

World Television Group PLC

Report and Financial Statements

Year Ended 31 December 2007

Chairman's statement

Dear Shareholders,

2007 was a landmark year for World Television and I am delighted to report good progress towards our goal of establishing the Group as the global leader in video communications services.

When Stephen Kirk wrote to you at this time last year, he referred to World Television's potential. In 2007, we began to deliver more of that potential through revenue growth, lower costs and our first profit before tax (PBT) since the 2004 merger of World Television Group Limited and Virtue Broadcasting PLC. The investments we made in new products and people began to pay off while demand from our clients strengthened.

The Group's market position has been reinforced by our improving financial position. In the past, we could see the opportunity but did not have the financial resources to benefit from it. The rapid growth in video over the Internet and corporate intranets continues unabated. Large corporations, governments and international organisations are increasingly keen to use video as a key communications tool.

We expect these market trends to persist and today your company is better positioned than ever to meet demand. Our stronger finances mean we can develop business opportunities more effectively and I believe our international network is unmatched by any competitor. Our product range was expanded substantially in 2007.

We took a number of important decisions during 2007 to enable us to capitalise on the market opportunity. We sold the assets of our Australian webcasting business and we renegotiated the convertible loan notes. Taken together, these steps transformed the Group's balance sheet and gave us cash for developing products and recruiting salespeople.

We also de-listed from the AIM market, which enabled the management to devote more time to the business and reduce overheads. The de-listing proved to be unpopular with some shareholders and I recognise their concerns. Indeed, Stephen Kirk decided to resign as Chairman over the timing of the proposal to de-list. However all the directors were unanimous in their belief that de-listing was in the best interests of the Group and all its shareholders, and our experience since de-listing has persuaded us it was the right decision.

The Board's strategy has served us well since we began restructuring the business in 2006. We aim to leave behind a past in which World Television was a loss-making business that required financing by shareholders. We believe we will build lasting shareholder value by growing profits and revenues, and by establishing the Group's international leadership in our sector. Having achieved our landmark PBT in 2007, we plan to achieve an operating profit in 2008 by increasing revenues and delivering value from our new products.

World Television's success depends on excellent relationships with clients, and I would like to thank my colleagues throughout the Group for another year of exemplary client service.



Steve Garvey

Chairman

24 April 2008

Operational and financial review

2007 Group Summary of Activities

World Television's trading performance in 2007 showed considerable improvement over 2006 as the results of restructuring and refinancing took effect.

Three major events in 2007 directly impacted the activities of the Group.

- In January 2007, the terms for refinancing the 2004 Loan Notes were renegotiated. The refinancing provided the Group with approximately £650k to fund working capital, invest in new products and recruit people with business development skills.
- The Australian webcasting business was disposed of in February 2007 for £615k.
- The Group cancelled its listing on the AIM Market of the London Stock Exchange in September 2007.

These events have allowed us to achieve the four key goals we set for 2007. They were:

- To achieve profitability in 2007.
- To generate additional profitable revenues through new product launches. Revenues of £270k were attributable to Channel Player and Video News Manager, the two new products launched in 2007. Both products delivered an attractive gross profit margin.
- To focus management time on our growth businesses. The cancellation of the Group's AIM listing has allowed senior management to focus on our trading performance. It has also generated annual savings in line with the Board's forecast of at least £100k.
- To recruit business developers and salespeople in growth markets. Additional sales staff and business developers were recruited in 2007. An international business development team has been formed to support the subsidiary operations through marketing and sales activities, product development and training.

Financial Summary

PBT in 2007 was £384k, compared to a loss before tax of £483k in 2006. This is the first time that the Group has reported a positive PBT since the merger of World Television Group Limited and Virtue Broadcasting PLC in 2004.

Total revenues were £10.03m, 8% higher than 2006. Underlying revenues, discounting the effect of selling the Australian webcasting assets in February 2007, increased by £1.3m or 14%. Underlying revenue growth in the second half was almost 20%.

Revenues in Germany grew by 64%, Switzerland by 42%, Spain by 30%, Sweden by 23% and UK webcasting by 13%. The UK corporate TV business remained flat and additional resource was added to expand its client base and reduce the risk of over-dependence on a few major clients. At the end of the year, the Group had approximately 450 clients worldwide, an increase of 50% over 2006. New client wins included FIFA, Gavi Alliance, Caterpillar, Swatch Group, Lloyds Bank, International Labour Organisation, Bank for International Settlement, the US Army, Capita and Anglo American.

The Group reduced its operating loss from £441k to £103k. Net operating cash was an outflow of £232k as a result of rapid growth in trading activities. Revenue growth in the fourth quarter was over 30% which led to an increase in debtors of £700k for the year.

Operating expenses increased during the year from £9.5m to £9.8m. £0.2m of the difference reflects the cost of sales due to increased revenue. The balance of the variance includes a £55k provision for London property dilapidations.

Targets relating to certain share options for employees were not achieved, and as a result £44k was credited to the profit and loss account in 2007 to balance the £63k charge made in 2006.

The Group's balance sheet has improved from net liabilities of £1,464k to net assets of £911k, reflecting the conversion of the 2007 Loan Notes, additional funding raised during the year and a profit for the financial year. The Group invested £258k (2006: £80k) in software development and £248k (2006: £167k) in capital expenditure.

Operational and financial review

Key performance indicators

The KPI's for the year ended 31 December 2007, with comparatives for the year ended 31 December 2006, are set out below:

	2007 £'000	2006 £'000
Total revenue	10,028	9,213
Underlying revenue (excluding Australian business disposed)	9,909	8,695
EBITDA (pre exceptional items, share option expense and amortisation)	407	99
EBITDA (pre exceptional items, share option expense and amortisation) per employee	4.20	1.03
PBT	384	(483)
Net operating cashflow (2006 - pre non-trading debts £199k)	(232)	136

Treasury policy and financial risk management

The funding and treasury functions of the Group are managed centrally under guidelines approved by the Board. The treasury function raises all the funding for the Group and focuses on minimising interest rate and foreign exchange rate risk. The Group has a number of overseas subsidiaries whose functional currency is not Sterling. As a result, changes in exchange rates can impact on the conversion of the net assets of the Group's balance sheet and operating results. The treasury positions are managed in a non-speculative manner. The main financial risks faced by the Group are funding and credit risk. The Board continually reviews the funding requirements of the Group and its exposure to liquidity risk. The Board is conducting a review of the Group's credit management policies. The directors believe that these may have to be adjusted to reflect the possibility of an economic downturn in 2008. The Group does not enter into derivative instruments.

Group strategy

World Television is a communications agency that specialises in video for large corporations, governments and international organisations. The Group's strategic objective is to be recognised as the global leader in video communications services. The market for these services is highly fragmented and the Directors believe that the globalisation of commerce and the widespread availability of the broadband Internet have created an opportunity for a major international supplier to establish itself.

Our international resources combined with our creative production skills and Internet-based products make us distinct from most competitors who have limited geographical reach. The Group aims to achieve its objectives through growing its profits and revenues and attracting more clients in target markets.

Operational and financial review

Business plan 2008

The market for the Group's services in 2008 is likely to be affected by two main trends. First, the current economic slowdown may affect our clients to some extent and this may in turn reduce their expenditure on communications services. Second, survey evidence and our own experience indicate that clients are increasing budgets for Internet-based marketing communications while reducing budgets in other categories.

Our current business plan reflects these trends as we aim to grow our business through the Internet-based distribution of high quality video content. We began investing in Internet solutions in the second quarter of 2007, both in our new products and in upgrades to our datacentre hardware. We expect to continue investing in hardware upgrades in 2008 and 2009, while reducing spending on new product development. We are undertaking a training programme to ensure everyone in the Group has the skills they need to sell and deliver our new products flawlessly.

