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The Directors of the Company, whose names are set out on page 6 of this document, accept individual and collective responsibility for the information contained in this document and for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This document, which comprises a prospectus and an Admission document, has been drawn up in accordance with the requirements of the Public Offers of Securities Regulations 1995 (as amended) and the AIM Rules and has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4(2) of those Regulations.

Application will be made for the Ordinary Shares to be admitted to trading on the AIM Market of London Stock Exchange plc ("AIM"). AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with his or her own independent financial adviser. The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the securities to the Official List. Further, London Stock Exchange plc has not itself examined or approved the contents of this document.

Matrix Corporate Finance, a division of Matrix-Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is the Company's nominated adviser for the purposes of the AIM Rules. Its responsibilities as such are owed solely to London Stock Exchange plc and are not owed to the Company or to any Director (or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this document). S.P. Angel & Co Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is the Company's broker for the purposes of the AIM Rules.

Persons receiving this document should note that, in connection with the matters described in this document, Matrix Corporate Finance, Merchant Capital Plc and S.P. Angel & Co Limited are acting exclusively for the Company and will not be responsible to any other person for providing the protections afforded to customers of each of them nor for providing advice in relation to the contents of this document or any other matter referred to herein. Neither Matrix Corporate Finance, Merchant Capital Plc nor S.P. Angel & Co Limited have authorised the contents of this document for any purpose and no representation or warranty, express or implied, is made by Matrix Corporate Finance, Merchant Capital Plc or S.P. Angel & Co Limited as to any of the contents or completeness of this document.

TV Commerce Holdings plc

*(Incorporated and registered in England & Wales under the Companies Act 1985
with registered number 5292528)*

**Offer for Subscription of up to 41,666,667 Ordinary Shares at 6p per share
Minimum Amount of £850,000 underwritten
Admission to trading on the AIM Market**

Nominated Adviser	Financial Adviser	Broker
Matrix Corporate Finance	Merchant Capital Plc	S.P. Angel & Co Limited

Share capital following the Offer (assuming full subscription)

<i>Authorised</i>		<i>Issued and fully paid</i>	
<i>Amount</i>	<i>Number</i>	<i>Amount</i>	<i>Number</i>
£1,250,000	125,000,000	£850,340	85,033,967

The Offer for Subscription is only open to persons resident in the UK who are 18 years or over. The Ordinary Shares offered by this document have not been, nor will they be, registered under the US Securities Act of 1933 (as amended) or under any applicable securities law of Australia, South Africa, Canada, Japan or the Republic of Ireland. The Ordinary Shares may not be offered or sold or delivered, directly or indirectly, in or into the United States, Australia, South Africa, Canada, Japan or the Republic of Ireland. This document does not constitute an offer of, or the solicitation of an offer to subscribe for or buy, any of the ordinary shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The latest time for application and payment in full under the Offer is 5.00 p.m. on 10 February 2005 (unless extended by the Company and Matrix Corporate Finance, in which case the Offer will close not later than 1 March 2005). The procedure for application is set out in the accompanying Application Form. It is expected that dealings in the Ordinary Shares will commence on 21 February 2005.

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DEFINITIONS

The following definitions apply throughout this document and the accompanying Application Form, unless the context otherwise requires:

“Act”	the Companies Act 1985 (as amended)
“Admission”	the admission of the Existing Ordinary Shares and the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the AIM market of London Stock Exchange
“AIM Rules”	the rules applicable to companies whose shares are traded on AIM published by the London Stock Exchange
“Application Form”	the application form for use in connection with the Offer accompanying this document
“BSkyB”	British Sky Broadcasting Limited, a company registered in England and Wales under Company Number 02905991
“Channel”	the 24 hour digital television channel Sky 694, accessible via BSkyB’s satellite television service and on which the Company has the exclusive right to broadcast its own or third party programming pursuant to the Ofcom Licence
“Closing Date”	5.00 p.m. on 10 February 2005 (unless extended by the Company and Matrix as provided for in Part III of this document, in which case the Offer will close not later than 5.00 p.m. on 1 March 2005)
“Company”	TV Commerce Holdings plc
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the Operator (as defined in the CREST regulations)
“Directors” or “Board”	the directors of the Company as at the date of this document, whose names appear on page 6 of this document
“EIS”	the Enterprise Investment Scheme as prescribed in Part VII Chapter III of the Income and Corporation Taxes Act 1988, as amended
“EMI”	enterprise management incentives, in terms of ITEPA
“EMI Scheme”	the Company’s EMI Share Option Scheme details of which are set out in paragraph 7.1 of Part VII of this document
“Enlarged Issued Share Capital”	the issued share capital of the Company following the Offer and Admission
“Existing Ordinary Shares”	the 43,367,300 Ordinary Shares in issue at the date of this document
“Firebox”	Firebox.com Limited, a company registered in England and Wales under company number 03874477
“Group”	the Company and its subsidiaries
“ICSTIS”	the Independent Committee for the Supervision of Standards of Telephone Information Services, the industry-funded regulatory body for all premium rate telecommunications services
“Inmedia”	Inmedia Communications Limited, a company registered in England and Wales under company number 02928653
“Inmedia Agreement”	the agreement between Inmedia and TVCL dated 1 July 2004, details of which are set out in paragraph 8.4 of Part VII of this document
“ITEPA”	the Income Tax (Earnings and Pensions) Act 2003
“London Stock Exchange”	London Stock Exchange plc
“Matrix”	Matrix Corporate Finance, a division of Matrix-Securities Limited

<i>“Minimum Amount”</i>	the minimum amount of £850,000 to be raised under the Offer, which amount has been fully underwritten by Vincenzo Stanzione pursuant to the terms of the Subscription Agreement
<i>“Monstermob”</i>	Monstermob Group plc, a public company registered in England and Wales under company number 04898987
<i>“New Ordinary Shares”</i>	up to 41,666,667 new Ordinary Shares to be issued pursuant to the Offer
<i>“ntl”</i>	National Transcommunications Limited, a company registered in England and Wales under company number 02487597
<i>“ntl Agreement”</i>	the agreement between ntl and TVCL dated 17 November 2004, details of which are set out in paragraph 8.5 of Part VII of this document
<i>“Ofcom”</i>	the statutory corporation known as the “Office for Communications” being the independent regulator and competition authority for the UK communications industries
<i>“Ofcom Licence”</i>	Ofcom Licence No. TCLS 769 granting TVCL the right to broadcast on the Channel on the BSkyB digital platform to viewers in the United Kingdom under powers conferred upon Ofcom by the Broadcasting Act 1990 (as amended by the Broadcasting Act 1996 and the Communications Act 2003) details of which are set out in paragraph 8.9 of Part VII of this document
<i>“Offer”</i>	the offer for subscription in respect of New Ordinary Shares at the Offer Price as described in this document
<i>“Offer Price”</i>	6p per New Ordinary Share
<i>“Official List”</i>	the Official List of the UK Listing Authority
<i>“Ordinary Shares”</i>	ordinary shares of 1p each in the capital of the Company
<i>“QVC”</i>	QVC, a company registered in England and Wales under company number 02807164, and a subsidiary of QVC, Inc.
<i>“Rapid Media”</i>	Rapid Media Productions (UK) Limited, a company registered in England and Wales under company number 05283551
<i>“Receiving Agent”</i>	Capita Registrars (a trading division of Capita IRG Plc)
<i>“Shareholders”</i>	holders of Ordinary Shares
<i>“SP Angel”</i>	S.P. Angel & Co Limited
<i>“Subscription Agreement”</i>	the conditional agreement between the Company and Vincenzo Stanzione the terms of which are summarised in paragraph 8.6 of Part VII of this document
<i>“TACL”</i>	The Advert Channel Limited, a company registered in England and Wales under company number 05213998
<i>“TVCL”</i>	TV Commerce Limited, the principal operating subsidiary of the Company and a company registered in England and Wales under company number 04962370
<i>“UK Listing Authority”</i>	a division of the Financial Services Authority acting as a competent authority for purposes of Part IV of the Financial Services and Markets Act 2000
<i>“Unapproved Share Option Plan”</i>	the Company’s Unapproved Share Option Plan, details of which are set out in paragraph 7.2 of Part VII of this document
<i>“United States” or “US”</i>	the United States of America
<i>“Websites”</i>	the websites from which the Group runs its on-line operations including, but not limited to, www.theadvertchannel.tv and www.yourdestiny.tv

GLOSSARY

<i>“Affiliate Marketing”</i>	a system of advertising in which a website (A) agrees to feature hyperlinks which can be displayed as logos or banners to a third party website (B) and the owner of A receives a commission from B based on, for example, the sales generated, number of clicks, registrations made or another hybrid arrangement
<i>“EPG”</i>	the Electronic Programming Guide operated by BSkyB, which acts as a classified directory for satellite television viewers by offering a menu of programming options and then presenting a range of programmes in their chosen category
<i>“Infomercial”</i>	a pre-recorded television programme where a presenter puts forward a product or service and viewers are invited to purchase by calling the telephone number provided or directly through the remote control on the television set
<i>“Short Message Service” or “SMS”</i>	a means by which short text-based messages can be sent to and from digital mobile telephones and other devices
<i>“Multimedia Message Service” or “MMS”</i>	a means by which messages incorporating pictures or audio clips can be sent to and from digital mobile telephones and other devices
<i>“Premium Rate Telephone Services ”</i>	information and entertainment services offered via telephone (including SMS and MMS) at a premium rate cost
<i>“T-commerce”</i>	the purchase of goods and services presented for sale on television where the purchaser enters into the purchase transaction by calling a telephone number provided as part of the promotion or directly by pressing the relevant button on the remote control where such interaction is possible

DIRECTORS, SECRETARY AND ADVISERS

Directors	Andrew Haydn Mintern, ACA (<i>Non Executive Chairman</i>) Vincenzo Angelo Stanzione (<i>Chief Executive</i>) Chelsey Baker (<i>Commercial Director</i>) Jason Mark Nicholls (<i>Director of Broadcasting</i>)
Company Secretary	Christopher Delacombe all of: ntl Broadcast Media Centre Plane Tree Crescent Feltham Middlesex TW13 7HF
Websites	www.theadvertchannel.tv www.yourdestiny.tv
Nominated Adviser	Matrix Corporate Finance One Jermyn Street London SW1Y 4UH
Financial Adviser	Merchant Capital Plc Aldermary House 10-15 Queen Street London EC4N 1TX
Broker	S.P. Angel & Co Limited East India House 109-117 Middlesex Street London E1 7JF
Solicitors to the Company	Memery Crystal 44 Southampton Buildings London WC2A 1AP
Solicitors to the Admission	Wallace LLP One Portland Place London W1B 1PN
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Reporting Accountants	CLB Corporate Finance LLP Aldwych House 81 Aldwych London WC2B 4HP
Receiving Agent	Capita Registrars Corporate Actions PO Box 166 The Registry 34 Beckenham Road Beckenham Kent BR3 4TH
Auditors to the Company	CLB Aldwych House 81 Aldwych London WC2B 4HP
Bankers	Barclays Bank PLC No 9 High Street Stony Stratford Milton Keynes MK11 1HR

OFFER STATISTICS

Offer Price	6p
Number of Existing Ordinary Shares	43,367,300
Maximum number of New Ordinary Shares to be issued pursuant to the Offer	41,666,667
Enlarged Issued Share Capital immediately following Admission	85,033,967
Percentage of the Enlarged Issued Share Capital being offered pursuant to the Offer	49.0%
Estimated gross proceeds from the Offer	£2,500,000
Estimated net proceeds from the Offer	£2,150,000
Market capitalisation of the Company on Admission at the Offer Price	£5,102,038

Note:

The table above assumes that the maximum number of New Ordinary Shares are subscribed pursuant to the Offer. If only the minimum amount is raised, 14,166,666 New Ordinary Shares would be issued, the net proceeds would be £500,000 and the market capitalisation at the Offer Price would be £3,452,038.

