £1 each in the share capital of the Company was sub-divided into 100 ordinary shares of 1p each;
  - 3.2.2 the authorised share capital of the Company was increased to £1,250,000 by the creation of 124,900,000 ordinary shares of 1p each; and
  - 3.2.3 43,367,100 ordinary shares of 1p each were issued and allotted to Vincenzo Stanzione as consideration for the transfer of his holding of 433,670 ordinary shares of £1 each in TV Commerce Limited and 1 ordinary share of £1 in The Advert Channel Limited (now dissolved) to the Company.

- 3.3 On 15 February 2005, the Company was admitted to trading on AIM through the placing of a further 20,662,332 ordinary shares of 1p each at a placing price of 6p per share. On 17 March 2005, a further 150,000 ordinary shares of 1p each were issued at a price of 6p per share.
- 3.4 On 10 August 2007, each of the ordinary shares of 1p each in the share capital of the Company was sub-divided into 1 ordinary share of 0.1p each and 9 deferred shares of 0.1p each.
- 3.5 On 31 December 2007 (the date to which the last audited accounts were produced), the authorised, issued and fully paid share capital of the Company was:

	<i>Authorised share capital</i>		<i>Issued and fully paid share capital</i>	
	<i>Number</i>	<i>Amount</i>	<i>Number</i>	<i>Amount</i>
ordinary shares of 0.1p each	125,000,000	£125,000	64,179,632	£64,180
deferred shares of 0.1p each	1,125,000,000	£1,125,000	577,616,688	£577,617

- 3.6 On 26 January 2008, there took effect the reduction of the Company's share capital by, in aggregate, £1,201,683, by the cancellation of the 577,616,688 deferred shares of 0.1p each in issue in the Company and the amount of £624,066 standing to the credit of the Company's share premium account, as confirmed by an order of the High Court dated 23 January 2008. On 17 March 2008, pursuant to such order, the Company made a capital distribution to then Shareholders of £399,903.29, equivalent to 0.6231p per Existing Ordinary Share.

- 3.7 As at the date of this document, the authorised, issued and fully paid share capital of the Company was:

	<i>Authorised share capital</i>		<i>Issued and fully paid share capital</i>	
	<i>Number</i>	<i>Amount</i>	<i>Number</i>	<i>Amount</i>
ordinary shares of 0.1p each	125,000,000	£125,000	64,179,632	£64,180

- 3.8 Immediately following Admission (and assuming the Resolutions are passed), the authorised, issued and fully paid share capital of the Company will be:

	<i>Authorised share capital</i>		<i>Issued and fully paid share capital</i>	
	<i>Number</i>	<i>Amount</i>	<i>Number</i>	<i>Amount</i>
ordinary shares of 0.02p each	2,743,281,472	£548,656	1,064,179,632	£212,835
ordinary shares of 0.08p each	64,179,632	£51,343	64,179,632	£51,343

#### 4. Directors' and other interests

- 4.1 The interests of the Directors in the share capital of the Company, all of which are beneficial, as at the date of this document and immediately following completion of the Subscription are and will be as follows:

	<i>As at the date of this document</i>		<i>Immediately following Admission</i>		<i>Percentage of Enlarged Ordinary Share Capital</i>
	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of New Ordinary Shares</i>	<i>Number of Deferred Shares</i>	
Vincenzo Stanzione	45,567,300	71.0	45,567,300	45,567,300	4.3
Andrew Mintern	416,667	0.7	416,667	416,667	0.0
	<u>45,983,967</u>	<u>71.7</u>	<u>45,983,967</u>	<u>45,983,967</u>	<u>4.3</u>

- 4.2 Save as set out in paragraph 4.1 above, the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control of the Company or is interested in 3 per cent. or more of the issued share capital of the Company as at the date of the publication of this document and immediately following completion of the Subscription and Admission:

<i>Name</i>	<i>As at the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Existing Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of New Ordinary Shares</i>	<i>Percentage of Enlarged Ordinary Share Capital</i>
Robert Quested	Nil	Nil	650,000,000	61.1
Christopher Potts	Nil	Nil	250,000,000	23.5
Barnard Nominees Limited	Nil	Nil	100,000,000	9.4
	<u>Nil</u>	<u>Nil</u>	<u>1,000,000,000</u>	<u>94.0</u>

