

4TV LIMITED
REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD
1 OCTOBER 2004 TO 31 MARCH 2006

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4TV LIMITED

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FOR THE PERIOD 1 OCTOBER 2004 TO 31 MARCH 2006**

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4TV LIMITED

**COMPANY INFORMATION
FOR THE PERIOD 1 OCTOBER 2004 TO 31 MARCH 2006**

DIRECTORS:

K Austin
Mrs J A Austin
M J Hurney
O Durkin
R J Kendle (Resigned 12 December 2006)
B Wolfe (Resigned 16 March 2005)

SECRETARY:

Mrs J A Austin

REGISTERED OFFICE:

Darland House
44 Winnington Hill
Northwich
Cheshire
CW8 1AU

REGISTERED NUMBER:

2138358 (England and Wales)

4TV LIMITED

REPORT OF THE DIRECTORS FOR THE PERIOD 1 OCTOBER 2004 TO 31 MARCH 2006

The directors present their report with the financial statements of the company for the period 1 October 2004 to 31 March 2006

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was the provision of technical consultancy services and the development and marketing of interactive software applications

DIRECTORS

The directors shown below have held office during the period from 1 October 2004 to the date of this report

K Austin

Mrs J A Austin

M J Hurney

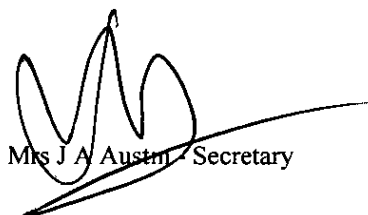
O Durkin

R J Kendle (Resigned 12 December 2006)

B Wolfe (Resigned 16 March 2005)

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Mrs J A Austin Secretary

Date 21 September 2007

4TV LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 1 OCTOBER 2004 TO 31 MARCH 2006**

	Notes	Period ended 31 March 2006 £	Year ended 30 September 2004 £
TURNOVER		2,442,733	719,790
Cost of sales		<u>(173,099)</u>	<u>(166,379)</u>
GROSS PROFIT		2,269,634	553,411
Administrative expenses		<u>(1,602,872)</u>	<u>(1,936,402)</u>
OPERATING PROFIT/(LOSS)	2	666,762	(1,382,991)
Interest receivable and similar income		<u>824</u>	<u>42</u>
		667,586	(1,382,949)
Interest payable and similar charges	3	<u>(541,019)</u>	<u>(100,827)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		126,567	(1,483,776)
Tax on profit/loss on ordinary activities	4	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD AFTER TAXATION		126,567	(1,483,776)
ACCUMULATED LOSS BROUGHT FORWARD		<u>(6,926,162)</u>	<u>(5,442,386)</u>
ACCUMULATED LOSS CARRIED FORWARD		<u>(6,799,595)</u>	<u>(6,926,162)</u>

The notes form part of these financial statements

4TV LIMITED
**BALANCE SHEET AS AT
31 MARCH 2006**

		2006		30 September 2004	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	5		-		102,384
Investments	6		<u>600,039</u>		<u>2</u>
			600,039		102,386
CURRENT ASSETS					
Debtors	7	395,540		796,268	
Cash at bank and in hand		<u>37,180</u>		<u>190</u>	
		432,720		796,458	
CREDITORS					
Amounts falling due within one year	8	<u>2,092,726</u>		<u>1,212,183</u>	
NET CURRENT LIABILITIES			<u>(1,660,006)</u>		<u>(415,725)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			(1,059,967)		(313,339)
CREDITORS					
Amounts falling due after more than one year	9		<u>-</u>		<u>(873,387)</u>
			<u>(1,059,967)</u>		<u>(1,186,726)</u>
CAPITAL AND RESERVES					
Called up share capital	11		541,759		541,567
Share premium account	12		5,197,869		5,197,869
Profit and loss account			<u>(6,799,595)</u>		<u>(6,926,162)</u>
SHAREHOLDERS' FUNDS			<u>(1,059,967)</u>		<u>(1,186,726)</u>

Continued on page 5

The notes form part of these financial statements

4TV LIMITED

**BALANCE SHEET AS AT
31 MARCH 2006 (Continued)**

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the period ended 31 March 2006

The members have not required the company to obtain an audit of its financial statements for the period ended 31 March 2006 in accordance with Section 249B(2) of the Companies Act 1985

The directors acknowledge their responsibilities for

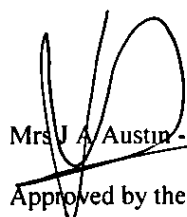
- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002)