EXPECTED TIMETABLE

Subscription list opens under the Offer	10.00 a.m. on 20 January 2005
Latest time for receipt of completed Application Forms and payment in full under the Offer	5.00 p.m. on 10 February 2005
Admission and dealings expected to commence in Ordinary Shares*	21 February 2005
CREST accounts credited	21 February 2005
Expected date for despatch of definitive share certificates	21 February 2005

* If the Offer is extended by the Company and Matrix beyond the closing date of 10 February 2005 (as provided for in the terms and conditions of the Offer at Part III of this document), Admission and commencement of dealings in Ordinary Shares would be expected to take place approximately 10 days after the new extended closing date.

PART I

INFORMATION ON THE GROUP

Introduction

The Group has been established to capitalise on the convergence of television, telephony and the Internet by creating a business which will develop, own and operate a number of specialist television channels. The focus is on building active audiences for the channels with revenues generated by regular interaction of viewers through T-commerce, Premium Rate Telephone Services, SMS, MMS, competitions and Internet transactions.

Having identified premium rate telephony as an attractive and growing market, the Directors have secured the Channel to act as a platform to attract interactive audiences. The Group has launched two programming formats on the Channel to date, namely The Advert Channel and Your Destiny TV. The former features entertainment, competitions and discussion relating to past and present television advertisements, while the latter is dedicated to psychic and spiritual matters. The Channel's programming schedule can be adapted to meet prevailing demand and to match viewer's trends without significant cost. Unutilised air time can be sub-let to third party operators as an additional source of revenue. The Group's business model is designed to enable the Group to respond rapidly to changes in audience behaviour.

The Group also aims to develop further revenues by offering production and programming services to corporate customers who wish to advertise, promote and sell their products on television.

The Group has been funded to date by Vincenzo Stanzione and is now seeking to raise up to £2.5 million by way of an offer for subscription in order to take advantage of opportunities to develop additional revenues based upon existing and new programming formats.

The Minimum Amount to be raised under the Offer is £850,000 and this amount has been underwritten by Vincenzo Stanzione.

Current Programming

As the Group has the exclusive right to broadcast on the Channel on a 24 hour basis, it can fully utilise the airtime either by showing its own programming formats or sub-letting particular segments to third party operators.

The Advert Channel was the first programming format to be developed and broadcast on the Channel. It was launched by the Group on 6 September 2004 after 12 months of development. It features entertainment, competitions, interactive discussions and other programmes relating to past and present advertisements. Viewers are invited to take part in discussions via premium rate telephone lines or SMS, vote for their favourite advertisements from the Channel's play list, participate in competitions and purchase featured goods and services. Viewers are also directed to the Websites where there are additional interactive features and shopping facilities.

The second programming format is Your Destiny TV. This was launched by the Group on 1 November 2004. It is dedicated to the psychic and spiritual world and includes programmes on subjects such as psychic powers, palm reading, Tarot, meditation, auras, feng shui and Chinese astrology. Viewers can take part in discussions and competitions via premium rate telephone lines, SMS and MMS. They can also call or send SMS or MMS messages to obtain psychic advice as well as sending a picture of their palm and receiving a reading by way of SMS.

Activities and Sources of Revenue

The Group derives revenue from the Channel and related production activities in a number of different ways as below:

Premium Rate Telephony

Channel viewers can receive information and entertainment services, vote, chat and participate in competitions by calling or sending SMS and MMS to numbers shown on the Channel. These services may be provided on a pre-recorded or live basis.

The Group's programming aims to generate telephone calls, SMS or MMS to third party numbers which charge premium rates. Telephone calls or messages are either processed by a third party automated facility or, in the case of live services, diverted to a consultant retained by the relevant third party operator. There is

no contractual relationship between the caller and the Group in respect of any call or message with the Group earning commissions from its business partners at an agreed rate.

T-Commerce and Affiliate Marketing

Up to three hours per day are dedicated to providing customers with the opportunity to purchase products from the Channel. To attract customers to purchase the products of third party retailers, the Group produces and broadcasts programmes on the Channel and provides downloads, special offers, coupons and competitions on the Websites. These third party retailers are then responsible for processing any order, fulfilment, delivery and after-sales service. The Group earns commissions at an agreed rate on products sold by these retailers and there is no contractual relationship between the purchaser and the Group in respect of the purchase.

The Group has agreements in place with Monsternob and Firebox to invite customers to buy Monsternob's and Firebox's products through Affiliate Marketing arrangements. By way of example, the Group's website at www.theadvertchannel.tv displays banners to Firebox's and Monsternob's websites with revenues generated through commission when Internet users click on these banners and proceed to purchase products from Monsternob or Firebox within a fixed time period.

Television Production

The Directors believe there is an increasing demand from corporate clients interested in promoting and selling their products via television. The Group offers clients a "one stop shop" production service including scripting, provision of presenters, filming, editing and regulatory approvals. This may take the form of the traditional 30 second advertisement, customised programming or Infomercials. The Directors believe the Group can earn either a fixed fee for production of an advertisement or programme for a client or it can charge a fee per product featured. Depending on the client, the Group may also be able to earn a commission on product sales.

In addition, the Directors plan to develop revenues from the following activities:

Advertising

The Group aims to sell advertising around its own programming formats. Industry research shows that the audience for TV shopping programmes is particularly receptive to advertising.

The Group will be targeting advertisers in the Direct Response TV ("DRTV") area. These mainly comprise financial services businesses such as insurers and personal loan providers who invite viewers to respond directly at the end of the advertisement by calling the relevant telephone number. Callers would then enter into a direct sales process with the relevant company. The Group is in the process of appointing a specialist advertising sales agency to attract advertisers in this category.

Sponsorship

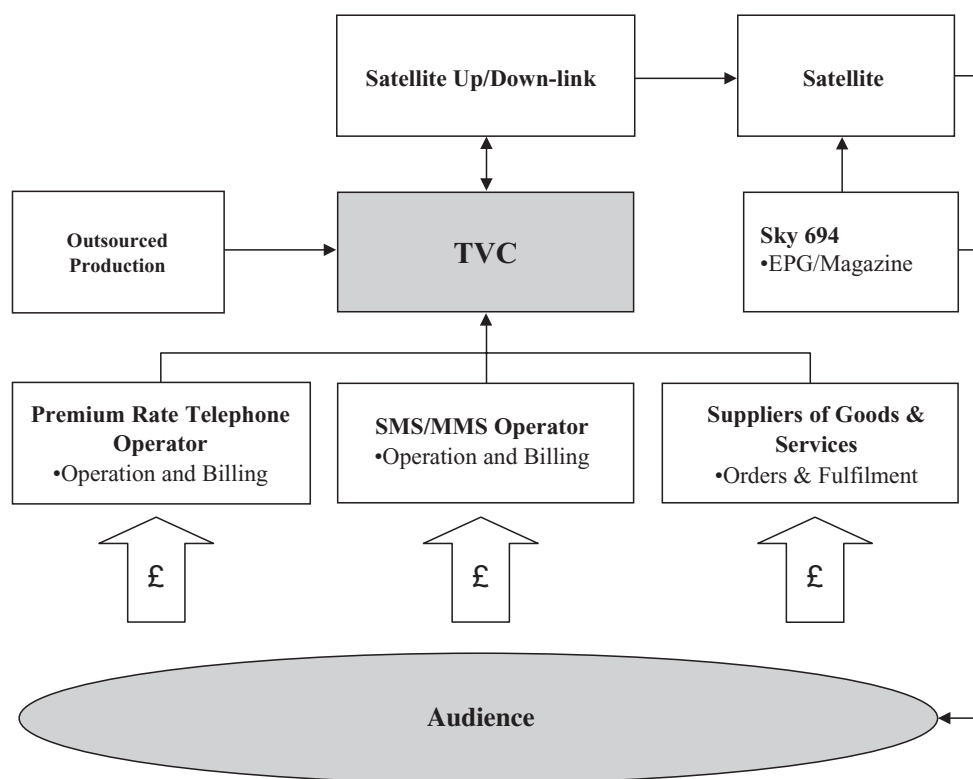
The Directors plan to develop sponsorship revenues from companies interested in sponsoring particular programmes aimed at specialist audience groups. The Directors believe there are opportunities with corporate customers who, under current regulatory restrictions, are unable to advertise on television but can sponsor television programmes.

Consultancy and Training

The Directors have identified a demand for training courses and seminars for aspiring television presenters. The Group is in the process of developing training courses geared towards teaching such prospective clients how to produce programmes, present, sell and promote on television.

Operating Model

The Group has entered into arrangements with technical service providers and operating partners, as set out below, in order to broadcast the Channel and capitalise on associated commercial opportunities. In establishing these arrangements, the Directors have sought to keep the Group's fixed overheads to a minimum.



Market

The Group focuses on developing revenue streams from customer interaction arising from the convergence of digital interactive television, internet and telephony. As such the primary markets which the Group serves are defined as Premium Rate Telephone Services and T-commerce.

Premium Rate Telephone Services

Premium Rate Telephone Services are information and entertainment services offered via telephone (including SMS and MMS). The costs of these services can range between 10 pence per call to £1.50 per minute. Services range from voting, advice and competition lines, live and virtual chat, games, ringtones and logos and business information services. The revenue from each call is shared between the telephone company carrying the service and the organisation providing the content. In 2003 approximately 40,000 services were in operation at any one time generating estimated revenues of £1 billion (Source: ICSTIS).

Premium rate telephone call volumes grew by 31 per cent. between 2002 and 2003 driven principally by the increasing popularity of television programmes in which viewers are invited to vote by calling or sending a message to a premium rate number (Source: OFCOM).