Our business performs best when we combine creativity with technology. In 2007 we recruited more executive producers with excellent programme-making skills and we will do the same in 2008 when suitable opportunities arise. We also aim to recruit more web designers and developers.

Our network is currently located in Europe. The Board will consider opportunities for international expansion if they can be delivered on a cost-effective basis and without risk to our existing operations.

Outlook and commercial risk

Trading in the first quarter of 2008 has been in line with the Group's budget. Underlying revenues have continued to deliver double-digit growth as clients respond to the new products, webcasting and creative production services. The Directors believe that, subject to the risks stated below, Group revenues will continue to grow at a double-digit rate.

The Directors consider that the principal commercial risk faced by the Group is the performance of our German subsidiary, which has stabilised since 2006 and has ambitious growth targets for 2008. It is possible that it will not be able to grow its revenues and profits as quickly as expected in our 2008 budget. A secondary risk is the possible impact of the global credit crisis. Although we have not yet seen this have any effect on our clients' budgets, we remain vigilant.



Steve Garvey
Chief Executive Officer



Evelyn Kimber
Chief Financial Officer

24 April 2008

Directors and advisors

Directors

Steve Garvey
Chairman and Chief Executive Officer

Evelyn Kimber
Chief Financial Officer

Jim Hall
Chief Technology Officer

Andrew Booth
Non-Executive Director

Peter Sibley
Non-Executive Director

Company Secretary

Evelyn Kimber

Registered office

8 Fitzroy Square
London W1T 5HN

Registered in England and Wales

03901656

Auditors

BDO Stoy Hayward LLP
55 Baker Street
London W1U 7EU

Solicitors

Taylor Wessing
Carmelite
50 Victoria Embankment,
Blackfriars
London EC4Y 0DX

Registrars

Capita Registrars
Northern House
Woodborne Park,
Fenay Bridge
Huddersfield
West Yorkshire HD8 0LA

Corporate governance statement

The Group de-listed from the Alternative Investment Market ("AIM") in September 2007 and is therefore not required to comply with the provisions of the Principles of Good Governance and the Code of Best Practice ("the Combined Code"). Nevertheless the Board is committed to ensuring that proper standards of corporate governance operate throughout the Group and has followed the principles of the Combined Code so far as is practicable and appropriate for the nature and size of the Group.

Below is a brief description of the role of the Board and its Committees, followed by a statement regarding the Group's system of internal controls.

The Board

The Board currently comprises the Chairman and Chief Executive Officer, the Chief Financial Officer, the Chief Technology Officer and two Non-Executive Directors.

Key features of the Corporate Governance structure are:

- the Chairman and Chief Executive Officer is responsible for the development of the corporate strategy and closely involved with the financing of the Group;
- the Chairman and Chief Executive Officer exercises his delegated powers through the management team comprising the Chief Financial Officer, Chief Technology Officer, himself and senior members of management. The management team meets weekly; and
- the Non-Executive Directors provide a range of skills and experience in the Group. They bring independent judgement on issues of strategy, performance, risk and people through their membership of the Board and are closely involved with remuneration and audit matters.

All directors have access to the advice and services of the Company Secretary, who ensures that the Board meets formally at least eight times per year, receives appropriate and timely information for decision making, that Board procedures are followed and that statutory and regulatory requirements are met. Any director, in order to fulfil his duties, may take independent professional advice at the parent company's expense.

Under the parent company's Articles of Association, one-third of the Board retires by rotation each year and all directors are required to offer themselves for re-election at least every three years.

The Board as a whole is responsible for its structure, size, composition and successional needs thereby keeping under review the balance between Executive and Non-Executive Directors, and the Board's blend of skills and experience.

Audit Services

The Board meets at least twice per year with the external auditors to review the accounts and audit of the Group. The Board reviews the Group's accounting policies, financial reporting, internal control and risk management procedures. The Board seeks to ensure that its Annual Report and Financial Statements provide a balanced and concise assessment of the Group's position. It also considers the appointment of the auditors and their remuneration.

Statutory disclosures required by the Companies Act 1985 of audit and non-audit fees are given in note 7.

The Board also reviews the independence of the external auditors.

The external auditors continue to operate procedures to safeguard against the possibility that the auditors' objectivity and independence could be compromised. This includes the use of an independent concurring partner, use of a technical review board and annual independence confirmations by all staff.

The auditors report to the Board on matters including independence and non-audit fees on an annual basis.

Corporate governance statement

The Board (continued)

Remuneration

The Chairman and Chief Executive Officer and the non-Executive directors provide advice and recommendations to the Board regarding the framework for executive remuneration and the individual remuneration package for each director.

Risk assessment and internal control

The directors are responsible for risk assessment and the systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. The key elements of the Group's system of internal control are as follows:

Company management

The Chairman and Chief Executive Officer chairs management meetings for the Group comprising the senior management with responsibilities for sales, marketing, service support, technology, product development, business development and finance. Additionally, there are regular meetings of product strategy and business development forums where the future direction of the Group's product offerings and routes to market are considered.

The Managing Directors of each operating company report monthly on key financial and operational matters.

Financial management

Detailed annual budgets are prepared for the Group and each operating company. These budgets are reviewed and agreed by the Board and actual performance is reported against these budgets on a monthly basis. The Group has in place documented authority levels for approving purchase orders, invoices and all bank transactions. Further information concerning financial risk management is detailed in the Operational and Financial Review.

Quality management

The Group's businesses are focused on meeting the highest levels of customer satisfaction. Quality procedures for the development of the products, services and maintenance support are documented and reviewed frequently.

Internal audit

The Group does not operate an internal audit function; the Board feels this is appropriate due to the current size of the Group's business.

External audit

Executive management have a dialogue with the external auditors on matters arising from their work.

Dialogue with shareholders

The directors of the Group, together with their advisors, hold meetings with the key shareholders, thereby helping to ensure that there is a mutual understanding of objectives.

On behalf of the Board



Steve Garvey

Chairman and Chief Executive Officer

24 April 2008

Report of the directors

For the year ended 31 December 2007

The directors present their report together with the audited Financial Statements for the year ended 31 December 2007.

Results and dividends

The results of the Group for the year are set out on page 16 and show a profit after tax of £384k (2006 - loss £483k) after deducting amortisation of intangible assets of £334k and redemption premium of convertible loan notes of £80k. The profit for the year also includes a profit on disposal of operations of £572k and share-based payment write back of £44k.

The directors do not recommend a final dividend.

Principal activities, review of business and future developments

World Television is a leading video communications company for corporations, governments and international organisations. It has offices in London, Stockholm, Madrid, Frankfurt, Zurich and Geneva. The Group also has representative offices in AsiaPacific in Sydney and Nelson.

A review of the Group's operations and future developments is included in the Chairman's Statement and the Operational and financial review on pages 1 to 4.

Research and development

The Group continues to invest in research and development. During the year, total development costs of £258k have been capitalised in respect of the development of software platforms that will benefit the group in the medium to long term. Of this, £109k was outsourced to a third party.

Loan Notes

On 26 January 2007 the Group announced that it had agreed the terms of a refinancing, involving the issue of new convertible Loan Notes, to raise £1.935 million (before expenses) for the Group. The proceeds of this issue were used in part to replace the Loan Notes issued in November 2004, which were due for redemption on 31 May 2007 at a cost of £1.28 million, plus accrued interest from 30 November 2006.

The 2007 Loan Notes had a two year duration, had a zero coupon, and were redeemable at an amount of £2.25 million, and were convertible at any time, in aggregate, into 900,000,000 new ordinary shares at a conversion price of 0.25 pence per share.