## 5. The Takeover Code

- 5.1 Save as disclosed paragraph 4 of Part I and paragraph 4 of this Part IV and in this paragraph 5, no member of the Concert Party, (nor any person acting in concert with them) has any interests, rights to subscribe or short positions in the relevant securities of the Company, nor has any such person dealt for value in any relevant securities in the disclosure period (see below for definitions).
- 5.2 Save as disclosed in paragraph 4 of this Part IV and this paragraph 5, neither:
- 5.2.1 any category (1) associate of the Company (as defined by the Takeover Code); nor
  - 5.2.2 any connected adviser of the Company or any associated company; nor
  - 5.2.3 any person controlling, controlled by or under the same control as any connected adviser referred to in paragraph 5.2.2 above (other than an exempt principal trader or an exempt fund manager); nor
  - 5.2.4 the Directors (together with their close relatives and related trusts); nor
  - 5.2.5 any employee benefit trust of the Company or of a company covered in paragraph 5.2.1 above; nor
  - 5.2.6 any Company pension fund or pension funds of a company covered in paragraph 5.2.1 above; nor
  - 5.2.7 in relation to the Company an investment company, unit trust or other person whose investments an associate (or otherwise defined in paragraph 5.2.1 above) manages on a discretionary basis, in respect of the relevant securities accounts; nor
  - 5.2.8 a company having a material trading arrangement with the Company.
- has any interest, right to subscribe for or holds a short position in relation to, relevant securities, nor has any such person dealt in any relevant securities during the disclosure period.
- 5.3 No agreement, arrangement or understanding exists to transfer to any other person the relevant securities to be acquired pursuant to the Proposals or by members of the Concert Party.
- 5.4 No member of the Concert Party, nor the Company, nor any person acting in concert with the Company or the Concert Party has borrowed or lent any relevant securities. No relevant securities have been borrowed or lent by the Directors or any parties acting in concert with them.
- 5.5 No agreement, arrangement or understanding (including any compensation arrangement) exists between the Concert Party, any Director, recent director, Shareholder or recent Shareholder and any other person having any connection with or dependence upon the Proposals.
- 5.6 There are no arrangements in place in relation to the Proposals whereby repayment or security for any liability (contingent or otherwise) is dependent on the Company.
- 5.7 Members of the Concert Party have confirmed that, save as disclosed in this document, they are not presently proposing any changes to the employment rights of the employees of the Company nor any redeployment of its fixed assets nor any change to the location of its place of business.

5.8 Members of the Concert Party have confirmed that, save on completion of an acquisition as described in Part I of this document, no changes are envisaged to be introduced to the Company's business as a result of completion of the Proposals.

5.9 In this paragraph 5:

- “arrangement”** includes indemnity or option arrangements, or any agreement or understanding, formal or informal, of whatever, relating to the relevant securities which may be an inducement to deal or refrain from dealing;
- “associate”** has the meaning given to it in the Takeover Code and includes (without limitation) in relation to a company:
- (i) its parent, subsidiaries and fellow subsidiaries, its associated companies and companies of which any such companies are associated companies;
  - (ii) its connected advisers (as defined in the Takeover Code) to it or a company covered in (i) above, including persons (other than exempt principal traders or exempt fund managers) controlling, controlled by or under the same control as such connected advisers;
  - (iii) its directors and the directors of any company in (i) above (together in each case with their close relatives and related trusts);
  - (iv) its pension funds or the pension funds of a company covered in (i) above;
  - (v) its employee benefit trusts or those of a company covered in (i) above;
  - (vi) (in relation to the Company) an investment company, unit trust or other person whose investments an associate (as otherwise defined in this paragraph) manages on a discretionary basis, in respect of the relevant instrument accounts; and
  - (vii) a company holding a material trading arrangement with the company in question or a company covered in (i) above;
- “associated company”** ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status;
- “connected adviser”** has the meaning given to it by the Takeover Code;
- “control”** has the meaning given to it by the Takeover Code;
- “derivative”** includes any financial product whose value, in whole or part, is determined directly or indirectly by reference to the price of any underlying security;
- “disclosure period”** means the period commencing on 10 September 2007 and ending on 9 September 2008, the last practical date prior to the publication of this document;
- “interest”** means “interests in securities” as defined in the Takeover Code;
- “relevant securities”** means Existing Ordinary Shares and/or New Ordinary Shares (as the context may require), any other securities in the capital of the Company converted into rights to subscribe for shares or options (including traded options) in respect of and derivatives referenced to, including any short positions; and
- “short position”** means a short position whether conditional or absolute and whether in the money or otherwise including any short position under a derivative, any agreement to sell or any delivery obligations or right to require another person to take delivery.