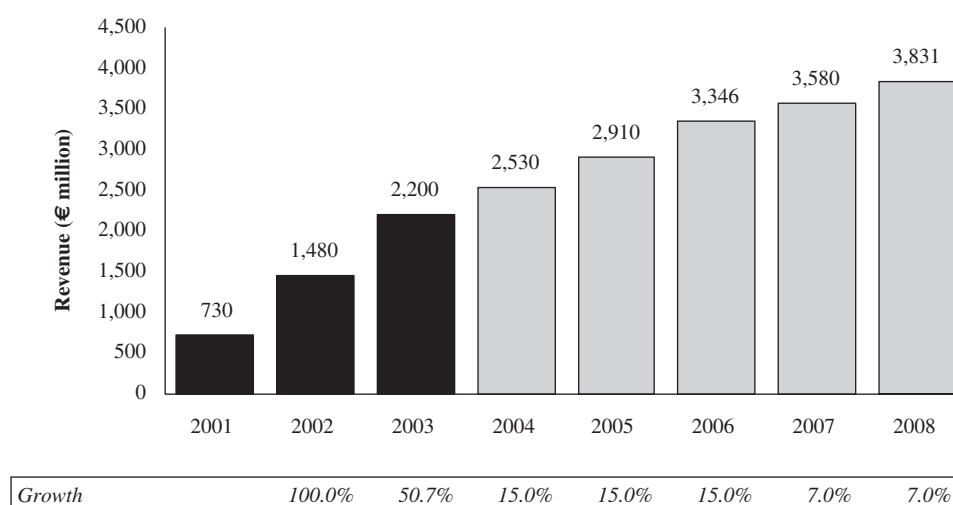
According to the Premium Rate Association, an estimated 587 million call minutes were spent on premium rate services from fixed lines alone during 2002, generating approximate revenues of £520 million. Some further 36 million call minutes were spent on premium rate services from mobile phones, generating estimated revenues of £88 million. There has also been significant growth in the range of premium rate SMS on offer, on both a mobile origination and mobile termination basis. Organisations such as broadcasters, publishers and public sector bodies are increasingly using text messaging as a way of communicating with potential customers. Official figures for the size and value of the premium rate SMS sector are not yet available, but industry estimates, based on the premium rate SMS market accounting for 7 per cent. of the overall SMS market, indicate that approximately £96 million in revenue was generated in 2002 from some 1.1 billion text messages.

T-commerce

T-commerce refers to the purchase of goods and services that are seen on television and comprises the following elements:

- *TV Shopping* — Products are put forward by presenters on live or partially pre-recorded broadcast spots with viewers being invited to buy them via the telephone number provided or directly via the “red button” on the remote control. The aim is typically to generate repeat-orders and develop long term customer relationships; and
- *Direct Response TV (DRTV)* — Products or services are promoted on pre-recorded broadcast spots with viewers encouraged to contact the provider direct via the telephone number provided. The caller then enters into a sales process with the provider.

Market Size and Growth Prospects (2003–2008)
T-commerce in the United Kingdom



Source: Screen Digest/Goldmedia

The UK is one of the most advanced markets in Europe in terms of the variety of shopping channels as well as the number of interactive applications that have emerged. The market has grown from €730 million in 2001 to €2.2 billion in 2003 and is expected to reach €3.8 billion in 2008. Key to this fast paced development has been the high proportion of households with digital television. Approximately every second TV household in the UK owns a digital receiver (Source: Screen Digest/Goldmedia). BSkyB, the leading pay TV broadcasting service in the UK and Ireland, has been driving this development since its launch in 1998 and has now built a subscriber base of 7.4 million (as at 30 September 2004). This facilitates the Group’s strategy by increasing the potential audience for its Channel.

QVC pioneered television shopping and launched Britain’s first TV shopping channel as a joint venture with BSkyB on 1 October 1993. It reported a 14.2 per cent. rise in sales from £197.6m in 2002 to £225.7m in 2003. Over Christmas 2003 (3 November to 21 December), the QVC channel averaged more than £1 million of orders each day. QVC handled 12.4 million calls during 2003, and shipped over 9 million items. In addition, 113,000 new customers made orders in the fourth quarter, a 27 per cent. increase on the same period in 2002. Other established TV shopping groups operating in the UK include Ideal Shopping Direct, Modern Times Group, TelSell, Factory Outlet TV, Sit Up and Sirius Retail Television.

Marketing Strategy

Viewers can find the Channel through its listing on BSkyB’s EPG which acts as the central classified channel directory for Sky subscribers. In order to attract new viewers to its programming formats, the Directors plan to enter into further barter arrangements with other media owners whereby the Group offers advertising space and production in return for magazine advertising or radio time. The first such deal which the Group has already entered into is with Spirit & Destiny magazine, which is providing full page magazine advertisements for Your Destiny TV in return for advertising time on the Channel. The Group has also succeeded in attracting attention to its programming formats among journalists in the international, national and local media.

The Group intends to advertise on other BSkyB channels such as UK Living, Sky One, UK Gold and Granada Plus whose audiences the Directors believe meets the profile of the Group's own target audience.

In addition, the Group's activities will provide it with a detailed caller database. This will allow for an analysis of purchasing patterns in order to launch direct marketing campaigns via direct mail and text messaging with tailored special offers, new programme launches and requests for voting.

Development Strategy

The Group aims to maximise the opportunities which they believe arise from its Directors' skills, its flexible business model and its having the exclusive use of a dedicated digital television channel. These include:

- Developing additional sources of revenue around existing programming formats (e.g. advertising and sponsorship)
- Developing its mobile content offering on an advertiser-funded basis or in order to generate additional premium rate revenues
- Launching new programming formats
- Acquiring interests in other channels
- Entering into strategic marketing alliances with media partners to attract new viewers and increase awareness of its programming
- Developing customised programming for corporate customers.

Current Trading and Future Prospects

The Directors have been encouraged by the activity levels and revenues generated since the launch of the Channel in September 2004, especially as marketing and promotional expenditure has been minimal.

The Directors believe that the areas in which the Group intends to operate offer opportunities for rapid and substantial growth.

Offer

Up to 41,666,667 New Ordinary Shares are being offered for subscription at the Offer Price, to raise up to £2,500,000 for the Company before expenses. The proceeds of the Offer, if fully subscribed, will be approximately £2,150,000 after expenses and will be used to fund the development strategy of the Company. The Minimum Amount which must be subscribed under the Offer is £850,000 and Vincenzo Stanzione has fully underwritten this amount pursuant to the terms of the Subscription Agreement.

If the Offer is over-subscribed, allotments of the New Ordinary Shares will be at the discretion of Matrix and the Company.

Application should be for a minimum of 50,000 New Ordinary Shares (which at the offer price equates to £3,000). Application must be made on the Application Form accompanying this document.

The Offer Price of 6p per share is payable in full on application. The Directors reserve the right to scale down or limit, accept or reject in whole or in part any application as they shall in their discretion think fit.

The subscription list will open at 10.00 a.m. on 20 January 2005 and will close at 5.00 p.m. on 10 February 2005 (unless extended by the Company and Matrix, in which case the Offer will close not later than 5.00 p.m. on 1 March 2005).

The New Ordinary Shares will, following allotment, rank *pari passu* in all respects with the Existing Ordinary Shares and will have the right to receive all dividends and other distributions declared, made or paid in respect of the issued ordinary share capital of the Company after the date of allotment.

The Offer is conditional on Admission. Further details, including the Terms and Conditions of the Offer, are set out in Part III of this document.

Use of Proceeds

The net proceeds of the Offer will be used to implement the development and expansion strategy of the Group and for funding the working capital requirements of the Group.

Lock-in Arrangements

In accordance with the AIM Rules, the Directors have undertaken that, subject to certain limited exceptions, they will not sell or otherwise dispose of, or agree to sell or dispose of, any of their respective interests in Ordinary Shares at any time prior to the first anniversary of Admission. In addition, the Directors have agreed that for a further twelve months thereafter any sale will only be made with the prior consent of SP Angel, which shall not be unreasonably withheld or delayed.

Directors

The Board currently consists of four Directors whose brief biographies are set out below. Details of service contracts relating to the Directors are set out in paragraph 5 of Part VII of this document.

Andrew Haydn Mintern, ACA, Non-Executive Chairman (aged 45)

Andrew is a qualified Chartered Accountant and has acted as Financial Director and Company Secretary for a number of AIM listed companies including Designer Vision Group plc and ID Data Group plc. From 1980 he spent ten years with Coopers & Lybrand, where he specialised in corporate finance. From 1990 he worked for nine years in the retail sector with Burton Group plc and Sears plc, where he held a number of divisional finance director roles.

Vincenzo Angelo Stanzione, CEO (aged 35)

With a background in foreign exchange and derivatives dealing with City firms such as NatWest and Irving Trust, Vincenzo co-founded Midas Communications Limited, a carphone company, which became London Car Telephones and was later acquired by Vodafone. At the same time, Vincenzo identified emerging opportunities in audiotext (or premium rate numbers) and established InfoTel Multimedia which developed premium rate services including competitions, games and business information promoted via the national press.

In 1999, Vincenzo founded First Information, a publishing business specialising in training courses and educational materials related to financial spread betting. He has also acted as a marketing consultant for Regent Markets Group a major international fixed odds financial betting business. Regent Markets operate under www.betonmarkets.com with sites and clients throughout the world.

Chelsey Baker, Commercial Director (aged 32)

Chelsey has extensive experience in marketing and consumer branding. Prior to co-founding the Company, she was responsible for marketing strategy and business development at First Chartered Finance Limited and later First Securities Limited, both of which were financial services businesses. At First Information, she developed a consumer brand for the company's courses for professional training in the private sector. She has experience in identifying new marketing initiatives and implementation of multi-media strategies. Chelsey also regularly works as a TV and film actress with the BBC and appears in commercials for blue chip advertisers such as Nestle, Thompsons, J Sainsbury and Sky Sports.

Jason Mark Nicholls, Director of Broadcasting (aged 35)

Jason is Director of Broadcast Production at ntl. He has launched three cable-only shopping channels and a 24/7 shopping channel on the Sky platform called Broadband UK. Since 2001, Jason has produced over 200 TV and radio advertising campaigns. He has more than 10 years' national media experience, including work on national television programmes (including The Big Breakfast, This Morning, Tonight with Richard & Judy), national newspapers and in national advertising. Jason also brings an in-depth understanding of the advertising and FMCG sales industries and detailed regulatory experience, including BACC, Ofcom and ASA.

The Company intends to appoint an additional non-executive director to the Board shortly after Admission.

Share Incentive Schemes

The Company has established two share option schemes, the Unapproved Share Option Plan and the EMI Scheme. A summary of the terms of each of these schemes is set out in paragraph 7 of Part VII of this document. In relation to the Unapproved Share Option Plan, options have been granted over 615,823 Ordinary Shares to Chelsey Baker, 2,000,000 Ordinary Shares to Jason Nicholls and 333,333 Ordinary Shares to Andrew Mintern, all at an exercise price of 6p per share. Under the EMI Scheme, options over 1,666,666 Ordinary Shares have been granted to Chelsey Baker at an exercise price of 6p per share.

Corporate Governance

The Board supports high standards of corporate governance and confirms that it complies and, following Admission, it intends to comply with the principles of good governance and code of best practice contained within the Combined Code, in so far as it is appropriate for smaller quoted companies.