On 25 April 2007 the Loan Note holders notified the Group to convert the nominal amount of their Loan Notes into ordinary shares in accordance with the terms of the 2007 Loan Notes agreement. 900,000,000 new ordinary shares were issued on 27 April 2007 following conversion.

Disposal of Australian webcasting business

On 21 February 2007 the Group announced that it had disposed of its Australian webcasting business for US\$1.2 million (£615,000). The Group will continue to support its corporate TV production and broadcast PR clients in Australia and New Zealand.

De-listing

On 31 August 2007 the shareholders passed a resolution to cancel World Television's listing on the AIM Market of the London Stock Exchange. Cancellation was effective from 10 September 2007.

Changes to the Board

On 1 January 2007 Jim Hall was appointed as Chief Technology Officer.

On 1 January 2007 Peter Sibley and Andrew Booth relinquished their roles as Executive Directors and Vice-Chairmen and became Non-Executive Directors.

On 13 June 2007 Anthony Bartlett resigned as a Non-Executive Director.

On 1 August 2007 Stephen Kirk resigned as Non-Executive Chairman and Steve Garvey was appointed on 1 August 2007 as Chairman.

Report of the directors

For the year ended 31 December 2007

Directors

The current directors of the parent company are:

Steve Garvey, Chairman and Chief Executive Officer

Steve joined World Television as Head of News and Web operations worldwide in 2003. Before joining the Group, Steve spent 20 years in the television and film industry, concentrating on news, corporate television production and streaming technologies. He was responsible for establishing and directing Reuters Corporate Television internationally in the 1990s and was Director of Communications for Yes Television PLC, a provider of video-on-demand solutions for IP-based telecommunication networks.

Evelyn Kimber, Chief Financial Officer

Evelyn joined World Television in October 2005. Evelyn previously worked for Yes Television PLC where she held the positions of Director of Finance and Company Secretary. Before joining Yes Television, Evelyn worked for Bell Cablemedia PLC and Jones Cable Group. Evelyn has over 15 years experience working in the television industry and was involved in the US and UK based investment in the cable sector. She was also involved in the winning of and acquisition of a number of cable TV franchises. This led to the first successful flotation of a UK cable company on NASDAQ in 1994.

Jim Hall, Chief Technology Officer

Jim joined the Board in January 2007 as Chief Technology Officer. He previously worked for MultiVu in New York, a company he helped launch in 2002. Jim was instrumental in developing the fledgling company into the second largest broadcast PR production company in the US in less than two years. Prior to establishing his career in broadcast PR, Jim worked for Pseudo Programs, Inc. a ground-breaking pioneer in video over the Internet, where he led production and streaming technology development for four years. He has over twelve years' experience in delivering latest technology solutions for audio and video online, ranging from the beta of RealAudio to video podcasting and broadcast quality video downloading.

Andrew Booth, Non-Executive Director

Andrew has been a Board Director since he co-founded the Group in 1991. He has worked in broadcast and new media communications and campaigns for 20 years. He was a main board director of Greenpeace International, where he was responsible for communications and campaigns worldwide, and has served as a senior communications consultant to the United Nations.

Peter Sibley, Non-Executive Director

Peter has been a Board Director since he co-founded the Group in 1991. He has had 20 years' experience in the global broadcast, corporate communications and new media sectors. He has been the Executive Producer of several award-winning television series and has delivered a wide range of complex international campaigns for many of the company's most visible and prestigious clients. Peter has also worked for Reuters, Greenpeace International and Ogilvy and Mather.

Report of the directors

For the year ended 31 December 2007

Directors' interests

The directors at the end of the year and their beneficial interests (unless otherwise stated) in the ordinary share capital of the parent company are as follows:

Name	At 31 December 2007		At 31 December 2006	
	Numbers of shares held	Percentage of shareholding	Numbers of shares held	Percentage of shareholding
Peter Sibley	213,587,690	12.8%	114,134,490	14.9%
Andrew Booth	213,587,689	12.8%	114,134,489	14.9%
Steve Garvey	10,000,000	0.60%	10,000,000	1.3%
Evelyn Kimber	—	—	—	—
Jim Hall	—	—	—	—

No directors were or are materially interested in any contract, other than their service contract, subsisting during or at the end of the financial year that was significant in relation to the Group's business.

There have been no other changes in the above shareholdings between 31 December 2007 and 24 April 2008.

Report of the directors

For the year ended 31 December 2007

Directors' share options

The table below sets out the interest of directors in share options of World Television Group PLC:

000's	At start of year	Granted/ Re-priced	Lapsed	At end of year	Exercise price (pence)	Exercise date	Lapsed date
S Garvey	1,302	—	—	1,302	0.6	17/01/05	05/02/14
	1,302	—	—	1,302	0.6	01/08/05	05/02/14
	4,697	—	(4,697)	—	1.0	24/04/08	23/02/16
	2,803	—	(2,803)	—	1.0	24/04/08	16/03/16
	10,104	—	(7,500)	2,604			
E Kimber	5,000	—	(5,000)	—	1.0	24/04/07	23/02/16
	5,000	—	(5,000)	—			
Jim Hall	—	—	—	—			
P Sibley	—	—	—	—			
A Booth	—	—	—	—			

Report of the directors

For the year ended 31 December 2007

Employment of disabled people and employee involvement

Every effort is made to keep all staff informed and involved in the operations and progress of the Group. This is achieved through the use of electronic communications and staff briefings.

The Group operates Approved, Unapproved and Enterprise Management Incentive employee share option schemes, in which certain of the Group's employees are invited to participate.

It is the Group's aim that recruitment and development of staff should be determined solely on ability and other relevant requirements of the job. Disabled people and those who become disabled are given the same consideration as others and depending on their skills, will enjoy the same prospects as other staff.

World Television is committed to being a socially responsible employer and has an active policy of Equal Opportunities and Diversity & Inclusion. The Group embraces part-time and job-share opportunities and offers a health benefit scheme.

The Group aims to create an open and honest environment for employees. We aim to keep staff informed on operations and the progress of the Group.

Supplier payment policy

The Group agrees appropriate terms and conditions individually with its suppliers. It seeks to abide by these agreed terms provided that the supplier has also complied with them. The Group had 35 creditors days at 31 December 2007 (2006 – 144 days).

Donations

There were no political or charitable donations during the year (2006 – £Nil).

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

By order of the Board



Evelyn Kimber

Company Secretary

24 April 2008

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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

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

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

Report of the independent auditors

To the shareholders of World Television Group PLC

We have audited the group and parent company financial statements (the "financial statements") of World Television Plc for the year ended 31 December 2007 which comprise the group profit and loss account, the statement of total recognised gains and losses, the group and company balance sheets, the group cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report, chairman's statement, operational and financial review and corporate governance statement and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

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

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

Report of the independent auditors

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 December 2007 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 December 2007;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
London

25 April 2008

Consolidated profit and loss account
for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Turnover	2	10,028	9,213
Operating expenses before exceptional items, share option expense and amortisation		(9,846)	(9,500)
– Board restructuring and redundancy costs	8	—	(322)
– Share option credit/(charge)	21	44	(63)
– Net amortisation of intangible fixed assets	11	(334)	(299)
– Tornado PAYE provision	8	—	446
Total net operating expenses	3	(10,136)	(9,738)
		(108)	(525)
Other operating income	6	5	84
Operating loss		(103)	(441)
Exceptional items – non-operating			
– Gain/(Loss) on sale and termination of operations	8	572	(14)
Profit/(Loss) on ordinary activities before interest		469	(455)
Net interest payable	9	(85)	(28)
Profit/(Loss) on ordinary activities before taxation		384	(483)
Taxation	10	—	—
Profit/(Loss) on ordinary activities after taxation		384	(483)
Minority interests		(85)	17
Profit/(Loss) for the financial year	22	299	(466)

All amounts relate to continuing activities.