## 6. Directors' Service Contracts

### 6.1 Vincenzo Stanzione:

Pursuant to a service agreement dated 18 January 2005, the Company appointed Vincenzo Angelo Stanzione as Chief Executive of the Company. The agreement provides for a salary of £80,000 per annum in respect of his services. The appointment is terminable on not less than 12 months' written notice given by either party. He is also entitled to private medical insurance and life assurance. The agreement contains usual restrictive covenants.

### 6.2 Andrew Mintern:

Pursuant to a letter of appointment dated 18 January 2005, the Company appointed Andrew Mintern as Non-Executive Director and Chairman of the Company. Under the terms of the letter of appointment, he will receive a fee of £20,000 per annum in respect of his services. The appointment is terminable on 3 months' notice given by either party.

### 6.3 There are no service agreements, or letters of appointment, existing or proposed between any Director and the Company that have been entered into or varied within six months preceding the date of this document.

## 7. Irrevocable Undertakings

The Company has received irrevocable undertakings to vote in favour of the Resolutions at the EGM from certain holders of Existing Ordinary Shares, details of which are set out below:

	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>
Vincenzo Stanzione	45,567,300	71.0
Andrew Mintern	416,667	0.7
Total	<u>45,983,967</u>	<u>71.7</u>

## 8. Share Price

The middle market price of the Existing Ordinary Shares for the first business day of each of the previous six months and the last business day prior to issue of this document were as follows:

<i>Date</i>	<i>Middle Market Price</i>
2 January 2008	0.625p
1 February 2008	0.625p
3 March 2008	0.375p
1 April 2008	0.375p
1 May 2008	0.375p
2 June 2008	0.375p
26 June 2008	0.375p*

\* On 26 June 2008, the Company's shares were suspended from trading on AIM in accordance with AIM Rule 19. The Company has requested that the London Stock Exchange maintain the suspension in the Company's shares on AIM, pending clarification of the Company's financial position.

## 9. Material Contracts

Set out below are summaries of each material contract (not being contracts entered into in the ordinary course of business) entered into in the two years immediately preceding the date of this document:

### 9.1 *Subscription Agreement*

Under the terms of the Subscription Agreement dated 10 September 2008 between (1) the Company, (2) the Directors, (3) the Concert Party and (4) Barnard Nominees Limited or its nominees, the Concert Party and Barnard Nominees Limited have agreed to subscribe for the Subscription Shares conditional, *inter alia*, upon the passing of the Resolutions and Admission occurring on or before 7.00 a.m. on 31 October 2008. It is a condition of the Subscription Agreement that on satisfaction of such conditions the Company agrees to issue the Warrants to the members of the Concert Party and Barnard Nominees Limited.

The Company will pay certain other costs and expenses (including any applicable VAT) of, or incidental to, the Subscription including all fees and expenses payable in connection with Admission, expenses of the

registrars, printing and advertising expenses, postage and all other legal, accounting and other professional fees and expenses. The agreement is governed by English law.

## 9.2 *Subscription Warrant Instrument*

By deed poll executed on 10 September 2008, the Company adopted the Subscription Warrant Instrument creating 500,000,000 Warrants to subscribe for New Ordinary Shares on the basis that one Warrant will be granted to subscribe for 1 New Ordinary Share for every 2 Subscription Shares subscribed pursuant to the Subscription Agreement. The Warrants are exercisable at a price of 0.02p per share at any time from the date of Admission to five years from that date or 30 September 2013, whichever is the later. The Warrants may be exercised in full or in part and each Warrant will be freely transferable in multiples of one New Ordinary Share. The Warrants will be issued by the Company immediately upon completion of the Subscription Agreement. The Warrants will not be admitted to AIM prior to their exercise. No application has been made for the Warrants to be admitted to trading on AIM. The agreement is governed by English law.