The Board has also considered the guidance published by the Institute of Chartered Accountants in England and Wales concerning the internal control requirements of the Combined Code and has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. The Directors will hold regular board meetings at which operating and financial reports will be considered. The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of expenditure and senior personnel appointments.

The Board has established an audit committee and a remuneration committee with formally delegated duties and responsibilities.

The audit committee's primary responsibility is monitoring the financial affairs of the Company and ensuring that the financial performance of the Company and any subsidiary of the Company is properly measured and reported on and for reviewing reports from the Company's auditor relating to the accounting and internal controls. The audit committee comprises the Non-Executive Chairman, Andrew Mintern, who will act as Chairman and have a casting vote and Vincenzo Stanzone. It is intended that Vincenzo Stanzone will be replaced on the audit committee by a newly appointed additional non-executive director as soon as practicable following Admission.

The remuneration committee reviews the performance of the executive directors and determines the terms and conditions of service of senior management and any executive director appointed to the Board, including the remuneration of and grant of options to such person under the EMI Scheme, the Unapproved Share Option Plan or any other share option scheme to be adopted in the future by the Company. The remuneration committee comprises the Non-Executive Chairman, Andrew Mintern, who will act as Chairman and have a casting vote and Vincenzo Stanzone. It is intended that Vincenzo Stanzone will be replaced on the remuneration committee by a newly appointed additional non-executive director as soon as practicable following Admission.

Dividend Policy

The New Ordinary shares will, following allotment, rank *pari passu* in all respects with the Existing Ordinary Shares and will rank thereafter in full for all dividends and distributions declared, paid or made in respect of the ordinary share capital of the Company.

The Directors believe that it is inappropriate to make a forecast of the likely level of any future dividends. However, the Directors intend to commence the payment of dividends when it becomes prudent to do so taking into account the success of the Company's operations, working capital requirements, profits available for distribution and other factors deemed by the Directors to be relevant at the time.

CREST

The Company will apply for the New Ordinary Shares to be admitted to CREST with effect from the date of Admission. It is expected that Admission will become effective and dealings in the New Ordinary Shares will commence on 21 February 2005. Accordingly, the settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant Shareholder so wishes.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so. Persons acquiring Ordinary Shares as part of the Offer may, however, elect to receive them in uncertificated form if they are a "system member" (as defined in the Uncertificated Securities (Amendment) Regulations 2000).

In general, the Ordinary Shares that are held in uncertificated form under CREST will be subject to the rules, regulations and procedures governing CREST and its system members in effect from time to time. Ownership of any Ordinary Share held in uncertificated form in CREST may only be transferred in compliance with the procedures of CREST in effect from time to time.

Taxation

Information regarding United Kingdom taxation is set out in paragraph 11 of Part VII of this document. Any person who is in doubt as to his personal tax position should contact a professional tax adviser before making any decision to subscribe under the Offer.

The Directors have obtained confirmation from the Inland Revenue, in accordance with Inland Revenue practice, that subject to a form EIS 1 being submitted, the Company is carrying on a qualifying trade for EIS purposes. The Directors intend to manage the Company so as to maintain (as far as they are able) the status of the Company as a qualifying company although no guarantee can be given in this regard.

Action to be Taken

If you wish to apply for New Ordinary Shares under the Offer, you should complete and return the Application Form with the appropriate remittance for the full amount payable on application, to be received no later than 5.00 p.m. on 10 February 2005 (unless extended by the Company and Matrix, in which case not later than 5.00 p.m. on 1 March 2005) at the offices of Capita Registrars at Corporate Actions, PO Box 166, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TH.

PART II

RISK FACTORS

In addition to the other relevant information set out in this document, the following specific factors should be considered carefully when evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. Before making an investment decision, prospective investors should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. A prospective investor should consider carefully whether an investment in the Company is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her.

There are various risk and other factors associated with an investment of the type described in this document. The Directors consider the following risk factors to be most relevant in considering an investment in the Company:

- (a) Ofcom Licence: TVCL is licensed to provide a digital television channel on the BSkyB digital television platform pursuant to the Ofcom Licence. The Ofcom Licence is subject to certain terms and conditions which include requirements on TVCL to comply with the Broadcasting Act 1990 and the Communications Act 2003 together with codes of practice including the Programme Code, the Code of Advertising Standards and Practice, the Code of Programming Sponsorship and the Rules on the Amount and Scheduling of Advertising. These codes of practice were inherited by Ofcom when it was given remit to regulate the broadcasting industry in December 2003 in place of the Independent Television Commission, the Broadcasting Standards Commission, the Radio Authority, the Radio Communications Agency and the telecoms watchdog, Oftel. Ofcom may replace these codes with codes of its own in the future. The Directors cannot predict the affect that these changes may have on its Channel content. Ofcom also has the right to revoke the Ofcom Licence if TVCL is in breach of the Ofcom Licence terms and conditions. Although the Directors believe TVCL complies with the terms of the Ofcom Licence it cannot guarantee that changes in Ofcom policy will not mean it will have to alter channel content in the future.
- (b) The value of publicly traded media companies can be highly volatile and potential investors should be aware that the value of shares can rise or fall. There may not always be adequate information available to determine the market value of an investment in smaller companies at all times. An investment in a share which is traded on the AIM Market, such as the Ordinary Shares, might be less realisable and might carry a higher risk than a share quoted on the Official List. The ability of an investor to sell Ordinary Shares will depend on there being a willing buyer for them at an acceptable price. Consequently, it might be difficult for an investor to realise his/her investment in the Group and he/she may lose all his/her investment. In addition, there can be no guarantee that the market price of an investment in the Group will fully reflect its underlying value.
- (c) The success of the Group is dependent on, amongst other things, its continuing ability to attract and retain key management and operating personnel, to maintain suitable premises for production and programming services for the Group corporate customers, and the ability of the Group and third parties to sell its products and services. The Group intends to take out key-man insurance for Vincenzo Stanzione.
- (d) The Group commenced trading in July 2004. As a result of its short operating history, it is subject to all the risks associated with the operations of a new business. There can be no assurance that the Group will achieve significant revenue or profitable operations at any time in the future.
- (e) The Group's objectives may not be fulfilled. The value of an investment in the Group is dependent upon the Group achieving the aims set out in this document. There can be no guarantee that the Group will achieve the level of success that the Directors expect. The Group's longer term growth will depend on its ability to develop services in line with the trends followed by its target audience, to leverage and expand its client base, and to provide quality products and services to its clients.
- (f) Intellectual Property Rights: Although the Directors believe that the content provided by the Group on the Channel will not infringe the intellectual property rights of others, third parties may assert claims that the Group have violated a patent or infringed a particular copyright, trademark or other proprietary right or confidential information belonging to them.

- (g) Competition: The Group competes with other producers and distributors of content on the BSkyB digital television platform, including vertically integrated media operations, many of which have been in existence for longer than the Group and many of which are larger and have greater financial resources to apply toward the development and marketing of their digital television channels and associated content. In view of the Group's size, there can be no assurance that the Group will have the financial resources to pursue all the attractive development opportunities offered to it, or otherwise to match the level of investment made by its competitors.
- (h) A substantial part of the Group's revenues stems from interaction between itself, its viewers and its business partners. With the significant increase in broadcasters providing interactive shopping channels, audiences for interactive shopping channels may become increasingly fragmented. Moreover, the time spent watching television could decrease as television vies with other pastimes for viewer's free time. Since the economic success of the Group is primarily determined by viewers' interaction and other broadcasters' programming, neither of which can be predicted, there is no guarantee for the market success of a television channel marketed by the Group on the Channel.
- (i) It should be acknowledged that clients who contract with TV production services companies such as the Group will periodically review their contacts with such companies on an annual basis to meet the expectations of their own internal procurement policies and change in their own circumstances. Whilst the Directors and senior management of the Group take reasonable steps to ensure the conditions of the contracts are continually met, circumstances outside the control of the Directors can sometimes influence corporate decisions to review and/or terminate existing contracts.
- (j) Reliance on the BSkyB digital television platform and associated services: The Group requires digital satellite capacity and playout, satellite uplink, encoding, multiplexing, space segment facilities and access to the Eurobird satellite to broadcast the Channel on the BSkyB platform. These services are currently provided to the Group by Inmedia. From July 2005, the Group will also be able to source these services from ntl. Under both agreements, Inmedia and ntl may suspend or terminate the provision of these services if their own supplier of satellite space, SES Astra (a Luxembourg registered company) is unable to provide space on the Eurobird satellite. The Directors believe that provided the Group pays its monthly fees to Inmedia and ntl under their respective agreements this occurrence is unlikely given the lack of service disruption to other channel's on the BSkyB digital platform to date. The interruption of these services under the Inmedia Agreement and ntl Agreement could materially disrupt the Group's business.
- (k) Agreements with Requestec Limited and Premium Phone Services Limited allow the Group to interact with its viewers and provide access to information and entertainment services, voting, chat, prize competitions and other content by SMS, MMS and premium rate telephone lines. The interruption of these services could disrupt the Group's business.
- (l) Use of third party access to services: As noted above, third party products, services and content are an integrated part of the Group's offerings on the Channel. Many of the risk factors outlined above are mirrored in the business of such suppliers and if they materialise in the supplier's business they could have a knock on impact on the Group.

PART III

DETAILS OF THE OFFER FOR SUBSCRIPTION

The subscription list will open at 10.00 a.m. on 20 January 2005 and will close at 5.00 p.m. on 10 February 2005 (unless extended by the Company and Matrix, in which case the Offer will close not later than 5.00 p.m. on 1 March 2005). If the Company and Matrix consider and agree that the Offer should be extended beyond 10 February 2005, as aforementioned, an announcement to this effect will be made on the Company's website, www.theadvertchannel.tv, and the new extended closing date will be specified for clarification. The take-up under the Offer is expected to be announced shortly after the Closing Date.

Applications must be received by post or (during normal business hours only) by hand by Capita Registrars at Corporate Actions, PO Box 166, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TH to arrive as soon as possible, but in any case no later than 5.00 p.m. on the Closing Date.

The Minimum Amount of £850,000 has been underwritten by Vincenzo Stanzone pursuant to the terms of the Subscription Agreement, details of which are set out at paragraph 8.6 of Part VII of this document. Accordingly, the Offer is conditional only upon the Company's Ordinary Shares being admitted to trading on AIM.

Application will be made for the Company's Ordinary Shares to be admitted to CREST with effect from Admission. It is expected that definitive share certificates will be posted to successful applicants within one week of the Closing Date. Dealings prior to receipt of share certificates will be at the risk of the applicant(s). A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated, or at all.