ON BEHALF OF THE BOARD:



K Austin - Director



Mrs J A Austin - Director

Approved by the Board on 21 September 2007

4TV LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 OCTOBER 2004 TO 31 MARCH 2006

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002)

The financial statements have also been prepared on the going concern basis and in adopting this the directors have assumed the continuing support of the loan creditors

Exemption from preparing consolidated financial statements

The financial statements contain information about 4TV Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 248 of the Companies Act 1985 from the requirements to prepare consolidated financial statements

Turnover

Turnover represents net invoiced sales of goods and services provided, excluding Value Added Tax

Depreciation

Depreciation is provided for at the following annual rates in order to write off the cost of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter

Plant and machinery	25%	straight line
Motor vehicles	25%	reducing balance
Computer equipment	25%	straight line

A proportion only of the annual figure is charged during the period of acquisition, the proportion being calculated on the number of months of ownership

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Hire purchase commitments

Tangible fixed assets acquired under hire purchase contracts are capitalised and depreciated over their estimated useful lives. The corresponding obligations are treated in the balance sheet as liabilities. Finance charges are allocated to accounting periods on a straight line basis over the term of the contracts

Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis

Financial instruments

Debt instruments are stated at the amount of net proceeds adjusted to amortise the finance cost of debt evenly over the term of the debt

Pension costs

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. The company also makes contributions to employees' personal pension schemes. The pension cost for the year represents total contributions payable by the company to the various schemes

Investments

Investments are valued at the lower of cost and market value

Research and development

Expenditure on research and development is written off in the year in which it is incurred

4TV LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 OCTOBER 2004 TO 31 MARCH 2006****2 OPERATING PROFIT/(LOSS)**

The operating profit (30 September 2004 - loss) is stated after charging

	Period ended 31 March 2006 £	Year ended 30 September 2004 £
Depreciation - owned assets	16,616	22,132
Depreciation - assets held under hire purchase contracts	4,551	10,463
Auditors remuneration	-	3,200
Pension costs	<u>42,565</u>	<u>40,286</u>
Directors' emoluments and other benefits, etc	<u>197,812</u>	<u>195,197</u>

3 INTEREST PAYABLE AND SIMILAR CHARGES

Bank overdraft interest	24,795	21,259
Bank loan interest	1,254	5,809
Hire purchase interest	2,350	2,169
7% Loan Note interest	111,125	15,080
7% Loan Note redemption premium	<u>401,495</u>	<u>56,510</u>
	<u>541,019</u>	<u>100,827</u>

4 TAXATION**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the period ended 31 March 2006 nor for the year ended 30 September 2004

Factors affecting the tax charge

The tax assessed for the period is lower than the small companies rate of corporation tax in the UK and the difference is explained below

	Period ended 31 March 2006 £	Year ended 30 September 2004 £
Profit/(loss) on ordinary activities before tax	<u>126,567</u>	<u>(1,483,776)</u>
Profit/(loss) on ordinary activities multiplied by the small companies rate of corporation tax in the UK of 19%	24,048	(281,917)
Effects of		
Expenses not deductible for tax purposes	2,955	5,087
Excess (capital allowances)/depreciation	(340)	903
Losses (brought)/carried forward	<u>(26,663)</u>	<u>275,927</u>
Current tax charge	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

Tax losses of £6,167,558 (30 September 2004 - £6,340,377) have been carried forward to future periods. These losses have not been recognised as a deferred tax asset as there is insufficient evidence that the asset will be recoverable against future trading profits

4TV LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 OCTOBER 2004 TO 31 MARCH 2006

5 TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Computer equipment £	Total £
COST				
At 1 October 2004	56,510	41,850	114,742	213,102
Additions	16,008	-	6,032	22,040
Disposals	<u>(72,518)</u>	<u>(41,850)</u>	<u>(120,774)</u>	<u>(235,142)</u>
At 31 March 2006	-	-	-	-
DEPRECIATION				
At 1 October 2004	33,811	10,463	66,444	110,718
Charge for the period	6,595	4,551	10,021	21,167
Eliminated on disposals	<u>(40,406)</u>	<u>(15,014)</u>	<u>(76,465)</u>	<u>(131,885)</u>
At 31 March 2006	-	-	-	-
NET BOOK VALUE				
At 31 March 2006	-	-	-	-
At 30 September 2004	<u>22,699</u>	<u>31,387</u>	<u>48,298</u>	<u>102,384</u>

The net book value of tangible fixed assets includes £Nil (30 September 2004 - £31,387) in respect of assets held under hire purchase contracts