## 9.3 *Lock in Agreement*

Under the terms of an agreement dated 10 September 2008 between (1) the Company, (2) each member of the Concert Party, (3) DCA and (4) DCS, each member of the Concert Party has undertaken to the Company, DCA and DCS that he will not sell or otherwise dispose of any interest in New Ordinary Shares beneficially owned or otherwise held or controlled by him other than in certain limited circumstances at any time before the earlier of the completion of a reverse takeover as defined by AIM Rule 14 and six months from Admission. These restrictions will not apply to disposals made in connection with acceptance of a recommended takeover offer, in the event of an intervening court order or following the death of the relevant shareholder.

## 9.4 *Nominated Adviser Agreement*

Under the terms of a nominated adviser agreement dated 17 April 2008 between (1) the Company and (2) DCA, the Company has appointed DCA to act as nominated adviser to the Company for the purposes of the AIM Rules. The Company agreed to pay DCA an annual fee of £15,000 (plus VAT) increasing to £25,000 (plus VAT) upon waivers of the requirements of Rule 9 of the Takeover Code (as described in paragraph 10 of Part I of this document) for its services as nominated adviser. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with applicable regulations. The agreement is subject to termination, *inter alia*, by either the Company or DCA on the giving of not less than three months' prior written notice. The agreement is governed by English law.

## 9.5 *Relationship Deed*

Under the terms of a relationship deed dated 17 April 2008 made between (1) the Company, (2) each member of the Concert Party and (3) DCA, each member of the Concert Party (for so long as they and their connected persons hold more than 30 per cent. of the Company's ordinary share capital) agrees to exercise their rights as shareholders in the Company so that the Company is not prevented or inhibited from carrying on its business independently of the Concert Party and so that all transactions and relationships are entered into on arms' length terms and on a normal commercial basis.

Furthermore each member of the Concert Party agrees not, without the prior consent of the Company and DCA, to acquire (or enter into any agreement to acquire) any interest in the share capital of the Company, or seek the cancellation of the Company's share capital from trading on AIM, or appoint or remove any directors of the Company or change the composition of its committees, or make any formal announcement about the Company.

## 9.6 *Vincenzo Stanzione letter of gift*

Under the terms of a letter to the Company from Vincenzo Stanzione dated 10 September 2008, in relation to a loan facility of £35,000 granted by Mr. Stanzione to the Company, Mr. Stanzione agreed that all sums currently and in future outstanding to him under the facility shall constitute a gift to the Company and he irrevocably and unconditionally discharged and released the Company from all and any claims or demands to repayment of the facility.

## 10. General

- 10.1 It is estimated that the total expenses payable in connection with the Subscription will amount to approximately £56,000 (exclusive of any applicable value added tax).

- 10.2 DCA has given and not withdrawn its consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- 10.3 DCS has given and not withdrawn its consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- 10.4 Littlejohn has given and not withdrawn its consent to the inclusion in this document of its report set out in Part III(A) (for which it takes responsibility accordingly) and to the references to its name in the form and context in which they appear.
- 10.5 Save as disclosed in this document, there have been no interruptions in the business of the Company or which may have or have had in the 12 months preceding publication of this document a significant effect on the financial position of the Company.
- 10.6 The New Ordinary Shares will be in registered form. No temporary documents of title will be issued.
- 10.7 There have been no payments by the Company to promoters in the two years prior to the date of this document and no fees have been paid in the 12 months preceding the date of this document (other than to trade suppliers) in the sum of £10,000 or more in cash or in kind.
- 10.8 The financial information set out in Part III of this document relating to the Company for the period ended 31 December 2007 does not constitute statutory accounts of the Company (within the meaning of section 434 of the Companies Act 2006).
- 10.9 There have been no significant or material change in the financial or trading position of the Company since the last published audited accounts, being for the year ended 31 December 2007, other than what has been disclosed in paragraph 2 of Part I of this document.
- 10.10 There are no governmental, legal or arbitration proceedings in which the Company is involved or of which the Company is aware, pending or threatened against the Company which may have or have had in the 12 months preceding the date of this document a significant effect on the Company's financial position.

#### **11. Availability of document**

Copies of this document will be available free of charge during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) until the date following one month after the date of Admission at the registered office of the Company and at the offices of DCA.

