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World Television Limited

Report and Financial Statements

Year Ended

31 December 2006

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BDO Stoy Hayward
Chartered Accountants

World Television Limited

Annual report and financial statements for the year ended 31 December 2006

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Directors

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Directors

S Kirk
S Garvey
E Kimber

Secretary

E Kimber

Company number

2590549

Registered office

8 Fitzroy Square, London, W1T 5HN

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL

World Television Limited

Report of the directors for the year ended 31 December 2006

The directors present their report together with the audited financial statements for the year ended 31 December 2006

Principal activities

The principal activity of the company is the production and distribution of television news and related programmes. This principal activity is envisaged to continue in the future.

Business review

The profit and loss account is set out on page 6 and shows the loss for the year.

Revenues decreased during the year from £5.5m to £4.4m, due mainly to a weakness in the Corporate TV business, where a major client reduced spending for internal reasons. However, this performance masked strong growth in another key business, British Satellite News ("BSN"), where revenues grew by 14%.

Key performance indicators

The Company uses two primary key performance indicators (KPI's) to measure and monitor the performance of the business effectively. They are profitability and underlying revenue.

The KPI's for the year ended 31 December 2006, with comparatives for the year ended 31 December 2005, are set out below.

	2006	2005
	£'000	£'000
Turnover	4,380	5,535
EBITDA (pre exceptional items ¹ and share option expense ²)	(268)	(39)
EBITDA (pre exceptional items ¹ and share option expense ²) per employee	(6)	(1)

¹ Exceptional items in 2006 amount to £244k and relate to Board restructuring and redundancy costs, which includes settlement payments of £203k made to Peter Sibley and Andy Booth as a result of a change of role. The remaining £41k relates to the restructuring of senior management (£24k), employer taxes (£13k) and all associated legal costs (£4k).

² The share option expense in 2006 relates to the recharge of £49k from World Television Group PLC in relation to the adoption of UITF 44.

Dividends

The directors do not recommend the payment of a dividend (2005 - £Nil).

World Television Limited

Report of the directors for the year ended 31 December 2006 (*Continued*)

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 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. Credit risk is controlled by tight credit management policies. The Group does not enter into derivative instruments.

Directors

The directors of the company during the year were

M Neville (resigned 31 August 2006)

S Kirk (appointed 1 September 2006)

S Garvey

E Kimber

Going concern

After making due and careful enquiry, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, given the ongoing support of its parent, World Television Group PLC. For this reason, the directors continue to adopt a 'Going Concern' basis in preparing the financial statements.

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 company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

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

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

World Television Limited

Report of the directors for the year ended 31 December 2006 (Continued)

Auditors

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 purposes 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.

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.

On behalf of the Board

E Kimber



Director

Date

6/7/07

World Television Limited

Report of the independent auditors

To the shareholders of World Television Limited

We have audited the financial statements of World Television Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet 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 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

World Television Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
London*

Date 06 JUL 2007

World Television Limited**Profit and loss account for the year ended 31 December 2006**

	Note	2006 £'000	2005 £'000
Turnover	3	4,380	5,535
Cost of sales		(1,396)	(1,954)
		<hr/>	<hr/>
Gross profit		2,984	3,581
Administrative expenses		(3,677)	(3,751)
		<hr/>	<hr/>
Operating loss	6	(693)	(170)
Net interest payable	7	(16)	(3)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(709)	(173)
Taxation on loss on ordinary activities	8	-	(81)
		<hr/>	<hr/>
Loss for the year	17	(709)	(92)
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities

The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 8 to 19 form part of these financial statements

World Television Limited

Balance sheet at 31 December 2006

	Note	2006 £'000	2006 £'000	2005 £'000	2005 £'000
Fixed assets					
Tangible assets	9		217		252
Investments	10		-		-
			<hr/>		<hr/>
			217		252
Current assets					
Stocks and work in progress	11	22		29	
Debtors – due in one year	12	664		1,202	
– due after more than one year	12	458		458	
		1,122		1,660	
Cash at bank and in hand		-		1	
		<hr/>		<hr/>	
		1,144		1,690	
Creditors: amounts falling due within one year	13	1,923		1,823	
		<hr/>		<hr/>	
Net current liabilities			(779)		(133)
Total assets less current liabilities			<hr/>		<hr/>
			(562)		119
Creditors: amounts falling due after more than one year	14		(68)		(89)
			<hr/>		<hr/>
Total assets less liabilities			<hr/>		<hr/>
			(630)		30
Capital and reserves					
Called up share capital	16		28		28
Share premium account	17		453		453
Other reserves	17		49		-
Profit and loss account	17		(1,160)		(451)
			<hr/>		<hr/>
Shareholders' (deficit)/funds	18		(630)		30
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on

6/7/07

E Kimber
Director

The notes on pages 8 to 19 form part of these financial statements

World Television Limited

Notes forming part of the financial statements for the year ended 31 December 2006

