

**World Television Group PLC
(‘World Television’ or the ‘Company’)**

26 January 2007

Refinancing agreement

World Television Group PLC announces that it has today agreed the terms of a refinancing (“Refinancing”). This involves the issue of new convertible loan notes (“the 2007 Loan Notes”), details of which are set out below, to raise £1.935 million (before expenses) for the Company. The proceeds of this issue will be used in part to replace the loan notes issued in November 2004 (“the 2004 Loan Notes”), which fall due for redemption at a cost of £1.28 million on 31 May 2007, and based on its 2007 projections to provide funds for strengthening the ongoing working capital position of the World Television Group and for product development.

The 2007 Loan Notes will be issued principally to holders of the 2004 Loan Notes and the detailed terms are set out further below. The important characteristics are that the 2007 Loan Notes have a two year duration, have a zero coupon, are redeemable at an amount of £2.25 million, and are convertible at any time, in aggregate, into 900,000,000 new ordinary shares (representing around 54% of the resultant enlarged share capital) at a conversion price of 0.25p per share. In the event of conversion, the holders of the 2007 Loan Notes, together with parties with whom they are deemed to act in concert, could increase their holding from approximately 55% to approximately 79.7% of the enlarged share capital of the Company.

The Board appreciates that the terms of the Refinancing are heavily dilutive to existing shareholders, as the conversion terms contained in the 2007 Loan Notes are at a significant discount to the Company’s current share price. The reasons for undertaking the Refinancing, and further details of its terms, and the implications thereof, are set out below.

Background to the Refinancing

The Company needed to renegotiate the 2004 Loan Notes, which fall due for repayment by 31 May 2007. The 2004 Loan Notes were issued as a means of urgently re-financing the Company in 2004. The Company’s working capital position and its projections of cash flows over the coming months means it will be unable to meet the repayment without cooperation of the holders of the 2004 Loan Notes. The holders of the 2004 Loan Notes have indicated to the Company that they were not prepared either to extend further the repayment date on their existing terms, or to enforce conversion at 1p a share, meaning the Company must fund or refinance this debt. The Independent Directors cannot require the holders of the 2004 Loan Notes to accept conversion at any time or redemption before 31 May 2007 under the terms of the 2004 Loan Note Instrument. The holders currently own approximately 55% of the share capital of the Company and have effective control.

World Television currently owes approximately £1.28 million including interest accruing at 5% from 30 November 2006 in relation to the 2004 Loan Notes. These loan notes were issued in November 2004, primarily to members of a concert party (the “Concert Party”) which was deemed by the Panel on Takeovers and Mergers (“Panel”) to have been established at the time of the merger between World Television and Virtue Broadcasting in August 2004. It was anticipated at that time of issue that the 2004 Loan Notes would be redeemed or converted on or before the expiry date of 30 November 2006, although the holders agreed in April 2006 to an extension to 31 May 2007. This extension permitted the finalisation of World Television’s 2005 Statutory Accounts. Whilst this solution was satisfactory at that point, it did not offer a long term solution to the working capital needs of the business and the issue of redemption of the Loan Notes at 31 May 2007 remained unresolved.

Shareholders will be aware that the current indebted capital structure of the Company is due to the historical loss-making nature of its businesses, and the willingness of the major shareholders

to support the Company financially, latterly via their financing and extension of the 2004 Loan Notes. Although the Company has started to make real progress towards achieving profitability, it continues to suffer from a shortage of working capital which needs to be addressed as a matter of priority to avoid damaging this progress. Due to its current capital structure, the Company is unable to invest in its rapidly-growing webcasting and streaming businesses.

The Board undertook an exercise to assess the Company's working capital requirements over the coming financial year, and it became clear that if the Company were to continue with its current working capital, having refinanced the £1.28 million due under the 2004 Loan Notes, it is very unlikely the Board would be able to invest for growth before the final quarter of 2007. The current management team inherited a substantial creditors position in 2005, and as a result the improving operating cashflow which the Company is expected to report for years ended 31 December 2006 and 2007 is being used to pay creditors. The Directors believe that delaying investment in product development until late 2007 would prevent the Company from taking the opportunity for faster revenue growth this year, and would risk eroding market share and undermining client relationships. The management team believes it has secured all possible credit facilities for the Company, and there is no expectation that these facilities can be increased in the short term.

How the Board has addressed the issue

During the latter part of 2006 a number of the holders of the 2004 Loan Notes, who are also major shareholders, indicated to the Board that they may be willing to extend the duration, and increase the amount, of their loans to the Company, but only on the basis that the existing loan notes were replaced by new loan notes in which the conversion price was at a significant discount to the current share price.

The Board agreed to assess this proposal ("the Proposal") whilst at the same time exploring other options to fund the repayment of the 2004 Loan Notes and to meet the Company's other working capital requirements. At this point three Board members, Peter Sibley, Andrew Booth and Tony Bartlett, who are holders of some of the 2004 Loan Notes, stepped aside for the purposes of the Board's consideration of the refinancing options because of their potential conflict of interest in this issue, leaving the remaining members of the Board – Stephen Kirk, Steve Garvey, Evelyn Kimber and, latterly, Jim Hall – (the "Independent Directors") to consider the issue on behalf of the Company.

The options considered have included seeking alternative providers of both new equity and/or debt facilities. The Independent Directors conducted a number of discussions with potential providers of these facilities, and some of these discussions resulted in expressions of interest from third parties to invest in the Company. However the Independent Directors were unable either to obtain certainty or deliverability of sufficient finance on terms which, in their view, were in the Company's best interests or on terms which the Independent Directors believed would be acceptable to the majority of shareholders.