The notes on pages 22 to 50 form part of these Financial Statements.

Consolidated statement of total recognised gains and losses
for the year ended 31 December 2007

	2007 £'000	2006 £'000
Profit/(Loss) for the financial year	299	(466)
Exchange translation differences	17	(8)
Total recognised gains and losses for the year	316	(474)

The notes on pages 22 to 50 form part of these Financial Statements.

Consolidated balance sheet
at 31 December 2007

	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Fixed assets					
Intangible assets	11		780		814
Tangible assets	12		347		359
			1,127		1,173
Current assets					
Debtors	14	2,483		1,783	
Cash at bank and in hand		353		42	
		2,836		1,825	
Creditors: amounts falling due within one year	15	(2,946)		(4,392)	
Net current liabilities			(110)		(2,567)
Total assets less current liabilities			1,017		(1,394)
Creditors: amounts falling due after more than one year	16		(51)		(45)
Provisions for liabilities and charges	18		(55)		(25)
Net assets/(liabilities)			911		(1,464)
Capital and reserves					
Called up share capital	19		19,499		18,599
Share premium account	22		10,065		9,011
Capital redemption reserve	22		16,874		16,874
Merger reserve	22		(15,999)		(15,999)
Other reserves	22		2,384		2,428
Profit and loss account	22		(31,912)		(32,265)
Shareholders' funds/(deficit)	23		911		(1,352)
Minority interests			—		(112)
			911		(1,464)

The Financial Statements were approved and authorised by the Board on 24 April 2008.



Steve Garvey

Chairman and Chief Executive Officer



Evelyn Kimber

Chief Financial Officer

The notes on pages 22 to 50 form part of these Financial Statements.

Parent company ('the Company') balance sheet
at 31 December 2007

	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Fixed assets					
Intangible assets	11		311		110
Investments	13		4,467		5,782
			4,778		5,892
Current assets					
Debtors – due in one year	14	759		56	
– due after more than one year	14	—		2,180	
		759		2,236	
Cash at bank and in hand		192		1	
		951		2,237	
Creditors: amounts falling due within one year	15	(505)		(1,841)	
Net current assets			446		396
Total assets less current liabilities			5,224		6,288
Creditors: amounts falling due after more than one year	16		(185)		—
Provisions for liabilities and charges	18		(5)		(12)
Net assets			5,034		6,276
Capital and reserves					
Called up share capital	19		19,499		18,599
Share premium account	22		10,065		9,011
Capital redemption reserve	22		16,874		16,874
Other reserves	22		19		63
Profit and loss account	22		(41,423)		(38,271)
Shareholders' funds	23		5,034		6,276

The Financial Statements were approved and authorised by the Board on 24 April 2008.



Steve Garvey

Chairman and Chief Executive Officer



Evelyn Kimber

Chief Financial Officer

The notes on pages 22 to 50 form part of these Financial Statements.

Consolidated cashflow statement
for the year ended 31 December 2007

	Note	2007 £'000	2007 £'000	2006 £'000	2006 £'000
Net cash outflow from operating activities	24		(232)		(63)
Returns on investment and servicing of finance					
Interest received		19		1	
Interest paid		(16)		(8)	
Interest element of finance lease rentals		(8)		(16)	
Net cash outflow from returns on investment and servicing of finance			(5)		(23)
Taxation					
Corporation tax			—		—
Capital expenditure and financial investment					
Payments to acquire intangible assets		(258)		(80)	
Payments to acquire tangible assets		(248)		(167)	
Receipt from sale of unlisted investment		—		1	
Receipts from sales of tangible assets		—		12	
Cash outflow from capital expenditure and financial investment			(506)		(234)
Acquisitions and disposals					
Acquisition of minority interests		(16)		—	
Proceeds from sale of trade and assets of subsidiary undertaking	26	615		—	
Cash inflow from acquisitions and disposals			599		—
Cash outflow before financing			(144)		(320)
Financing					
Issue of ordinary shares		—		124	
Issue of 2007 loan notes		1,915		—	
Repayment of 2004 loan notes		(1,286)		—	
Issue of loan finance		25		288	
Repayment of loan finance		(148)		—	
Issue of new finance leases		51		—	
Capital element of finance lease payments paid		(102)		(138)	
Cash inflow from financing			455		274
Increase/(decrease) in cash			311		(46)

The notes on pages 22 to 50 form part of these Financial Statements.

Consolidated cashflow statement
for the year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Reconciliation of net cashflow movements in net debt			
Increase/(decrease) in cash		311	(46)
Cashflow from decrease/(increase) in debts		1,454	(150)
Change in net funds/(debt) resulting from cashflow		1,765	(196)
Interest charge on loan notes		—	(5)
New finance leases		(8)	(75)
Non-cash movements (foreign exchange)		—	(2)
Movement in net funds/(debt)		1,757	(278)
Net debt at the start of the year		(1,660)	(1,382)
Net funds/(debt) at the end of the year	25	97	(1,660)

The notes on pages 22 to 50 form part of these Financial Statements.

Notes forming part of the Financial Statements for the year ended 31 December 2007

1. Accounting policies

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

The following principal accounting policies have been applied:

Going concern basis

As at 31 December 2007 the Group had net assets of £911k and net current liabilities of £110k.

In assessing the going concern of the Group, the directors have prepared forecast information for the period ending twelve months from the date of the approval of these Financial Statements. On the basis of these forecasts and the underlying assumptions, the directors believe that the Group should have sufficient funding to continue in operational existence for at least twelve months from the date of approval of these Financial Statements. On this basis, they consider that it is appropriate to prepare the Financial Statements on the going concern basis.

Basis of consolidation

The consolidated Financial Statements include the Financial Statements of the Company and its subsidiary undertakings as at 31 December 2007.

Undertakings in which the Group has a material interest are accounted for as subsidiaries where the Group exercises dominant influence. Unless otherwise stated the acquisition method of accounting has been adopted, under which the results of subsidiary undertakings acquired in the year are included in the consolidated profit and loss account from the date of acquisition and interests sold are consolidated up to the date of disposal.

Under Section 230 of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account. The loss for the financial year dealt with in the accounts of the Company was £3,189k (2006 – £3,182k).

Merger accounting

In relation to the merger of Virtue Group and World Television Group in August 2004, the consolidated Financial Statements have been prepared using merger accounting principles as set out in Financial Reporting Standard No. 6 – Acquisitions and Mergers (“FRS 6”).

Where merger accounting is used the investment is recorded in the Company’s balance sheet at the nominal value of the shares issued together with the fair value of any additional consideration paid. In the consolidated Financial Statements merged subsidiary undertakings are treated as if they had always been a member of the Group. Any difference between the nominal value of the shares acquired by the Company and those issued by the Company to acquire them is taken to reserves.

Notes forming part of the Financial Statements

for the year ended 31 December 2007

1. Accounting policies (continued)

Foreign currencies

Foreign currency transactions of individual companies are translated at contracted rates or where no contract exists, at the average monthly rates. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the profit and loss account.

The results of overseas subsidiary undertakings are translated into sterling at the average rates of exchange during the year. The balance sheets are translated into sterling at the rate of exchange ruling on the balance sheet date. Exchange differences arising on the translation of opening shareholders' funds and the profit and loss movement for the year are recorded as a movement on reserves.

Principal rate of exchange

£	2007 Year-end	2007 Average	2006 Year-end	2006 Average
Euro	1.3571	1.46206	1.485	1.467
Swiss franc	2.2498	2.4015	2.389	2.308
Australian dollar	2.2807	2.39092	2.485	2.447
Swedish kronor	12.7896	13.52381	13.427	13.579

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings, is the difference between the fair value of purchase consideration and the fair value of the assets and liabilities acquired. In calculating goodwill, the total consideration, both actual and deferred, is taken into account. Where the deferred consideration is contingent and dependent upon future trading performance, an estimate of the value of likely consideration payable is made. The contingent deferred consideration is re-assessed annually and a corresponding adjustment is made to the goodwill arising on acquisition.