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

In preparing the financial statements the company has adopted for the first time UITF 44 'Group and treasury transactions' Further details are given in note 2

The following principal accounting policies have been applied

Group financial statements

The financial statements contain information about World Television Limited as an individual company and do not contain consolidated financial information as the parent of a group The company has taken advantage of s228(1) of the Companies Act 1985 not to produce consolidated financial statements as the company is a wholly owned subsidiary of World Television Group PLC

Going concern basis

The company is supported by its parent company, World Television Group PLC The directors consider that World Television Group PLC has sufficient funds to continue funding the company's business On this basis the directors believe the going concern basis is appropriate, as they believe that World Television Group PLC will make sufficient funds available to the company

Cash flow

Under the provisions of Financial Reporting Standard No 1 (Revised) 'Cash Flow Statements', the company has not prepared a cash flow statement because its ultimate parent undertaking, World Television Group PLC, which is registered in England and Wales, has prepared consolidated accounts for the year These accounts contain a consolidated cash flow statement and are publicly available

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes originating principally from the UK

Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment

Depreciation is charged so as to allocate the cost of each asset less its estimated residual value to the periods expected to benefit from its use at the following rates

Leasehold improvements	- 20% straight line
Computer and office equipment	- 33% straight line
Specialist equipment	- 20% straight line

World Television Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

1 Accounting policies (*Continued*)

Investments

Investments are stated at cost less provision for any impairment

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

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 in stock.

Deferred taxation

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.

Deferred tax balances are not discounted.

Leased assets

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 during the lease term. The corresponding leasing commitments are shown as 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 so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

World Television Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (*Continued*)

1 Accounting policies (*Continued*)

Pensions

Contributions made by the company to money purchase pension schemes are charged to the profit and loss account in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the profit and loss account.

Share-based payments

Where share options are awarded by World Television Group PLC 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 by World Television Group PLC to employees of subsidiary companies, the fair value of the awards is recharged to the profit and loss account of that subsidiary.

2 Changes in accounting policies

The company has voluntarily adopted UITF 44 'Group and treasury share transactions' which is obligatory for accounting periods commencing on or after 1 March 2007.

UITF 44 requires that where share options are granted by World Television Group PLC to employees of subsidiary companies, the charge is recharged to the subsidiary company. A recharge of £49k has been made by World Television Group PLC as a result of this adoption.

3 Turnover

Turnover is wholly attributable to the principal activity of the company, and arises solely within the United Kingdom.

World Television Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

4 Employees

	2006 £'000	2005 £'000
Staff costs consist of		
Wages and salaries	2,279	2,194
Social security costs	201	222
Other pension costs	43	54
	<u>2,523</u>	<u>2,470</u>
The average number of employees, including directors, was	Number	Number
Sales and production	16	20
Administration	28	23
	<u>44</u>	<u>43</u>

5 Directors

The directors of the company are paid for services to the group by the company's ultimate parent undertaking, World Television Group PLC. There were no emoluments paid during the year by World Television Limited.

6 Operating loss

	2006 £'000	2005 £'000
This has been arrived at after charging		
Auditors' remuneration – fees payable to the company's auditor for the audit of the company's annual accounts	23	26
Depreciation - owned assets	74	78
- held under finance leases	58	54
Operating lease rentals - equipment	13	13
- other	146	146
	<u>214</u>	<u>217</u>

World Television Limited**Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)****7 Interest payable**

	2006 £'000	2005 £'000
Interest payable and similar charges		
On finance leases	(13)	(6)
On bank loans and overdrafts	(3)	(1)
	<u>(16)</u>	<u>(7)</u>
Interest receivable and similar income		
Bank interest	-	4
	<u>(16)</u>	<u>(3)</u>

8 Taxation on loss from ordinary activities

	2006 £'000	2005 £'000
<i>Corporation tax</i>		
Current tax charge	-	-
Prior year tax charge	-	(81)
	<u>-</u>	<u>(81)</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 12)	-	-
	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>-</u>	<u>(81)</u>

World Television Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

8 Taxation on loss from ordinary activities (Continued)

The tax assessed for the year is higher/lower than the standard rate of corporation tax in the UK. The differences are explained below

	2006 £'000	2005 £'000
Loss on ordinary activities before taxation	(709)	(173)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2005 – 30%)	(213)	(52)
Effects of		
Expenses not deductible for tax purposes	7	6
Depreciation in excess of capital allowances for year	22	3
Deferred tax asset due to losses not recognised in the period	81	(15)
Group tax relief	103	58
Overprovision in prior year	-	(81)
Current tax charge for year	-	(81)

World Television Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

9 Tangible assets

	Leasehold improvements £'000	Computer and office equipment £'000	Specialist equipment £'000	Total £'000
<i>Cost</i>				
At 1 January 2006	84	518	633	1,235
Additions	-	45	52	97
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	84	563	685	1,332
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January 2006	59	379	545	983
Charge for the year	10	78	44	132
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2006	69	457	589	1,115
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2006	15	106	96	217
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	25	139	88	252
	<hr/>	<hr/>	<hr/>	<hr/>