In addition, the Independent Directors considered the disposal of certain non-core parts of the World Television business. Whilst one such disposal is at an early stage of negotiation, there is no certainty that a sale will be concluded, and even if it were, the likely level of cash received from such a disposal would still be insufficient to meet the Company's funding requirement.

In their deliberations the Independent Directors have been conscious that the Company is effectively controlled by a small number of shareholders, all of whom are holders of the 2004 Loan Notes, together with other members of the Concert Party. In aggregate, this Concert Party holds over 50 per cent of the Company's voting rights, and the Independent Directors have been aware that in order to be able to obtain any equity finance from new sources, they would require these shareholders' approval.

The Independent Directors concluded that the possibility of attracting new investors to invest a sum sufficient to fund both the redemption of the Loan Notes and the further investment required

on better terms than those agreed, and acceptable to the 2004 Loan Note holders, is remote. In addition, the Independent Directors believe that continued public uncertainty over the 2004 Loan Notes will damage the Company's trading if it not resolved at an early opportunity, by distracting the management, undermining public confidence in World Television and complicating the finalisation of the audit of the 2006 preliminary results. The Board would not be able to sign off the Group's balance sheet at 31 December 2006 without resolution of the issue of the 2004 Loan Notes.

The Independent Directors have concluded that, in the circumstances, the Proposal represents the only certain and deliverable deal available at the current time to the Company and its shareholders.

Related Party Transactions

As Messrs Sibley, Booth and Bartlett are Directors of the Company, and Archdream Limited and Rorke Investment Holdings Limited are "substantial shareholders" for the purposes of the AIM Rules, their respective participation in the subscription for the 2007 Loan Notes, and/or the effective early redemption of the 2004 Loan Notes, represents "related party transactions" under the AIM Rules.

In the circumstances, and for the reasons set out above, the Independent Directors, having consulted with Brewin Dolphin Securities, the Company's nominated adviser, consider that the Proposal is "fair and reasonable" insofar as shareholders are concerned.

Terms of the new 2007 Loan Notes

The Company will receive cash of £1.935 million from the issue of the 2007 Loan Notes. The 2007 Loan Notes will have a zero coupon, and will be redeemable at the request of the holders at nominal value of £2.25 million on or after 31 January 2009. The Loan Notes are unsecured (however the holders can require the Company to put security in place) and are convertible into new ordinary shares in the Company. The 2007 Loan Notes will be constituted by a new instrument.

The 2007 Loan Notes will be convertible at the rate of one new ordinary share for every 0.25 pence of redemption value of loan notes converted. Conversion will take place at the option of any holder in whole or part at any time. The conversion rate adjusts upon a consolidation or sub-division of the existing shares, and on a bonus issue to existing shareholders.

The loan notes are redeemable at par by any noteholder on an insolvency event or upon the Company failing to obtain the relevant authorities to issue shares arising on conversion, and by any noteholder or the Company in whole or in part at any time on or after 31 January 2009. All the outstanding loan notes (to the extent that a holder has not elected to convert them) will be redeemed upon a general takeover offer for the Company becoming wholly unconditional.

The subscribers are set out in the table below.

Resultant Shareholdings

On the assumption that each proposed holder of the 2007 Loan Notes fully converts his Loan Notes into new ordinary shares at the new exercise price of 0.25p, they will have the following beneficial interests in the share capital of the Company:

Loan Note subscribers	At the date of this announcement			Following full conversion of 2007 Loan Notes	
	Number of Ordinary Shares	Percentage of issued Ordinary Shares Capital	2007 Loan notes to be subscribed £ (nominal amount)	Number of Ordinary Shares	Percentage of enlarged issued Ordinary Share capital
Mr P Sibley	114,134,490	14.88%	248,633	213,587,690	12.812%
Mr A Booth	114,134,489	14.88%	248,633	213,587,689	12.812%
Archdream Limited	82,472,796	10.75%	562,178	307,343,996	18.436%
Rorke Investment Holdings Limited	80,000,000	10.43%	-	80,000,000	4.799%
Arvon Limited	17,362,694	2.26%	202,703	98,443,894	5.905%
Mr R Newman	6,813,469	0.89%	562,178	231,684,669	13.898%
Mr A Bartlett	8,681,347	1.13%	202,703	89,762,547	5.385%
Mr S Ozturk	-	-	101,350	40,540,000	2.432%
Mr N Walker	2,517,591	0.33%	60,811	26,841,991	1.610%
Treve Investment Management	1,823,083	0.24%	-	1,823,083	0.109%
Mr S Wharmby	868,135	0.11%	-	868,135	0.052%
Mr C Weinberg	-	-	60,811	24,324,400	1.459%
	428,808,094	55.90	£2,250,000	1,328,808,094	79.71%

In the light of the Refinancing, the Panel has confirmed that the parties listed above are deemed to be a concert party for the purposes of the Code. Since 2004, Mr C Weinberg has been deemed by the Panel to have joined the Concert Party.

Following completion of the Refinancing the members of the Concert Party will between them continue to hold more than 50% 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 interest 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 interest in shares through or between a Rule 9 threshold without Panel consent.

It is anticipated the 2007 Loan Notes will be issued, and the 2004 Loan Notes redeemed, in the next few days, and in any event, by 31 January 2007.

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