#### **12. Documents on Display**

The following documents can be inspected, free of charge, from the date of this document until close of business in the United Kingdom on the day which is one month following Admission at the offices of Schofield Sweeney, 76 Wellington St, Leeds LS1 2AY between the hours of 9.00 a.m. and 5.00 p.m. Monday to Friday:-

- 12.1 the memorandum and articles of association of the Company;
- 12.2 the audited accounts of the Company for the two years ended 31 December 2007;
- 12.3 the service contracts referred to in paragraph 6 of Part IV of this document;
- 12.4 the written consents referred to in paragraphs 10.2 and 10.3 of Part IV this document;
- 12.5 the material contracts referred to in paragraph 9 of Part IV of this document; and
- 12.6 the irrevocable undertakings referred to in paragraph 7 of Part IV of this document;

Date: 10 September 2008

# TV COMMERCE HOLDINGS PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 05292528)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY given that an extraordinary general meeting of TV Commerce Holdings plc (the "Company") will be held at the offices of Dowgate Capital Advisers Limited, 46 Worship Street, London EC2A 2EA on 30 September 2008 at 12.30 p.m. for the purpose of considering and, if thought fit, passing the following Resolutions which will be proposed as to Resolutions 1 to 4 (inclusive) as ordinary resolutions and as to Resolutions 5 to 7 (inclusive) as special resolutions. The passing of all the Resolutions will be conditional upon the passing of each of them.

Voting on Resolution 1 will be conducted on a poll. Terms defined in the circular of the Company dated 10 September 2008 and of which this notice forms a part (the "Circular") shall have the same meaning in these Resolutions and the notes thereto.

### ORDINARY RESOLUTIONS

1. That the waiver granted by the Panel of the obligation that would otherwise arise on the members of the Concert Party to make a general offer to the shareholders of the Company under Rule 9 of the Takeover Code as a result of:
  - (a) the allotment and issue to them of certain of the Subscription Shares pursuant to which the members of the Concert Party will become the holders of, in aggregate, 900,000,000 New Ordinary Shares representing approximately 84.6 per cent. of the Enlarged Ordinary Share Capital (assuming there have been no further share issues); and
  - (b) the exercise of any of the 450,000,000 Warrants issued to the Concert Party which, if exercised in full, following the Subscription (assuming all the Subscription Shares are issued) would give the Concert Party approximately 86.3 per cent. of the then enlarged issued ordinary share capital of the Company (assuming all holders of Warrants so exercise) or approximately 89.2 per cent. of the then enlarged ordinary issued share capital of the Company (assuming only the Concert Party exercise their Warrants), in each case assuming there have been no further share issues or Warrants issued and exercised,be and is hereby approved.
2. That the Subscription on the terms set out in the Circular be and is hereby approved and the Board (or a duly constituted committee thereof) be authorised to waive, amend, vary or increase any such terms and conditions and do all such things as it considers necessary in connection with the Subscription.
3. That subject to the passing of Resolutions 5 and 7 below, the authorised share capital of the Company be and is hereby increased from £125,000 to £600,000 by the creation of 2,375,000,000 New Ordinary Shares, each such New Ordinary Share ranking *pari passu* and forming one uniform class of shares with the New Ordinary Shares of 0.02p created by Resolution 5 below.
4. That subject to the passing of Resolutions 5 and 7 below, the Directors be and they hereby are generally and unconditionally authorised (such authority to be in substitution for all existing such authorities) to allot relevant securities, (within the meaning of section 80 of the Companies Act 1985) pursuant to the Subscription and the Warrants and, other than pursuant to the Subscription and the Warrants up to an aggregate nominal amount of £200,000, such authority to expire at the conclusion of the next annual general meeting of the Company (unless previously revoked, renewed, extended, revised or varied by the Company in a general meeting), save that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred hereby is expired.

### SPECIAL RESOLUTIONS

5. That:
  - (a) each of the 64,179,632 existing issued ordinary shares of 0.1p in the capital of the Company be and is hereby sub-divided and converted into one New Ordinary Share and one Deferred Share, each such New Ordinary Share ranking *pari passu* and forming one uniform class of shares with the

New Ordinary Shares of 0.02p created by Resolution 3 above and 6(b) below and, subject to the passing of Resolution 6 below, each such Deferred Share of 0.08p having the rights and being subject to the restrictions set out in the articles of association of the Company as amended by Resolution 6 below; and

- (b) each of the 60,820,368 unissued Existing Ordinary Shares be and is hereby sub-divided and converted into five New Ordinary Shares of 0.02p each, such shares (when issued) to rank *pari passu* and form one uniform class of shares with the New Ordinary Shares created by Resolutions 3 and 5(a) above.