Included in the above is leased equipment at a net book value of £121,683 (2005 - £102,752) The related depreciation charge for the year was £58,336 (2005 - £53,676)

World Television Limited**Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)****10 Fixed asset investments**

	Subsidiary undertakings £'000
<i>Cost</i>	
At 1 January 2006 and 31 December 2006	126
	<hr/>
<i>Provision</i>	
At 1 January 2006 and at 31 December 2006	126
	<hr/>
<i>Net book value</i>	
At 1 January 2006 and 31 December 2006	-
	<hr/> <hr/>

The company has investments in 100% of the ordinary share capital of the following non-trading subsidiary undertakings

	Country of incorporation	Holding
UCTX Limited	Great Britain	Ordinary

11 Stocks

	2006 £'000	2005 £'000
Work in progress	17	28
Stocks	5	1
	<hr/>	<hr/>
	22	29
	<hr/> <hr/>	<hr/> <hr/>

World Television Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

12 Debtors

	2006 £'000	2005 £'000
Amounts receivable in one year		
Trade debtors	309	1,005
Deferred tax	41	41
Other debtors	7	14
Prepayments and accrued income	307	142
	<u>664</u>	<u>1,202</u>
Amounts receivable after more than one year		
Amounts owed by group undertakings	<u>458</u>	<u>458</u>
Analysis of deferred tax asset		
	2006 £'000	2005 £'000
Opening balance	(41)	(41)
Charge to profit and loss account	-	-
	<u>(41)</u>	<u>(41)</u>
Closing balance	<u>(41)</u>	<u>(41)</u>

A deferred tax asset of £335,000 (2005 - £90,000) has not been recognised on the grounds that it is contingent upon improvement in trading performance and, at present, there is insufficient evidence of recoverability

The unrecognised deferred tax asset relating to the losses derived from the trade of the UCTX division, as disclosed in prior years, has been transferred to World Television (Switzerland) Limited, a fellow group undertaking, as a result of a transfer of the trade

World Television Limited**Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)****13 Creditors: amounts falling due within one year**

	2006 £'000	2005 £'000
Convertible debt		
Convertible unsecured loan stock	43	43
	<hr/>	<hr/>
Other creditors		
Bank loans and overdraft	479	143
Obligations under finance leases	69	43
Payments received on account	120	176
Trade creditors	529	801
Other creditors	88	60
Amounts owed to group undertakings	38	-
Other taxes and social security	189	284
Accruals and deferred income	368	273
	<hr/>	<hr/>
	1,880	1,780
	<hr/>	<hr/>
	1,923	1,823
	<hr/>	<hr/>

The bank loans and overdraft are secured by a fixed and floating charge over the assets of the company

14 Creditors: amounts falling due after more than one year

	2006 £'000	2005 £'000
Amounts owed to group undertakings	24	24
Obligations under finance leases	44	65
	<hr/>	<hr/>
	68	89
	<hr/>	<hr/>

Amounts owed to group undertakings are unsecured and interest free

World Television Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

15 Finance lease creditor

Obligations under finance leases are due as follows

	2006 £'000	2005 £'000
Within one year	69	43
In more than one year but not more than two years	39	47
In more than two years but not more than five years	5	18
	<u>113</u>	<u>108</u>

16 Share capital

	2006 £'000	2005 £'000
<i>Authorised</i>		
50,000 ordinary shares of £1 each	50	50
<i>Issued, called up and fully paid</i>		
28,570 ordinary shares of £1 each	28	28

17 Reserves

	Share premium account £'000	Other reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2006	453	-	(451)	2
Loss for the year	-	-	(709)	(709)
Share option expense	-	49	-	49
	<u>453</u>	<u>49</u>	<u>(1,160)</u>	<u>(658)</u>

World Television Limited

Notes forming part of the financial statements for the year ended 31 December 2006 (Continued)

18 Reconciliation of movements in shareholders' (deficit)/funds

	2006 £'000	2005 £'000
Loss for the year	(709)	(92)
Share option expense	49	-
Opening shareholders' funds	30	122
	<hr/>	<hr/>
Closing shareholders' (deficit)/funds	(630)	30
	<hr/>	<hr/>

19 Commitments under operating leases

As at 31 December 2006, the company had annual commitments under non-cancellable operating leases as set out below

	2006 Land and buildings £'000	2006 Other £'000	2005 Land and buildings £'000	2005 Other £'000
Operating leases which expire				
In less than one year	-	-	-	13
In two to five years	146	13	146	-
	<hr/>	<hr/>	<hr/>	<hr/>
	146	13	146	13
	<hr/>	<hr/>	<hr/>	<hr/>

20 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by World Television Group PLC on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements

21 Ultimate parent company

The ultimate parent undertaking and controlling party is World Television Group PLC. Copies of World Television Group PLC consolidated financial statements can be obtained from the company's registered address