Applications are made on the following terms:

1. Save where the context otherwise requires, definitions in this document bear the same meaning when used in the Application Form.
2. Application must be made for a minimum of 50,000 New Ordinary Shares. Only one application can be made by an applicant (or for his/her benefit) on an Application Form.
3. The New Ordinary Shares will, when allotted, be fully paid and rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and distributions hereafter declared, made or paid. They will be issued free from all liens, charges and encumbrances.
4. Cheques and bankers' drafts may be presented for payment on receipt thereof by the Receiving Agent and, pending allocation or allotment or return of application monies or any excess of such monies (in each case without interest), will be retained by the Receiving Agent in a separate account. The Receiving Agent may retain share certificates and surplus application monies pending clearance of each applicant's cheque or bankers' draft.
5. Applicants will be allocated New Ordinary Shares in such proportions as the Company may in its absolute discretion determine.
6. The Company may, in its absolute discretion, reject in whole or in part or scale down or otherwise limit any application including, without limitation, any application which is considered by the Company to have been made by a nominee unless such application is accompanied by written confirmation of the identity of the intended beneficial owner. The Company reserves the right to reject any application in respect of which the applicant's cheque or bankers' draft has not been cleared by the fourth business day following the date of presentation. If any application is not accepted, or is accepted for fewer New Ordinary Shares than the number applied for, the application monies or the balance thereof (as the case may be) will be refunded by returning the applicant's cheque or bankers' draft, or by sending a cheque crossed "A/C Payee" in favour of the first named applicant, in each case by post, to the address of the first named applicant without interest at the risk of the applicant(s). The Company may treat as valid any application which has not been completed in all respects in accordance with the instructions accompanying the Application Form or which is not accompanied by the power of attorney where necessary.
7. Applications must be made on the Application Form. By completing and delivering the Application Form each applicant:

- (a) offers to subscribe for the number of New Ordinary Shares specified in the Application Form (or such smaller number for which his/her Application Form may be accepted) at the Offer Price on the terms and subject to the conditions set out in the Application Form (of which these terms and conditions form part), this prospectus dated 20 January 2005 and the Memorandum and Articles of Association of the Company;
- (b) authorises the Receiving Agent to send a share certificate for the number of New Ordinary Shares for which his application is accepted and/or a cheque crossed "A/C Payee" for any monies returnable (without interest) by post to his address (or that of the first named applicant) as set out in his Application Form at his risk and to procure that his name together with the name(s) of any other joint applicant(s) is/are placed on the register of members of the Company in respect of such New Ordinary Shares;
- (c) warrants that his/her cheque or bankers' draft will be honoured on first presentation and agrees that if the cheque or bankers' draft is not so honoured he will not be entitled to receive a share certificate in respect of the New Ordinary Shares applied for or to enjoy or receive or transfer any rights or distributions in respect of any New Ordinary Shares unless and until payment in cleared funds is made by him/her for the New Ordinary Shares and that payment is accepted by the Company (which acceptance shall be at the Company's absolute discretion and on the basis that he/she indemnifies the Company against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of his/her cheque or bankers' draft to be honoured on first presentation) and that at any time prior to unconditional acceptance by the Company of the later payment, the Company may (without prejudice to any other rights that it may have and without any liability) avoid the agreement to allocate such New Ordinary Shares to the applicant and may re-allocate such New Ordinary Shares to some other person, in which case he/she will not be entitled to any refund or payment (other than the return of such late payment without interest) in respect of the New Ordinary Shares provided that if a share certificate is issued and/or a cheque is returned to an applicant before the cheque sent by the applicant accompanying the Application Form is cleared and the applicant's cheque does not clear on presentation, the applicant authorises the Receiving Agent to cancel the cheque returned to the applicant and authorises the Company to sell the New Ordinary Shares comprised in the share certificate on behalf of the applicant and retain all monies received from such sale for the benefit of the Company including any premium obtained above the Offer Price. The applicant will remain liable to the Company in respect of any shortfall on the Offer Price and the Company shall have no liability to the applicant in respect of the price obtained or timing of such sale;
- (d) agrees that the application may not be revoked and agrees that promptly upon request being made, he will supply the Company in writing with any information reasonably requested in respect of his application;
- (e) agrees that all applications, acceptances of applications and contracts resulting under the Offer shall be governed by and construed in accordance with English law and further submits to the exclusive jurisdiction of the English courts and agrees that nothing shall limit the rights of the Company to bring any action, suit or proceeding arising out of or in connection with any such applications, acceptances of applications or contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (f) warrants that if he/she signs an Application Form on behalf of any other person(s) (including a corporation) he/she has due authority to do so and that such person will also be bound by the terms and conditions of application and will be deemed also to have given the confirmations, warranties and undertakings contained herein and undertakes to enclose his/her power of attorney or a copy thereof duly certified by a solicitor with the Application Form;
- (g) warrants that he is not, and is not applying as a nominee or agent for, a person who is or maybe liable to stamp duty or stamp duty reserve tax under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services);
- (h) confirms that, in making his application, neither he/she nor any person on whose behalf he/she is applying is relying on any information or representation in relation to the Company or any member of the Company other than such as may be contained in this document and accordingly agrees that neither the Company nor the Directors nor any other person acting on behalf of any of them nor any person responsible solely or jointly for this document or any part of this document shall have any liability for any such other information or representation;

- (i) irrevocably authorises the Receiving Agent or their agent to do all things necessary to effect registration in his/her name(s) of any New Ordinary Shares agreed to be subscribed for by him/her and authorises any representative of the Receiving Agent to execute and/or complete any document of title required for those shares;
 - (j) warrants that he is not a person resident in the United States and is not applying on behalf of or with a view to the re-offer, sale, transfer, delivery or distribution to, or for the benefit of, any person within the United States or who is a US person, and will not, as principal or agent, offer, sell, transfer, renounce, deliver or distribute, directly or indirectly, any New Ordinary Shares being acquired by him to any person within the United States or who is a US person;
 - (k) warrants that he is not a Canadian person (which expression shall mean any individual resident in Canada, any corporation, partnership or firm organised under or governed by the laws of Canada (or any political sub-division thereof), any branch in Canada of a corporation, partnership or firm incorporated or established outside Canada and any investment fund, estate or trust organised under or governed by the laws of Canada (or any political sub-division thereof)) and is not applying on behalf of, or with a view to the re-offer, sale or transfer to, or for the benefit of, any such person;
 - (l) warrants that, in connection with his application, he has complied with and observed the laws of all relevant territories, obtained any requisite governmental or other consents which may be required, complied with all requisite formalities, and paid all issue, transfer or other taxes due in connection with his application in any territory and that he has not taken any action or omitted to take any action which will or may result in the Company or any of its directors, officers, agents or employees acting in breach of the legal or regulatory requirements of any territory in connection with the Offer or his application;
 - (m) agrees that, having had the opportunity to read this document, he shall be deemed to have notice of all information and representations concerning the Company, the New Ordinary Shares or otherwise contained in it;
 - (n) warrants that he is not, and is not applying on behalf of, a person who is under the age of 18 on the date of his application, save that he may apply in his own name for the benefit of such person, as described in the Procedure for Application; and
 - (o) agrees on request by the Company or at its discretion on behalf of the Company to disclose promptly in writing to it, any information which it may reasonably request in connection with his/her application and authorises to disclose any information relating to his/her application as it considers appropriate.
8. Acceptance of an application will be effected by notification thereof from the Company to the Receiving Agent.
9. No person receiving a copy of this document and/or an Application Form in any territory other than the UK may treat the same as constituting an invitation or offer to him, nor should he in any event use such form, unless in the relevant territory such an invitation or offer could lawfully be made to him or such form could lawfully be used without contravention of any legal or regulatory requirements. It is a condition of any application by a person outside the UK that he has satisfied himself as to the full observance of the laws of any relevant territory in connection with the application, including the obtaining of any governmental or other consents which may be required and compliance with other necessary formalities, and has paid or will pay any issue, transfer or other taxes required to be paid in such territory in respect of any New Ordinary Shares acquired under the Offer.
10. The Company reserves the right, in its absolute discretion, to treat the Offer as having not been made in any particular case if it believes any application made thereunder would or may violate applicable legal or regulatory requirements.
11. The New Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or under the securities laws of Canada. New Ordinary Shares may not be offered, sold, renounced, transferred or delivered, directly or indirectly, in the United States or Canada or to, or for the benefit of, any US person, any Canadian person or to any person purchasing such shares for re-offer, sale, renunciation or transfer in the United States or Canada or as a result of a purchase order known to originate in the United States or Canada.

12. No liability to stamp duty or stamp duty reserve tax will arise on the allotment of New Ordinary Shares by the Company. Any person who has any doubt about his taxation position should consult his professional advisers.
13. It is a term of the Offer that, to ensure compliance with the Money Laundering Regulations 2003 (the “Regulations”), each of the Company and the Receiving Agent on its behalf is entitled to, at its absolute discretion, verify the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the “verification of identity requirements”). If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Company or the Receiving Agent. In such case, the lodging agent’s stamp should be inserted on the Application Form. Any person (an “applicant”) who, by lodging an Application Form with payment and in accordance with the other terms as described above, applies for Offer Shares (the “relevant Offer Shares”) comprised in such Application Form shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as the Company or Receiving Agent may require to satisfy the verification of identity requirements;

If the Receiving Agent determines that the verification of identity requirements apply to any applicant or application, the relevant Offer Shares (notwithstanding any other term of the Offer) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and neither the Receiving Agent nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable period of time and in any event by not later than 3.00 p.m. on the date three days after the Closing Date, following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, terminate the relevant allotment in which event all monies paid with the relevant application will be returned without interest to the account of the bank from which such monies were originally debited (without prejudice to the right of the Company to take proceedings to recover the amount by which the net proceeds of sale of the relevant Offer Shares fall short of the amount payable thereon). The submission of an Application Form will constitute a warranty and undertaking by the applicant to the Company and/or the Receiving Agent to provide to the Receiving Agent such information as may be specified by the Company or Receiving Agent as being required for the purposes of verification.

The verification of identity requirements will not usually apply if:

- (a) the applicant is a regulated UK broker or intermediary acting as agent and itself subject to the Regulations but such applications should be accompanied by a “letter of introduction” from this agent which is a member of a regulatory authority who is required to comply with the Money Laundering Regulations 2003; or
- (b) the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering) (91/308/EEC); or
- (c) the aggregate subscription price for the relevant Offer Shares is less than €15,000.
- (d) In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:
 - (i) by the applicant enclosing with his Application Form evidence of his/her name (for example an original or certified copy of passport or driving license) and address from an appropriate third party (for example, a recent original (less than three months old) bill from a gas, electricity or telephone company or a bank statement, in each case bearing the applicant’s name and address. Original documents will be returned in due course); or
 - (ii) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (b) above or which is subject to anti-money laundering regulation in a

country which is a member of the Financial Action Task Force (Argentina, Austria, Australia, Belgium, Brazil, Canada, Denmark, European Commission, Finland, France, Germany, Greece, Gulf Co-operative Council, Hong Kong, Iceland, Ireland, Italy, Japan, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Portugal, Russian Federation, Singapore, Spain, South Africa, Sweden, Switzerland, Turkey, United Kingdom and the United States), the agent should provide written confirmation that it has that status with the Application Form(s) and written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Receiving Agent or the relevant authority.