Goodwill is capitalised and amortised through the profit and loss account over its expected useful economic life which is estimated at five years. Goodwill is denominated in the currency in which the acquisition is made and financed.

Research and development

Development expenditure meeting the criteria as set out in SSAP 13 is capitalised and amortised over its useful economic life of three years, commencing in the year the Group starts to benefit from the expenditure.

All other research and development expenditure is charged to the profit and loss account in the period in which it is incurred.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less a provision for depreciation.

Depreciation is calculated so as to write off the cost of tangible fixed assets in equal instalments over their expected useful economic lives. The normal expected useful lives of the major categories of tangible fixed assets are:

Computer equipment and software	—	2–3 years
Specialist equipment	—	2–3 years
Fixtures, fittings and equipment	—	3–4 years
Website	—	2–3 years

Notes forming part of the Financial Statements for the year ended 31 December 2007

1. Accounting policies (continued)

Impairment of fixed assets and goodwill

The carrying values of fixed assets are reviewed for impairment when a triggering event arises that indicates assets might be impaired. First year impairment reviews are conducted for acquired goodwill and intangible assets. Impairment is determined by the comparison of the carrying value of the asset against the higher of net realisable value and value in use. Any provision for impairment is charged to the profit and loss account in the year concerned.

Investments

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

Long-term contracts and work in progress

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as work in progress balances within stock.

Turnover

World Television is a communications agency that specialises in video for large corporations, governments and international organisations. Turnover relating to webcasting is recognised when the webcasting services are performed, which is compliant with FRS 5 Application Note G. Turnover in respect of television programme production is recognised on the basis of the amount earned during the year in accordance with the contractual arrangements. Turnover excludes transactions between companies within the Group and VAT.

Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of past events and where the amount of the obligation can be readily estimated.

Restructuring costs are recognised in respect of the direct expenditures of a business re-organisation where the plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken by the balance sheet date.

Pension costs

The Group operates a stakeholder pension scheme which is made available to certain employees. No contributions are payable by the Group. Contributions to a few employees own money purchase pension schemes were charged to the profit and loss accounts as incurred.

Finance leases

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balances of capital repayments outstanding. The capital element reduces the amounts payable to the lessor.

Operating leases

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

Notes forming part of the Financial Statements for the year ended 31 December 2007

1. Accounting policies (continued)

Property provisions

Where leased properties are surplus to requirements, both now and in the foreseeable future, provisions are made for the best estimates of the unavoidable net future costs.

Provisions for dilapidation charges that will crystallise at the end of the period of occupancy are provided for in full on empty properties and are charged to the income statement evenly over the period of the lease for occupied properties.

Finance costs

Finance costs of debts are recognised in the profit and loss account at a constant rate on the carrying amount over the life of the debt.

Deferred taxation

Provision is made for deferred taxation using the incremental liability approach and is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of timing differences that have originated but not reversed by the balance sheet date subject to the deferred tax assets being recognised to the extent that they are regarded as recoverable. Assets are regarded as recoverable when it is regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the total number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that will eventually vest.

When shares and share options are granted to employees of subsidiary companies, the fair value of the awards is treated as a capital contribution and spread over the period of performance relating to the grant. The corresponding entry is made in reserves.

Financial instruments

In relation to the disclosures made in note 17:

- short-term debtors and creditors are not treated as financial assets or financial liabilities except for the currency disclosures; and
- the Group does not hold or issue derivative financial instruments for trading purposes.

Convertible debt

The proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components and presented separately in the balance sheet.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

Notes forming part of the Financial Statements
for the year ended 31 December 2007

2. Segmental analysis

	Europe 2007 £'000	Australasia 2007 £'000	Total 2007 £'000	Europe 2006 £'000	Australasia 2006 £'000	Total 2006 £'000
Turnover	9,909	119	10,028	8,695	518	9,213
Operating expenses	(9,995)	(141)	(10,136)	(9,217)	(521)	(9,738)
	(86)	(22)	(108)	(522)	(3)	(525)
Other operating income	5	—	5	84	—	84
Operating (loss)/profit	(81)	(22)	(103)	(438)	(3)	(441)
Exceptional items	—	572	572	(14)	—	(14)
(Loss)/Profit on ordinary activities before interest and taxation	(81)	550	469	(452)	(3)	(455)
Interest	(86)	1	(85)	(28)	—	(28)
Taxation	—	—	—	—	—	—
(Loss)/Profit on ordinary activities after taxation	(167)	551	384	(480)	(3)	(483)

Geographical analysis is based on the territory in which the order is received. It would not be materially different if based on the territory in which the customer is located.

Notes forming part of the Financial Statements
for the year ended 31 December 2007

2. Segmental analysis (continued)

	2007	2006
	£'000	£'000
<hr/>		
Net assets/(liabilities)		
Europe	707	(314)
Australasia	(144)	102
Group net liabilities	(5)	(1,294)
Net cash	353	42
<hr/>		
Total	911	(1,464)
<hr/>		

Group net liabilities comprise the liabilities of the Company (2006 includes 2004 convertible loan notes).

3. Total net operating expenses

All operating expenses relate to administrative expenses and can be further analysed as follows:

	2007	2006
	£'000	£'000
<hr/>		
Staff costs (note 4)	4,919	4,822
Depreciation	225	276
Amortisation of intangible assets	334	299
Other operating expenses	4,658	4,341
<hr/>		
	10,136	9,738
<hr/>		

Notes forming part of the Financial Statements
for the year ended 31 December 2007

4. Employees

Group	2007 £'000	2006 £'000
Staff costs (including directors) consist of:		
Wages and salaries	4,203	4,163
Social security costs	593	532
Pension costs	98	103
Other costs	25	24
	4,919	4,822

	Number	Number
Average number of people employed (including executive directors):		
Sales, marketing and product development	19	17
Technology and operations	59	55
Management and administration	19	24
	97	96

Average number of employees for 2006 has been restated to reflect more accurately staff functions. Headcount reduced by six people due to the disposal of the Australian webcasting business in February 2007.

Notes forming part of the Financial Statements
for the year ended 31 December 2007

5. Directors' remuneration

	2007 £'000	2006 £'000
Aggregate emoluments	417	377
Settlement payments	–	203
	417	580
Pension contributions	22	17
	439	597

Emoluments of the highest paid director was £137k (2006 - £91k). Company pension contributions of £5k (2006 - £5k) were made to a money purchase scheme on his behalf.

Settlement payments represent amounts paid by the Group under compromise agreements relating to a change in role for Andy Booth and Peter Sibley.

Contributions to 5 (2006 - 4) directors' own money purchase pension schemes was made in 2007.

6. Other operating income

Foroso Communications GmbH

As part of the disposal of Foroso in 2006 the Company remains entitled to a 20% share of revenues in 2006 and 2007. The revenue share received during 2007 was £5,000 (2006 - £7,000).

Kamera Holding AB

Following disposal of certain assets of Kamera Holding AB, no revenue was received in 2007 (2006 - £77,000).