6 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £	Other participating interests £	Total £
COST			
At 1 October 2004	2	-	2
Additions	-	<u>600,037</u>	<u>600,037</u>
At 31 March 2006	<u>2</u>	<u>600,037</u>	<u>600,039</u>
NET BOOK VALUE			
At 31 March 2006	<u>2</u>	<u>600,037</u>	<u>600,039</u>
At 30 September 2004	<u>2</u>	-	<u>2</u>

4TV LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 OCTOBER 2004 TO 31 MARCH 2006

6 FIXED ASSET INVESTMENTS - continued

The investments at the period end include the following

Subsidiaries

Danmere Technologies Limited

Nature of business Dormant

	% holding	2006 £	30 September 2004 £
Class of shares			
£1 Ordinary	100 00		
Aggregate capital and reserves		<u>(338,317)</u>	<u>(338,317)</u>

The company is also the beneficial owner of all the issued share capital of Danmere USA Inc, a dormant company registered in the USA

Associated company

Inview Interactive Limited

Nature of business Specialist development of broadcast technology for digital TV

	% holding	2006 £
Class of shares		
£0 001 Ordinary A	12 76	
£1 Preference	100 00	
Aggregate capital and reserves		-
Profit for the period		<u>-</u>

The investments are all unlisted

7 DEBTORS

	2006 £	30 September 2004 £
Trade debtors	395,540	725,284
Other debtors	-	39,632
Prepayments	-	<u>31,352</u>
	<u>395,540</u>	<u>796,268</u>

In preparing the financial statements full provision has been made against amounts totalling £338,314 (30 September 2004 - £338,314) (net) from a subsidiary undertaking, Danmere Technologies Limited

4TV LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 OCTOBER 2004 TO 31 MARCH 2006

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	30 September 2004
	£	£
Bank loan and overdraft (secured)	-	376,026
Net obligations under hire purchase contracts (secured)	-	5,028
7% Loan Notes 2006 (secured)	1,659,210	-
Trade creditors	588	239,975
Social security and other taxes	32,923	129,710
Other creditors	70,693	70,693
Accruals	329,312	390,751
	<u>2,092,726</u>	<u>1,212,183</u>

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

7% Loan Notes 2006 (secured)	-	846,590
Net obligations under hire purchase contracts (secured)	-	26,797
	<u>-</u>	<u>873,387</u>

The Loan Notes are repayable in full on 17 June 2006 together with accrued interest and a redemption premium of 50%

10 OPERATING LEASE COMMITMENTS

	2006	30 September 2004
	£	£
The following payments are committed to be paid within one year		
Expiring		
Within one year	-	7,087
Between one and five years	-	75,000
	<u>-</u>	<u>82,087</u>

4TV LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1 OCTOBER 2004 TO 31 MARCH 2006

11 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	2006 £	30 September 2004 £
3,458,147	Ordinary	£0 001	3,458	2,672
358,048	Deferred	£0 999	357,690	357,690
242,636	'B' Deferred	£0 7212615	175,004	175,004
415,564	'D' Deferred	£0 009	3,740	3,740
2,646,438	Redeemable Preference	£0 001	<u>2,646</u>	<u>2,646</u>
			<u>542,538</u>	<u>541,752</u>

Allotted, issued and fully paid Number	Class	Nominal value	2006 £	30 September 2004 £
2,679,145	Ordinary	£0 001	2,679	2,487
358,048	Deferred	£0 999	357,690	357,690
242,636	'B' Deferred	£0 7212615	175,004	175,004
415,564	'D' Deferred	£0 009	3,740	3,740
2,646,438	Redeemable Preference	£0 001	<u>2,646</u>	<u>2,646</u>
			<u>541,759</u>	<u>541,567</u>

191,999 Ordinary shares of £0 001 each were allotted and fully paid for cash at par during the period

12 SHARE PREMIUM ACCOUNT

	2006 £	30 September 2004 £
At 1 October	5,197,869	3,053,577
On shares issued during the period	<u>-</u>	<u>2,144,292</u>
At 31 March/30 September	<u>5,197,869</u>	<u>5,197,869</u>

13 RELATED PARTY DISCLOSURES

No single individual or entity controls the company

During the period the company supplied goods and services, on normal commercial terms, to the value of £600,037, to Inview Interactive Limited, a company in which K Austin and Mrs J A Austin are directors. As referred to in note 6, in consideration the company received 600,000 Redeemable Preference shares of £1 each and 37,000 Ordinary shares of £0 001 each, in Inview Interactive Limited