In order to confirm the acceptability of any written assurance referred to in (ii) above or in any other case, the applicant should contact Capita Registrars on 0870 162 3121.

If (an) Application Form(s) is/are in respect of shares with an aggregate subscription price of £10,400 or more and is/are lodged by hand by the applicant in person, he/she should ensure that he/she has with him/her evidence of identity bearing his/her photograph (for example, his/her passport) and evidence of his/her address.

All enquiries in connection with the Application Form should be addressed to the Receiving Agent. The Company is entitled to treat as invalid any applications for New Ordinary Shares comprised in an Application Form if on the date three days following the Closing Date the Receiving Agent has determined pursuant to procedures maintained under the Regulations that satisfactory evidence as to identity has not been and is unlikely to be received within a reasonable period of time in respect of the Application Form in question. By lodging an Application Form, each applicant undertakes to provide such evidence of identity at the time of lodging an Application Form, or in the absolute discretion of the Company, within a reasonable time thereafter (in each case to be determined at the absolute discretion of the Company and the Receiving Agent) as may be required to ensure compliance with the Regulations.

PART IV

ACCOUNTANTS' REPORT ON TV COMMERCE HOLDINGS plc

The following is the text of a report received from CLB Corporate Finance LLP, reporting accountants:

The Directors
TV Commerce Holdings plc
ntl Broadcast Media Centre
Plane Tree Crescent
Feltham
Middlesex TW13 7HF

The Directors
Matrix-Securities Limited
1 Jermyn Street
London SW1Y 4UH

The Directors
S.P. Angel & Co Limited
East India House
109–117 Middlesex Street
London E1 7JF

20 January 2005

Dear Sirs

TV COMMERCE HOLDINGS plc

Introduction

We report on the financial information set out below relating to TV Commerce Holdings plc (the “Company”). This information has been prepared for inclusion in the AIM admission document dated 20 January (the “Admission Document”) relating to the proposed admission to AIM of the Company.

The Company was incorporated on 22 November 2004. Since incorporation the Company has not traded, has not prepared any financial statements, has incurred neither profit nor loss, and has neither declared nor paid dividends or made any other distributions. There have been no transactions other than the allotment of shares described in note 3 below. Accordingly, no profit and loss information is presented in this report.

Basis of preparation

The financial information set out below has been extracted from the financial records of the Company for the period ended 31 December 2004, no adjustments being considered necessary. No audited financial statements have been prepared in respect of any period since incorporation.

Responsibility

The financial records are the responsibility of the directors of the Company (the “Directors”). The Directors are responsible for the contents of the Admission Document in which this report is included.

It is our responsibility to compile the financial information set out in our report from the Company’s financial records, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the Company, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud, other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information contained in this report gives, for the purposes of the Admission Document drawn up under the Public Offers of Securities Regulations 1995, a true and fair view of the state of affairs of the Company as at 31 December 2004.

Consent

We consent to the inclusion in the Admission Document of this report and accept responsibility for this report for the purposes of paragraph 45(8) of Schedule 1 to the Public Offers of Securities Regulations 1995.

Balance sheet as at 31 December 2004

	<i>31 December</i>
	<i>2004</i>
	<i>£</i>
	<i>Note</i>
Current assets	
Cash at bank and in hand	2
	<u>2</u>
Capital and reserves	
Called up share capital	2
	<u>2</u>

Notes to the financial statements

1. Accounting policies

Basis of preparation

The Company's financial information has been prepared using the historical cost basis of accounting and in accordance with applicable Accounting Standards and with UK generally accepted accounting principles. The financial information in this Part IV does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

2. Share capital

	<i>31 December</i>
	<i>2004</i>
	<i>£</i>
<i>Authorised:</i>	
1,000 Ordinary Shares of £1 each	1,000
	<u>1,000</u>
<i>Allotted, called up and fully paid:</i>	
2 Ordinary Shares of £1 each	2
	<u>2</u>

The Company issued 2 Ordinary Shares of £1 each on 22 November 2004.

3. Post balance sheet events

On 18 January 2005 the Company subdivided its Ordinary Shares into 100,000 shares of 1p each and further increased its authorised share capital to 125,000,000 Ordinary Shares of 1p each by the creation of a further 124,900,000 Ordinary Shares of 1p each.

On 18 January 2005 the Company acquired the entire issued share capital of TV Commerce Limited (formerly The Advert Channel Limited) in consideration for the issue of 43,367,000 Ordinary Shares of 1p each. On the same date the Company acquired the entire issued share capital of The Advert Channel Limited (formerly Television Media Ventures Limited) in consideration for the issue of 100 Ordinary Shares of 1p each

Yours faithfully

CLB Corporate Finance LLP

Chartered Accountants

Registered Auditors

PART V

ACCOUNTANTS' REPORT ON TV COMMERCE LIMITED

The following is the text of a report received from CLB Corporate Finance LLP, Chartered Accountants:

The Directors
TV Commerce Holdings plc
ntl Broadcast Media Centre
Plane Tree Crescent
Feltham
Middlesex TW13 7HF

The Directors
Matrix-Securities Limited
1 Jermyn Street
London SW1Y 4UH

The Directors
S.P. Angel & Co Limited
East India House
109–117 Middlesex Street
London E1 7JF

20 January 2005

Dear Sirs

TV COMMERCE LIMITED (formerly The Advert Channel Limited)

Introduction

We report on the financial information set out below relating to TV Commerce Limited (“the Company”). This information has been prepared for inclusion in the AIM admission document dated 20 January 2005 (“the Admission Document”) relating to the proposed admission to AIM of TV Commerce Holdings plc.

The Company was incorporated on 13 November 2003. The Company has not prepared any financial statements for presentation to members since the date of incorporation.

Basis of preparation

The financial information set out below has been extracted from the financial records of the Company for the period ended 31 October 2004, no adjustments being considered necessary. No audited financial statements have been prepared for submission to members in respect of any period since incorporation.

Responsibility

The financial records are the responsibility of the Directors of the Company. The Directors of TV Commerce Holdings plc are responsible for the contents of the Admission Document in which this report is included.

It is our responsibility to compile the financial information set out in our report from the Company's financial records, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the Company, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud, other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information contained in this report gives, for the purposes of the Admission Document drawn up under the Public Offers of Securities Regulations 1995, a true and fair view of the state of affairs of the Company as at 31 October 2004.

Consent

We consent to the inclusion in the Admission Document of this report and accept responsibility for this report for the purposes of paragraph 45(8) of Schedule 1 to the Public Offers of Securities Regulations 1995.

Profit and loss account

		<i>Period from incorporation to 31 October 2004</i>
	<i>Notes</i>	<i>£</i>
Turnover	2	20,395
Production costs		(283,455)
Administrative expenses		(58,692)
Operating loss		<u>(321,752)</u>
Tax on loss on ordinary activities	4	—
Loss on ordinary activities after taxation		<u><u>(321,752)</u></u>

All operations are continuing and there are no recognised gains or losses for the current or prior periods other than as stated above.

Movements in equity shareholders' funds are set out in note 10.

Balance sheet

		<i>31 October 2004</i>
	<i>Notes</i>	<i>£</i>
Current assets		
Debtors	5	118,572
Cash at bank and in hand		45,633
		<u>164,205</u>
Creditors: amounts falling due within one year	6	(485,956)
Net current liabilities		<u><u>(321,751)</u></u>
Capital and reserves		
Called up share capital	8	1
Profit and loss account	9	(321,752)
Shareholders' funds	10	<u><u>(321,751)</u></u>

Cash flow statement

		<i>Period from incorporation to 31 October 2004</i>
	<i>Notes</i>	<i>£</i>
Net cash outflow from operating activities	13	(389,368)
Cash outflow before financing		<u>(389,368)</u>
Financing		
Issue of equity shares		1
Inflow from loans from shareholders		435,000
Increase in cash in the period	14	<u><u>45,633</u></u>

Notes to the financial statements

1. Accounting policies

Basis of preparation

TV Commerce Limited's financial information has been prepared using the historical cost basis of accounting and in accordance with applicable Accounting Standards and with UK generally accepted accounting principles. The financial information in this Part V does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services to customers.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the Directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Going concern

The financial statements have been prepared under the going concern basis which assumes that the Company will continue in its operational existence for the foreseeable future. The validity of this assumption depends on continuing shareholder support and the ability of the Company to raise additional funding from external sources.

The Company relies on the support of Vincenzo Stanzione, a Director and Shareholder, who funds the Company through a shareholders loan. This balance is not repayable without one year's notice.

On the basis of the financial projections prepared, the Directors believe they can raise sufficient additional funding from external sources and therefore it is appropriate for the financial statements to be prepared on the going concern basis.

2. Turnover

Turnover is derived from the Company's principal activities of broadcasting and media production. Turnover arises entirely within the United Kingdom.

3. Employees

There were no payments to employees during the period under review. The average number of employees, including Directors, during the period was 2.

4. Taxation on loss on ordinary activities

Factors affecting the tax charge for the period

The tax charge for the period is different to the small companies rate of corporation tax in the United Kingdom of 19 per cent. The differences are explained below:

	<i>Period from incorporation to 31 October 2004 £</i>
Loss on ordinary activities before tax	(321,752)
Expected tax credit at standard rate of United Kingdom corporation tax of 19 per cent.	61,133
Effects of:	
Losses carried forward	61,133
Total current tax charge	—

No deferred tax asset has been recognised in respect of tax losses as the directors are uncertain over its future recoverability.

5. Debtors

	<i>31 October 2004 £</i>
Trade debtors	33,107
Social security and other taxes	55,385
Other debtors	1
Prepayments	30,079
	<u>118,572</u>

6. Creditors: amounts falling due within one year

	<i>31 October 2004 £</i>
Loans from shareholder	435,000
Trade creditors	35,956
Accruals	15,000
	<u>485,956</u>

7. Commitments under operating leases

At 31 October 2004 the Company had no annual commitments under non-cancellable operating leases.

8. Share capital

	<i>31 October 2004 £</i>
<i>Authorised:</i>	
1,000 Ordinary Shares of £1 each	1,000
<i>Allotted, called up and fully paid:</i>	
1 Ordinary Share of £1 each	1

9. Reserves

Profit and loss reserve

	<i>31 October</i> <i>2004</i> £
Profit and loss account:	
Retained loss for the period	(321,752)
Carried forward	<u>(321,752)</u>

10. Reconciliation of movements in shareholders' funds

	<i>31 October</i> <i>2004</i> £
Loss for the financial period	(321,752)
New equity share capital subscribed	1
Net reduction in shareholders' funds	<u>(321,751)</u>
Opening shareholders' funds	—
Closing shareholders' funds	<u>(321,751)</u>

11. Related party transactions

During the period under review Vincenzo Stanzione, a Director and Shareholder, advanced the Company £435,000 by way of a non-interest bearing loan. The balance outstanding at 31 October 2004 was £435,000.