6. The articles of association of the Company be altered as follows:–

- (a) by the deletion of article 3 in its entirety and its replacement by;

*“The share capital of the Company at the date of the adoption of this article is £600,000 divided into 2,743,281,472 New Ordinary Shares of 0.02p each and 64,179,632 Deferred Shares of 0.08p each (the “Deferred Shares”).”*; and

- (b) by the insertion of a new article 3.3:–

*“The holders of the Deferred Shares shall not, by virtue or in respect of their holdings of Deferred Shares, have the right to receive notice of any general meeting of the Company nor the right to attend, speak or vote at any such general meeting. Save as required by law, the Company need not issue share certificates to the holders of the Deferred Shares in respect of their holding thereof. The Deferred Shares shall not entitle their holders to receive any dividend or other distribution. The Deferred Shares shall on a return of assets on a winding up entitle the holder only to the repayment of the amounts so paid up on such Deferred Shares after repayment of the capital paid up on the ordinary shares plus the payment of £10,000,000 per ordinary share. The Company shall have irrevocable authority at any time after the adoption of this article to appoint any person to execute on behalf of the holders of the Deferred Shares a transfer thereof and/or an agreement to transfer the same to such person as the Company determines as custodian thereof, without making any payment to the holders thereof, and/or to cancel the same (in accordance with the provisions of the Acts) without making any payment to or obtaining the sanction of the holders thereof, and pending such transfer and/or cancellation, to retain the certificate for such shares. The Company may, at its option at any time after the adoption of this article, purchase all or any of the Deferred Shares then in issue, for nil consideration or at a price not exceeding 1p for each holding of Deferred Shares so purchased. The limitation on the rights of the holders of Deferred Shares contained in this article 3.3 shall apply notwithstanding any contrary provision contained in these articles”.*

7. The Directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of such Act) for cash pursuant to the authority conferred by Resolution 4 above as if sub-section (1) of Section 89 did not apply to any such allotment PROVIDED THAT this power shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired and further provided that such power shall be limited to:

- (a) the allotment and issue of the Subscription Shares;
- (b) the issue of the Warrants pursuant to the Subscription Warrant Instrument;
- (c) in connection with an offer of equity securities open for acceptance for a period fixed by the directors to holders on the register on a fixed record date of ordinary shares in the Company, in proportion (as nearly as may be practicable) to their respective holdings, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with any treasury shares, fractional entitlements or legal or practical problems under the laws of, or the requirements of any regulatory body or any stock exchange in, any territory; and
- (d) the allotment otherwise than in pursuance of sub paragraphs (a), (b) and (c) above of equity securities up to a nominal amount of £200,000.

10 September 2008

**By Order of the Board**

**Christopher Delacombe**  
*Secretary*

## **Notes to the Notice of Extraordinary General Meeting**

### **Entitlement to attend and vote**

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
  - 6.00 p.m. on 28 September 2008; or,
  - if the EGM is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting,shall be entitled to attend and vote at the EGM.

### **Appointment of proxies**

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the EGM and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the EGM to represent you. Details of how to appoint the Chairman of the EGM or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the EGM you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's registrars, Capita Registrars Limited, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the EGM.

### **Appointment of proxy using hard copy proxy form**

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
  - completed and signed;
  - sent or delivered to the Company's registrars, Capita Registrars Limited, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
  - received by Capita Registrars Limited so as to arrive not later than 12.30 p.m. on 28 September 2008.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

### **Appointment of proxy by joint members**

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

### **Changing proxy instructions**

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company's registrars, Capita Registrars Limited, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

**Termination of proxy appointments**

9. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrars, Capita Registrars Limited, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified above in note 6 to the Notice then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the EGM and voting in person. If you have appointed a proxy and attend the EGM in person, your proxy appointment will automatically be terminated.

**Voting**

10. As explained in the Circular, voting on Resolution 1 is required to be conducted on a poll in accordance with the requirements of the Panel for a waiver of the obligation that would otherwise arise under Rule 9 of the Takeover Code.