Notes forming part of the Financial Statements
for the year ended 31 December 2007

7. Operating loss

	2007	2006
	£'000	£'000
This is arrived at after charging/(crediting):		
Depreciation of own assets	133	140
Depreciation of finance lease assets	92	136
Amortisation of intangible assets (note 11)	334	299
Exceptional operating expenses (note 8)	(44)	(61)
Operating leases:		
– Land and buildings	354	341
– Plant and machinery	23	17
Profit on disposal of tangible fixed assets	—	(11)
Auditors' remuneration:		
– Fees payable to the company's auditor for the audit of the company's annual accounts	38	36
– Fees payable to the company's auditor and its associates for other services:		
– the audit of the company's subsidiaries, pursuant to legislation	25	47
– other services pursuant to legislation	7	5
– tax services	19	23
– valuation and actuarial services	—	2
Exchange (gain)/loss	(42)	27

Notes forming part of the Financial Statements
for the year ended 31 December 2007

8. Exceptional items

	2007	2006
	£'000	£'000
Exceptional operating expenses:		
Share options (credit)/charge	(44)	63
Board restructuring and redundancy costs ¹	—	322
Tornado PAYE provision (net of expenses) ²	—	(446)
Exceptional items credited to operating profit:		
	(44)	(61)
Non operating exceptional items:		
Gain/(Loss) on sale and termination of operations ³	572	(14)
Total	528	(75)

¹ The Board restructuring and redundancy costs in 2006 relates to the restructuring of senior management. £308,000 of this amount is for settlement payments made, including £203,000 to Peter Sibley and Andrew Booth as a result in a change of role (as disclosed in the directors' remuneration report in 2006). The remaining £14,000 relates to legal costs in association with this restructuring.

² In 2005 HMRC issued a claim relating to 1999/2000 and 2000/2001 against World Television Group PLC for employers' National Insurance contributions (NIC) relating to the exercise of share options by ex-employees of Tornado Group PLC (now World Television Group PLC) at the time of its flotation in March 2000. HMRC calculated that the Company's liability amounted to £183,000 which included the original unpaid NIC and interest from the date of exercise to the beginning of November 2005, but excludes penalty charges.

HMRC also informed the Company that it held the Company liable for unpaid PAYE contributions in respect of the same employees and the same transaction. HMRC's initial assessment of PAYE due was £313,000, excluding interest and penalties.

The Company appealed against the assessment of NIC and PAYE and sought to recover unpaid PAYE and other related charges from the former employees in question.

In June 2006 HMRC concluded that World Television Group PLC was not liable for the unpaid taxes, and the provision was written back.

³ The profit on sale and termination of operations relates to the sale of Australian webcasting business. Further details can be found in note 26.

The loss on sale and termination of operations in 2006 related to the liquidations of Kamera Interactive B.V. and Kamera Interactive AS.

Notes forming part of the Financial Statements
for the year ended 31 December 2007

9. Net interest (payable)/receivable

	2007	2006
	£'000	£'000
<hr/>		
Interest payable:		
On finance leases	(8)	(16)
On bank loans and overdrafts	(9)	(3)
On loan notes	(80)	(5)
Other	(7)	(4)
	(104)	(28)
<hr/>		
Interest receivable:		
On bank balances and deposits	19	—
	(85)	(28)
<hr/>		

Notes forming part of the Financial Statements
for the year ended 31 December 2007

10. Taxation

There was no tax charge in the current year (2006 - £Nil).

	2007	2006
	£'000	£'000
Profit/(Loss) on ordinary activities before tax	384	(483)
Profit/(Loss) on ordinary activities before tax multiplied by the standard rate of corporate tax in the UK of 30% (2006 – 30%)	115	(145)
Effects of:		
Depreciation in excess of capital allowances for the period	35	24
Amortisation of intangible assets and goodwill	83	90
Non-deductible expenses	55	(185)
Other short term timing differences	15	—
Deferred tax asset due to losses not recognised in the period	86	164
Utilised losses arising within foreign subsidiaries	5	52
Utilisation of tax losses	(394)	—
Current tax charge	—	—

Deferred tax asset

A potential deferred tax asset of £1.9 million (2006 – £2.1 million) has not been recognised on losses available to carry forward against the Group in accordance with FRS 19. These losses may be offset in the future only against taxable profits generated by the entities concerned.

Also, a potential deferred tax asset of £186,000 (2006 – £168,000) has not been recognised in these financial statements relating to depreciation charged in excess of capital allowances.

Notes forming part of the Financial Statements
for the year ended 31 December 2007

11. Intangible assets

Group	Development costs £'000	Negative goodwill £'000	Positive goodwill £'000	Total £'000
Cost				
At 1 January 2007	174	(150)	4,765	4,789
Additions	258	—	42	300
At 31 December 2007	432	(150)	4,807	5,089
Amortisation				
At 1 January 2007	64	(150)	4,061	3,975
Charge for the year	57	—	277	334
At 31 December 2007	121	(150)	4,338	4,309
Net book value				
At 31 December 2007	311	—	469	780
At 1 January 2007	110	—	704	814
Company				
Cost				
At 1 January 2007				174
Additions				258
At 31 December 2007				432
Amortisation				
At 1 January 2007				64
Charge for the year				57
At 31 December 2007				121
Net book value				
At 31 December 2007				311
At 1 January 2007				110

Notes forming part of the Financial Statements
for the year ended 31 December 2007

11. Intangible assets (continued)

Development costs relating to the development of webcasting application software have been capitalised during the year in accordance with SSAP 13. These costs will be amortised over their useful economic life of 3 years, commencing in the year the Group starts to benefit from the expenditure.

Notes forming part of the Financial Statements
for the year ended 31 December 2007

12. Tangible assets

Group	Fixtures, fittings and equipment £'000	Computer equipment and software £'000	Specialist equipment £'000	Website £'000	Total £'000
Cost					
At 1 January 2007	670	1,320	704	35	2,729
Exchange differences	58	36	—	11	105
Additions	18	162	57	11	248
Disposals	(5)	(115)	—	(9)	(129)
At 31 December 2007	741	1,403	761	48	2,953
Depreciation					
At 1 January 2007	646	1,110	595	19	2,370
Exchange differences	57	26	—	11	94
Charge for the year	26	146	50	3	225
Disposals	(5)	(69)	—	(9)	(83)
At 31 December 2007	724	1,213	645	24	2,606
Net book value					
At 31 December 2007	17	190	116	24	347
At 1 January 2007	24	210	109	16	359

The net book value of tangible fixed assets for the Group includes an amount of £151,000 (2006 – £141,000) in respect of assets held under finance lease agreements.

Notes forming part of the Financial Statements
for the year ended 31 December 2007

13. Investments

Company	Investment in Group undertakings £'000	Loans to Group undertakings £'000	Total £'000
Cost			
At 1 January 2007	13,288	892	14,180
Additions	16	—	16
Share options write back to subsidiary employees	(44)	—	(44)
At 31 December 2007	13,260	892	14,152
Provision			
At 1 January 2007	8,398	—	8,398
Provision for impairment	395	892	1,287
At 31 December 2007	8,793	892	9,685
Net book value			
At 31 December 2007	4,467	—	4,467
At 1 January 2007	4,890	892	5,782

Notes forming part of the Financial Statements
for the year ended 31 December 2007

13. Investments (continued)

The principal undertakings in which the Company's interest at the year-end is 20% or more are as follows:

Company	Previous name	Country of incorporation and operation	% owned and voting rights	Main activity
World Television (Switzerland) Limited		Great Britain/ Switzerland	100% *	Streaming services
Virtue Corporate Services Limited		Great Britain	100%	Streaming services
World Television Pty Limited ¹	Virtue Broadcasting Pty Limited	Australia	100%	Streaming services
World Television Deutschland GmbH	Unit.Net Deutschland	Germany	100% *	Streaming services
Virtue Communications Limited		Great Britain	100% *	Streaming services
World Television Spain S.L.	Unit.Net Streaming Spain SA	Spain	100% *	Streaming services
Virtue Broadcasting (Holdings) Limited		Great Britain	100%	Holding company
World Television Sweden Holding AB ²		Sweden	99.56%	Holding company
Virtue Broadcasting Limited		Great Britain	100%	Holding company
World Television Limited		Great Britain	100% *	Television production

* indirect holding

¹ In July 2007, the Company acquired shares in its Australian subsidiary, World Television Pty Limited from its minority shareholders for a consideration of £15k.