12. Post balance sheet events

On 14 January 2005 a further 433,668 Ordinary Shares of £1 each were issued to Vincenzo Stanzione for a total consideration of £500,000.

On 18 January 2005 the loan balance due to Vincenzo Stanzione was £605,000, on this date £500,000 of this loan was repaid.

On 18 January 2005 the entire issued share capital of the Company was acquired by TV Commerce Holdings plc in consideration for the issue of 43,367,000 Ordinary Shares of 1p each.

13. Reconciliation of operating loss to net cash outflows from operating activities

	<i>Period from</i> <i>incorporation</i> <i>to</i> <i>31 October</i> <i>2004</i> £
Operating loss	(321,752)
Increase in debtors	(118,572)
Increase in creditors	50,956
Net cash outflow from operating activities	<u>(389,368)</u>

14. Reconciliation of net cash to movement in net debt

	<i>Opening balance</i>	<i>Cash inflow</i>	<i>New long term debt</i>	<i>Closing balance</i>
	£	£	£	£
Period from incorporation to 30 June 2004	—	45,633	(435,000)	(389,367)
<i>Analysis in changes in net debt</i>				
	<i>At 13 November 2003</i>	<i>Cash (outflow)/ inflow</i>	<i>At 31 October 2004</i>	
	£	£	£	
Cash at bank and in hand	—	45,633	45,633	
Debt due after more than one year	—	45,633	45,633	
Loans from shareholders		(435,000)	(435,000)	
Total	—	(389,367)	(389,367)	

Yours faithfully

CLB Corporate Finance LLP

Chartered Accountants

Registered Auditors

PART VI

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

Set out below is an unaudited pro forma consolidated statement of net assets of the Group which has been prepared for illustrative purposes only to show the effect of the Offer for Subscription and Admission had the Offer and Admission occurred on 31 October 2004. The pro forma statement of net assets has been prepared for illustrative purposes only, and because of its nature, it may not give a true reflection of the Group's financial position or results.

	<i>Net assets as 31 October 2004 (Note 1) £'000</i>	<i>Issue of shares in TV Commerce Limited (Note 2) £'000</i>	<i>Repayment of Director's loans (Note 3) £'000</i>	<i>Issue of shares in TV Commerce Holdings plc (Note 4) £'000</i>	<i>Unaudited pro forma adjusted net assets of the Group on admission to AIM £'000</i>
Current assets					
Debtors	118	—	—	—	118
Cash at bank and in hand	46	500	(435)	507	618
	164	500	(435)	507	736
Creditors: amounts falling due within one year	(486)	—	435	—	(51)
Net current (liabilities)/assets	(322)	500	—	507	685

Notes

The pro forma statement of net assets has been prepared on the following basis:

1. The net assets of the Group as at 31 October 2004 have been extracted without adjustment from the audited Financial Information of TV Commerce Limited included in Part V of this document.
2. An adjustment has been made to reflect the issue of 433,668 Ordinary Shares in TV Commerce Limited at a price of 1.153p per Ordinary Share.
3. An adjustment has been made to reflect a payment of £435,000 in respect of the repayment of Director's loans.
4. An adjustment has been made to reflect the net proceeds of the Offer for Subscription under the minimum subscription of £850,000 (net of estimated expenses of £343,000).
5. No adjustment has been made to reflect the Group re-organisation.
6. No adjustments have been made to reflect the trading or other transactions of the Group since 31 October 2004.
7. The pro forma statement of net assets does not constitute financial statements within the meaning of section 240 of the Act.

PART VII

ADDITIONAL INFORMATION

1. Incorporation and Status of the Company

- 1.1 The Company was incorporated and registered in England and Wales on 22 November 2004 as a private limited company with the name TV Commerce Holdings Limited and with registered number 5292528. The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 1.2 The Company's registered office and principal place of business is at ntl Broadcast Media Centre, Plane Tree Crescent, Feltham, Middlesex TW13 7HF.
- 1.3 The Company was re-registered as a public company limited by shares under the name of TV Commerce Holdings plc on 18 January 2005.
- 1.4 The liability of the members of the Company is limited.
- 1.5 The accounting reference date of the Company is 30 November and its first accounting period will end on 30 November 2005.
- 1.6 The Company is the holding company, directly or indirectly, of the following wholly owned subsidiaries (collectively referred to as the "Subsidiaries").

<i>Name of Company</i>	<i>Holding</i>	<i>Country of Incorporation</i>	<i>Principal Activity</i>
TV Commerce Limited	100%	England and Wales	Operation of the Channel
The Advert Channel Limited	100%	England and Wales	Dormant

2. Share Capital of the Company

- 2.1 The Company was incorporated with an authorised share capital of £1,000 divided into 1,000 Ordinary Shares of £1 each, two of which were issued nil paid to the subscribers to the Memorandum of Association of the Company. On 22 November 2004, one subscriber share was transferred to Vincenzo Stanzione and the other to Chelsey Baker. On 18 January 2005, Chelsey Baker transferred her subscriber share to Vince Stanzione.
- 2.2 On 18 January 2005, pursuant to resolutions of the Company passed on that date:
 - (a) each ordinary shares of £1 each in the share capital of the Company was subdivided into 100 ordinary shares of 1p each;
 - (b) the authorised share capital of the Company was increased to £1,250,000 by the creation of 124,900,000 ordinary shares of 1p each;
 - (c) the Directors were generally and unconditionally authorised in accordance with Section 80 of the Act to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to an aggregate nominal amount of £124,998 (being an amount equal to the whole of the authorised but unissued share capital of the Company), such authority to expire on 18 January 2010 unless varied, revoked or renewed by the Company in general meeting; and
 - (d) the Directors were authorised pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the authority referred to in sub-paragraph (c) above as if Section 89(1) of the Act did not apply to such allotment up to an amount equal to the whole of the authorised but unissued share capital of the Company, such authority to expire on 18 January 2010.
- 2.3 On 18 January 2005, 43,367,100 Ordinary Shares were issued and allotted to Vincenzo Stanzione as consideration for the transfer of his holding of 433,670 ordinary shares of £1 each in TVCL and 1 ordinary share of £1 each in TACL to the Company.
- 2.4 The New Ordinary Shares to be issued pursuant to the Offer will rank *pari passu* in all respects with the existing Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid after Admission on the Ordinary Shares.
- 2.5 Save as set out in this paragraph 2 and paragraph 7 below and pursuant to the Offer:
 - (a) no share or loan capital of the Company is proposed to be issued or is under option or agreed, conditionally or unconditionally, to be put under option;

- (b) no persons have preferential subscription rights in respect of any authorised but unissued share or loan capital; and
 - (c) there is no present intention to issue any of the authorised but unissued share capital of the Company.
- 2.6 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in place whereby future dividends are waived or agreed to be waived.
- 2.7 Save as disclosed in this document, the Company does not have in issue any securities not representing share capital and there are no outstanding convertible securities issued by the Company.

3. Memorandum and Articles of Association

3.1 Memorandum of Association

The Memorandum of Association of the Company provides that its principal object is to carry on the business as a general commercial company. Its objects are set out in full in clause 4 of the Memorandum of Association.

3.2 Articles of Association

The Articles were adopted by special resolution of the Company passed on 18 January 2004 and include provisions to the following effect:

(a) Voting of class rights and changes of capital

- (i) The special rights attached to any class of shares may, subject to any applicable law, be altered or abrogated in such manner (if any) as may be provided by such rights or in the absence of any such provision, either with the consent in writing of the holders of three fourths in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of the class.
- (ii) The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its shares into shares of a larger amount, cancel any shares not taken or agreed to be taken by any person and sub-divide its shares into shares of a smaller amount.
- (iii) The Company may by special resolution reduce its authorised or issued share capital or any capital redemption reserve and any share premium account in any way subject to authority required by law. Subject to applicable law, the Company may purchase its own shares.

(b) Class Meetings

The provisions of the Articles to general meetings apply *mutatis mutandis* to every such meeting but the necessary quorum is two persons holding or representing by proxy not less than one third of the issued shares of that class except where there is only one holder of the relevant class of shares in which case the quorum shall be that holder.

(c) Votes of members

Subject to any rights or restrictions as to voting attached to any class of shares, at any general meeting, on a show of hands, every member who is present in person has one vote and, in the case of a poll, every member present in person or by proxy has one vote for every share of which he is the holder. No member is entitled to attend or vote at a general meeting either personally or by proxy if he or any person appearing to be interested in shares held by him has been duly served with a notice under section 212 of the Act and is in default for the prescribed period in supplying to the Company the information required thereby or, unless the Directors determine otherwise, if any calls from him have not been paid.

(d) Directors

- (i) A director is not required to hold any qualification shares.
- (ii) The amount of any fees payable to Directors shall be determined by the Directors provided that they shall not in any year exceed an aggregate amount of £150,000 or such other sum as may from time to time be approved by ordinary resolution. Any such fees shall be divisible among the Directors as they may agree, or failing agreement, equally. The Directors are also entitled to be repaid all reasonable expenses properly incurred by them respectively in the performance of their duties. Any director holding an executive office or otherwise performing services which in the opinion of the Directors are outside the scope of his ordinary duties as a director may be paid such remuneration as the Directors may determine.

- (iii) The Directors may establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of, and give donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of the Company or any other company which is a subsidiary of the Company or is allied to or associated with the Company or any such subsidiary of any such other company (“associated companies”) and the families and dependants of any such persons and the Directors shall have power to purchase and maintain insurance against liability for any persons who are or were at any time directors, officers, employees or auditors of the Company, its associated companies and for trustees of any pension fund in which employees of the Company or its associated companies are interested.
- (iv) The Directors may from time to time appoint one or more of their body to be the holder of any executive office (including the office of chairman, deputy chairman, managing director or chief executive) on such terms and for such period as they may determine.
- (v) Subject to the provisions of applicable law and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a director notwithstanding his office:
 - (1) may be a party to, or otherwise interested in, any contract, transaction or arrangement with the Company or in which the Company is otherwise interested;
 - (2) may be a director or other officer of, or employed by, or a party to, any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;
 - (3) may hold any other office or place of profit under the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of director and may act in a professional capacity to the Company on such terms as to remuneration and otherwise as the Directors may arrange; and
 - (4) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such contract, transaction or arrangement or from any interest in any such body corporate, and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.
- (vi) Save as specifically provided in the Articles, a director may not vote in respect of any contract, transaction or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company. A director will not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.
- (vii) Subject to applicable law, a director is (in the absence of some material interest other than is indicated below) entitled to vote (and will be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:
 - (1) the giving of any guarantee, security or indemnity to a third party in respect of money lent or obligations incurred by him at the request or for the benefit of the Company or any of its subsidiary undertakings;
 - (2) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (3) any contract, transaction, arrangement or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting thereof;
 - (4) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company;
 - (5) any contract or arrangement in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise, provided that he does not hold an interest (as defined in sections 198-211 of the Act) in one per cent. or more of the issued shares of any such body corporate;

- (6) any proposal concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to the Directors and employees of the Company or any of its subsidiaries;
 - (7) any arrangement for the benefit of employees of the Company or of any of its subsidiaries under which the Director benefits in a similar manner to the employees; and
 - (8) any proposal, contract, transaction or arrangement concerning the purchase or maintenance of insurance for the benefit of directors or persons who include directors.
- (viii) Subject to any applicable law, the Company may by ordinary resolution suspend or relax the provisions summarised under sub-paragraphs (vi) and (vii) above either generally or in relation to any particular matter, or ratify any transactions not duly authorised by reason of a contravention of such provision.