Following this acquisition the Company owns 100% of the shares and voting rights.

² During 2007, the minority interest shareholding increased from 99.1% at 31 December 2006 to 99.56% for a consideration of £1k.

Notes forming part of the Financial Statements
for the year ended 31 December 2007

14. Debtors

	Group 2007 £'000	Group 2006 £'000	Company 2007 £'000	Company 2006 £'000
Amounts receivable in one year:				
Trade debtors	1,583	1,229	—	—
Amount due by Group undertakings	—	—	736	—
Other debtors	131	127	16	55
Prepayments and accrued income	728	386	7	1
Deferred tax	41	41	—	—
	2,483	1,783	759	56

**Amounts receivable after more
than one year:**

Amounts due by Group undertakings	—	—	—	2,180
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15. Creditors: amounts falling due within one year

	Group 2007 £'000	Group 2006 £'000	Company 2007 £'000	Company 2006 £'000
Bank loans and overdraft	151	288	10	—
Convertible loan stock (note 17)	—	1,282	—	1,282
Trade creditors	948	1,039	55	168
Amounts owed to Group undertakings	—	—	—	243
Other taxes and social security	431	382	—	—
Other creditors	234	290	84	48
Accruals and deferred income	1,128	1,024	342	100
Finance lease creditors	54	87	14	—
	2,946	4,392	505	1,841

Bank loans and overdrafts are secured by fixed and floating charge over the assets of the Company.

Notes forming part of the Financial Statements
for the year ended 31 December 2007

16. Creditors: amounts falling due after more than one year

	Group 2007 £'000	Group 2006 £'000	Company 2007 £'000	Company 2006 £'000
Bank loans	16	—	16	—
Finance lease creditors	35	45	32	—
Amounts owed to Group undertakings	—	—	137	—
	51	45	185	—

17. Financial instruments

The Operational and Financial Review on page 3 sets out details of the Group's treasury and financial risk management policy.

a) Short-term debtors and creditors

As permitted by FRS 13, short-term debtors and creditors have been excluded from all the following disclosures, other than the currency risk disclosures.

b) Interest rate profile

Financial assets

The only significant financial asset the Group has is cash at bank. Cash is held either on current or on short-term deposits at floating rates of interest determined by the relevant bank's prevailing base rate.

Financial liabilities

The Group's financial liabilities as at 31 December 2007 consist of the following:

Finance leases to the value of £89,000 are outstanding at the year-end. The interest rates for finance leases range from 3.9% to 12.1%.

In January 2007 the Group issued new convertible Loan Notes ("2007 Loan Notes") to raise £1.935 million (before expenses). The proceeds of this issue were to redeem the 2004 convertible Loan Notes of 1,110,000 at a cost of £1.28 million, and provide working capital and funds for product development.

The 2007 Loan Notes were convertible at the rate of one new ordinary share for every 0.25 pence of redemption value of loan notes converted. The 2007 Loan Notes were redeemable at an amount of £2.25 million, and were convertible at any time, in aggregate, into 900,000,000 new ordinary shares.

In April 2007 the holders of the 2007 Loan Notes converted all the Loan Notes into 900,000,000 ordinary shares of 0.1 pence nominal value.

Notes forming part of the Financial Statements
for the year ended 31 December 2007

17. Financial instruments (continued)

c) *Maturity profile of Group's financial liabilities*

	2007 Bank loans and overdraft £'000	2007 Finance leases £'000	2007 Other financial liabilities £'000	2007 Total £'000	2006 Bank loans and overdraft £'000	2006 Finance leases £'000	2006 Other financial liabilities £'000	2006 Total £'000
In one year or less or on demand	151	53	—	204	288	87	1,282	1,657
In more than one year but not more than two years	10	22	—	32	—	40	—	40
In more than two years but not more than five years	6	14	—	20	—	5	—	5
Total	167	89	—	256	288	132	1,282	1,702

d) *Currency profile*

	2007 £'000	2006 £'000
Financial assets		
Sterling	307	23
Australian dollar	27	37
Swiss franc	56	54
Swedish kronor	56	94
Euro	145	73
Total	591	281

Cash is held either on current or on short-term deposits at floating rates of interest determined by the relevant bank's prevailing base rate.

Financial liabilities

The Group's financial liabilities as at 31 December 2007 are denominated in sterling.

Notes forming part of the Financial Statements
for the year ended 31 December 2007

17. Financial instruments (continued)

e) Borrowing facilities

The Group has no undrawn committed borrowing facilities (2006 – £Nil).

f) Fair value of financial assets and liabilities

In the directors' opinion there is no material difference between the book value and current value of any of the Group's financial assets and liabilities (2006 – £Nil).

g) Currency risk

There were no significant net foreign currency monetary assets or liabilities at the end of the balance sheet date (2006 – £Nil). Matched assets and liabilities are those that generate no gain or loss in the profit and loss account either because they are denominated in the same currency as the Group operations to which they belong or because they qualify under SSAP 20 as a foreign currency borrowing providing a hedge against a foreign equity investment.

h) Hedges

Other than the above, the Group has no material hedged transactions or positions in the period (2006 – £Nil).

18. Provisions for liabilities and charges

Group analysis of provisions for liabilities and charges

Group	Property provisions £'000
At 1 January 2007	25
Charged to profit and loss account	55
Utilised in the year	(25)
At 31 December 2007	55

Company	Property provisions £'000
At 1 January 2007	12
Charged to profit and loss account	5
Utilised in the year	(12)
At 31 December 2007	5

Property provisions are for property dilapidations across the Group.

Notes forming part of the Financial Statements
for the year ended 31 December 2007

19. Share capital

	2007 Number of ordinary shares 000's	2007 Nominal value £'000	2006 Number of ordinary shares 000's	2006 Nominal value £'000
Authorised				
Ordinary shares of 0.1p each	40,000,000	40,000	40,000,000	40,000
Deferred shares of 2.4p each	743,005	17,832	743,005	17,832
Allotted and fully paid				
Ordinary shares of 0.1p each	1,667,052	1,667	767,052	767
Deferred shares of 2.4p each	743,005	17,832	743,005	17,832

The shares of 2.4p have no voting rights and no rights to dividend.

	Number of ordinary shares 000's	Nominal value £'000
In issue at 1 January 2007		
Ordinary shares of 0.1p each	767,052	767
Deferred shares of 2.4p each	743,005	17,832
27 April 2007		
Issue of new ordinary shares of 0.1p each at 0.25p each	900,000	900
In issue at 31 December 2007		
Ordinary shares of 0.1p each	1,667,052	1,667
Deferred shares of 2.4p each	743,005	17,832
		19,499

Notes forming part of the Financial Statements for the year ended 31 December 2007

20. Share options

Certain employees hold options to subscribe for shares in the Company at prices ranging from 0.1 pence to 6.5 pence under the Group's share option schemes. The Group operates Approved, Unapproved, Enterprise Management Incentive and Employee Benefit Trust schemes for selected employees under a contract of employment to be granted options to acquire ordinary shares in the Company. The number of shares subject to options, the periods in which they were granted and the periods in which they may be exercised are given below:

Year of grant	Exercise price (pence)	Exercise period	2006 Number 000's	Issued Number 000's	Lapsed Number 000's	2007 Number 000's
2002	6.5	2002-2012	1,092	—	—	1,092
2003	3.0	2003-2012	5,126	—	—	5,126
2004	0.6	2004-2014	13,022	—	2,604	10,418
2004	0.1	2004-2014	3,250	—	—	3,250
2006	1.0	2006-2016	28,250	—	20,750	7,500
			50,740	—	23,354	27,386

Details of options held by directors are set out in the Report of the Directors on page 11.

The weighted average exercise price of share options exercised during the year was Nil (2006: 0.24p).

21. Share Based Payment

The following relates to the 2006 share options only, as all other options vested prior to 1 January 2006 and therefore the FRS 20 charge does not apply. The 2006 scheme expired on 31 December 2007.

World Television Group PLC operated three equity-settled share based remuneration schemes for employees: an approved EMI share option scheme and two unapproved International share option schemes for executive directors and certain senior management.

Under the EMI and International share option schemes, options would vest if certain non-market conditions were met. There are no vesting conditions attached to the International Share Option Scheme (Sweden).

All options would lapse if the individual left the company within twelve months of satisfying these criteria.

Notes forming part of the Financial Statements
for the year ended 31 December 2007

21. Share Based Payment (continued)

	EMI Share Option Scheme		International Share Option Scheme		International Share Option Scheme (Sweden)	
	Weighted average exercise price (pence)	Number 000's	Weighted average exercise price (pence)	Number 000's	Weighted average exercise price (pence)	Number 000's
Outstanding at start of the year	1.00	19,447	1.00	4,803	1.00	4,000
Lapsed during the year	1.00	(17,947)	1.00	(2,803)	—	—
Outstanding at the end of the year	1.00	1,500	1.00	2,000	1.00	4,000

The exercise price of options outstanding at the end of the year was 1.0p and their weighted average contractual life was 2.8 years.

Of the total number of options outstanding at the end of the year, 5,750,000 had vested and were exercisable at the end of the year.

No share options were exercised during the year.

The weighted average fair value of each option granted during the year was nil (2006: 0.41p).

The following information is relevant in the determination of the fair value of options granted during 2006 under the equity-settled based remuneration schemes operated by World Television Group PLC.

	EMI and International share options schemes	International Share Option Scheme (Sweden)
Option pricing model used	Black-Scholes	Black-Scholes
Weighted average share price at grant date (pence)	0.83	0.70
Exercise price (pence)	1.00	1.00
Weighted average contractual life (years)	4.0	1.5
Expected volatility	70%	74%
Expected dividend growth rate	0%	0%
Risk-free interest rate	5%	5%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of monthly share prices over the last 12 months.

A write back of £44,000 (2006 - charge of £63,000) has been recognised during 2007 in relation to these share options to adjust the number of shares expected to vest. This is due to the performance conditions not being met.

The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

Notes forming part of the Financial Statements
for the year ended 31 December 2007

22. Reserves

Group	Share premium £'000	Other reserves £'000	Merger reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 January 2007	9,011	2,428	(15,999)	16,874	(32,265)
Share option (credit)/charge	—	(44)	—	—	—
Issue of loan notes	—	96	—	—	—
Issue costs	(20)	—	—	—	—
Conversion of loan notes	1,074	(59)	—	—	—
Transfer of equity	—	(37)	—	—	37
Profit for the financial year	—	—	—	—	299
Exchange differences	—	—	—	—	17
At 31 December 2007	10,065	2,384	(15,999)	16,874	(31,912)

Company	Share premium £'000	Other reserves £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 January 2007	9,011	63	16,874	(38,271)
Share option (credit)/charge	—	(44)	—	—
Issue of loan notes	—	96	—	—
Issue costs	(20)	—	—	—
Conversion of loan notes	1,074	(59)	—	—
Transfer of equity	—	(37)	—	37
Loss for the financial year	—	—	—	(3,189)
At 31 December 2007	10,065	19	16,874	(41,423)

Notes forming part of the Financial Statements
for the year ended 31 December 2007

23. Reconciliation of movements in shareholders' (deficit)/funds

	Group 2007 £'000	Group 2006 £'000	Company 2007 £'000	Company 2006 £'000
Profit/(Loss) for the financial year	299	(466)	(3,189)	(3,182)
Foreign exchange adjustments	17	(8)	—	—
Share issue	900	124	900	124
Issue costs	(20)	—	(20)	—
Conversion of loan notes	1,074	—	1,074	—
Transfer of equity	37	—	37	—
Share option (credit)/charge	(44)	63	(44)	63
Net increase/(reduction) to shareholders' funds	2,263	(287)	(1,242)	(2,995)
Opening shareholders' (deficit)/funds	(1,352)	(1,065)	6,276	9,271
Closing shareholders' funds/(deficit)	911	(1,352)	5,034	6,276

Notes forming part of the Financial Statements
for the year ended 31 December 2007

24. Reconciliation of operating loss to net cash outflow from operating activities

	2007 £'000	2006 £'000
Operating loss	(103)	(441)
Depreciation of tangible fixed assets	225	276
Amortisation of intangible assets	334	299
(Increase)/decrease in debtors	(702)	624
Increase/(decrease) in creditors	17	(182)
Profit on disposal of fixed assets	—	(11)
Increase/(decrease) in provisions	30	(689)
Movement in share option expense	(44)	63
Foreign exchange	11	(2)
Net cash outflow from operating activities	(232)	(63)

25. Analysis of net funds/(debt)

	At 1 January 2007 £'000	Cash flow £'000	Non-cash flows £'000	At 31 December 2007 £'000
Cash in hand and at bank	42	311	—	353
Bank loans	(288)	121	—	(167)
Convertible loan stock	(1,282)	—	1,282	—
Finance leases	(132)	51	(8)	(89)
Total	(1,660)	483	1,274	97

Notes forming part of the Financial Statements
for the year ended 31 December 2007

26. Acquisitions and disposals

Australia Webcasting business

On 21 February 2007, the Company disposed of its Australian webcasting business. The Company continues to support its corporate TV production and broadcast PR clients in Australia and New Zealand. A profit on disposal has been calculated as follows:

	£'000
Cash proceeds	615
Net assets disposed of:	
Fixed Assets	(43)
Gain on disposal of webcasting business	572

27. Commitments under operating leases

As at 31 December 2007, the Group had annual commitments under non-cancellable operating leases as set out below:

	2007 Land and buildings £'000	2007 Other £'000	2006 Land and buildings £'000	2006 Other £'000
Operating leases which expire:				
Within one year	73	2	82	1
In two to five years	314	26	263	14
Total	387	28	345	15

Notes forming part of the Financial Statements for the year ended 31 December 2007

28. Related parties

At 1 January 2007 the following directors had convertible Loan Notes in the Company which constitute related party transactions.

P Sibley	£150,000
A Booth	£150,000
A Bartlett	£100,000

These amounts were unchanged from 2006.

In January 2007 the above directors subscribed for new convertible Loan Notes to refinance the business. The proceeds of the issue were used in part to replace the Loan Notes outstanding at 1 January 2007. The 2007 Loan Notes subscribed by these directors were:

P Sibley	£248,633
A Booth	£248,633
A Bartlett	£202,703

In April 2007, the new Loan Notes were converted into new ordinary shares of 0.1p:

P Sibley	99,453,200 ordinary shares
A Booth	99,453,200 ordinary shares
A Bartlett	81,081,200 ordinary shares

29. Employee Benefit Trust

The Group has included interests in own shares at £Nil (2006 – £Nil). This investment represents 1,000,000 of the Company's 0.1p ordinary shares acquired in December 2001 of which 560,000 have been transferred to employees. These shares were gifted by a former director to a trust for the benefit of directors who are not founder shareholders and employees. The historic cost of the remaining 440,000 (2006 – 440,000) shares at 31 December 2007 was £4,620 (2006 – £4,620) over which the trust has awarded options over 250,000 shares (2006 - 250,000).

The EBT is not consolidated in the group accounts, due to immateriality.