(e) Transfer of shares

All transfers of shares may be effected by transfer in any usual form or in any other form acceptable to the Directors and shall be executed by or on behalf of the transferor and, if the share is partly paid, the transferee. The Directors may refuse to register any transfer of a share which is not fully paid or over which the Company has a lien. The Articles do not contain any restriction on the transferability of fully paid shares, provided that the Company has no lien over the shares, the instrument of transfer is in favour of not more than four joint transferees and in respect of only one class of shares and is duly stamped (if so required).

(f) Dividends and distribution of assets on liquidation

The holders of shares are entitled *pari passu* amongst themselves, but in proportion to the numbers of shares held by them and to the amounts paid up or credited as paid up, to share in the whole of the profits of the Company paid out as dividends and the whole of any surplus in the event of liquidation of the Company save where there is a scrip dividend and the Directors determine the basis of allotment of the shares.

(g) Unclaimed dividends

Any dividend unclaimed after a period of 12 years from the date of its declaration shall be forfeited and shall revert to the Company.

(h) Borrowing Powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital, or any part thereof, and, subject to applicable law, to issue debentures and other securities.

4. Directors' and other Interests

- 4.1 The interests of the Directors (all of which are beneficial unless otherwise stated) in the issued ordinary share capital of the Company which are required to be notified by each Director to the Company under the provisions of Section 324 and 328 of the Act or which are required to be disclosed in the Register of Directors Interests pursuant to Section 325 of the Act or which are interests of persons connected with the Directors within the meaning of Section 346 of the Act, the existence of which is known or which could, with reasonable diligence, be ascertained by the Director as at the date of this document and as they are expected to be immediately on Admission (assuming full subscription under the Offer), are as follows:

<i>Name</i>	<i>Number of Ordinary Shares as at the date of this document</i>	<i>% of the Issued Ordinary Share capital as at the date of this document</i>	<i>Number of Ordinary Shares on Admission</i>	<i>% of issued Enlarged Issued Share Capital on Admission (assuming full subscription under the Offer)</i>
Vincenzo Stanzione	43,367,300	100.00	43,367,300	51.00

- 4.2 Save as disclosed in paragraph 4.1 above the Directors are not aware of any interest (within the meaning of Part VI of the Act) in the Company's ordinary share capital which, immediately following the Offer and Admission, would amount to 3 per cent. or more of the Company's Enlarged Issued Share Capital (assuming full subscription under the Offer).

- 4.3 Save as set out in paragraph 4.1 above, following the Offer and Admission:
- (a) none of the Directors or any person connected with them (within the meaning of Section 346 of the Act) is expected to have any interest in the share capital of the Company;
 - (b) no contract or arrangement with the Company subsists or has subsisted since incorporation in which any Director is or was materially interested and which is significant to the business of the Company taken as a whole;
 - (c) no Director has had any interest, direct or indirect, in any asset since incorporation which has been or which is proposed to be acquired, disposed of by or leased to the Company; and
 - (d) no amount or benefit has been paid or given by the Company since incorporation to any promoter nor is any such payment or gift intended.
- 4.4 Save as disclosed in this document, there are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors or their connected persons.
- 4.5 Save as disclosed in this paragraph 4, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.
- 4.6 As at 18 January 2005 (being the last practicable date prior to publication of this document) and save as disclosed in this paragraph 4, the Directors are not aware of any person or persons other than the above who, directly or indirectly, jointly or severally, at the date of this document, exercise or could exercise control over the Company.

5. Directors' Service Agreements/Letters of Appointment

5.1 *Executive Directors' service agreements*

- (a) By an agreement dated 18 January 2005, the Company appointed Vincenzo Angelo Stanzione as Chief Executive of the Company. The agreement is conditional upon Admission and provides for a salary of £80,000 per annum in respect of his services. The appointment is terminable on not less than 12 months' written notice given by either party. He is also entitled to private medical insurance and life assurance. The agreement contains the usual restrictive covenants.
- (b) By an agreement dated 18 January 2005, the Company appointed Chelsey Baker as Commercial Director of the Company. The agreement is conditional upon Admission and provides for a salary of £40,000 per annum in respect of her services. The appointment is terminable on not less than 12 months' written notice given by either party. She is also entitled to private medical insurance and life assurance. The agreement contains the usual restrictive covenants.
- (c) By letter of appointment dated 18 January 2005, the Company appointed Jason Nicholls as Director of Broadcasting of the Company. The appointment provides for a fee of £12,000 per annum in respect of his services payable with effect from Admission. The appointment is terminable on 12 months' written notice given by either party.

5.2 Non-Executive Director's letter of appointment

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

- 5.3 Save as disclosed in this paragraph 5, there are no existing or proposed service agreements between any Director and the Company.
- 5.4 Save as disclosed in this paragraph 5, there are no Directors' service contracts, or contracts in the nature of service, terminable on more than 12 months' notice.
- 5.5 The aggregate remuneration paid and benefits granted to the Directors from the date of incorporation to 18 January 2005 was £nil. It is estimated that the aggregate remuneration and benefits in kind for the financial year ending 30 November 2005 will be £139,000 under arrangements currently in force.

6. Additional Information on the Board

6.1 In addition to directorships of the Company the Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this document:

<i>Director</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
Vincenzo Stanzione	TV Commerce Limited The Advert Channel Limited	First Success Publishing Limited
Chelsey Baker	None	None
Andrew Mintern	Designer Vision Group Plc Designer Vision Limited	Amoeba Investments Corporation Limited Ironstone Management Consultancy Limited Accent International Sourcing Limited TTI Card Technology Europe Limited Chippot Limited ID Data Systems Limited ID Data Plc
Jason Nicholls	Getaway Holidays Limited Sun 4 Sale Limited Casino News Network Limited Rapid Media Productions Limited Rapid Media Productions (UK) Limited	The Job Shop London & Home Counties Limited

6.2 Save as disclosed above none of the Directors has:

- (a) any previous names;
- (b) any unspent convictions in relation to indictable offences;
- (c) had any bankruptcy order made against him or entered into any individual voluntary arrangements or had a receiver appointed over any of his assets;
- (d) been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- (e) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- (f) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
- (g) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
- (h) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.

7. Share Option Schemes

7.1 *The TV Commerce Holdings plc Enterprise Management Incentive Scheme (“EMI Scheme”)*

The Company approved and adopted the EMI Scheme by written resolution of its shareholders dated 18 January 2005 to allow individuals to be granted the right to acquire Ordinary Shares subject to the terms of Schedule 5, ITEPA and the rules of the EMI Scheme, the principal terms of which are

summarised below. Options were granted on 18 January 2005 and are exercisable in respect of 1,666,666 Ordinary Shares.

(a) Eligibility and Grant of Options

The Company may by option agreement grant the EMI Options to full-time employees of the Company selected by the Board. A full-time employee must work at least 25 hours per week for the Company or, if less, 75 per cent. of that individual's working time. To be eligible the employee must not hold, either alone or with relevant associates, more than 30 per cent. of the Ordinary Share Capital of the Company or the right to receive more than 30 per cent. of the assets available for distribution on a winding up.

(b) Option Price

The price payable on the exercise of the options granted under the EMI Scheme will not be less than the nominal value of an Ordinary Share.

(c) Exercise and lapse of Options

Options are normally exercisable at any time from between the first and tenth anniversary of the grant of the option subject to (a) the satisfaction of any performance condition imposed by the Board at grant and (b) the option of having at least 12 months service prior to exercise. Options may be exercised within six months after the employee ceases to be a director or employee of the Company or 12 months after death, in which case options are exercisable by personal representatives of the option holder. Options are exercisable within a certain time period following a change of control of the Company or on commencement of a winding up or on a court sanctioned reconstruction or amalgamation and will thereafter lapse. Options are personal and will lapse on assignment or other transfer by the eligible employee, except to a personal representative.

(d) Limits

The maximum number of Ordinary Shares to be made available under the EMI Scheme by the Company shall not exceed 10 per cent. of the Company's issued share capital in any 10 year period when added to any other options granted under group employee share schemes and other individual share option agreements. The maximum value (at the date of grant) of the Ordinary Shares subject to options granted in the previous three years under the EMI Scheme, any other qualifying enterprise management incentives and any Inland Revenue approved company share option plan is £100,000.

(e) Variation of Share Capital

On an alteration of the share capital of the Company by way of a capitalisation or rights issue, consolidation, sub-division or reduction or other alteration the number of shares under option or the option price may be adjusted by the Board in such manner as the auditors of the Company or other valuers confirm to be fair and reasonable provided the options continue to qualify as Enterprise Management Incentives and the Revenue approves.

(f) Amendments

The Board may alter the rules to the EMI Scheme or any option agreement provided no alteration adversely affects the rights of the option holder without the agreement of the option holder or contravenes the governing statutory requirements in ITEPA.

7.2 *The TV Commerce Holdings plc Unapproved Share Option Plan ("the Plan")*

The Company approved and adopted the Plan by written resolution dated 18 January 2005 to allow individuals to be granted the right to acquire Ordinary Shares subject to the Rules of the Plan, the principal terms of which are summarised below. The Inland Revenue will not approve either the Plan or any of the options granted. Options were granted on 18 January 2005 and remain exercisable in respect of 2,949,156 Ordinary Shares.

(a) Eligibility and Grant of Options

A committee of the Board will administer the Plan and may at their discretion grant options to employees or directors including non-executive directors of any member of the Group. Options will normally be granted within 42 days of the adoption of the Plan or the announcement of results.

(b) Limits

The maximum number of shares to be made available under the Plan by the Company shall not exceed 10 per cent. of the Company's issued Ordinary Share Capital in any 10 year period when added to any other options granted under group employee share scheme and individual share option agreements. This limit will exclude options which have lapsed or been surrendered or which were granted prior to Admission. An individual limit of four times annual salary is imposed.

(c) Performance Conditions

The Board may impose objective performance conditions on the exercise of options granted under the Plan.

(d) Option Price

The price payable on the exercise of the options granted under the Plan will be not less than the market value of an Ordinary Share at the date of grant, or the nominal value if higher.

(e) Exercise of Options

- (i) Normally, subject to the satisfaction of the performance conditions, an option will be exercisable, while an individual remains in employment with the Group and having at least 12 months' service, between grant of the option and 31 December 2050 or such other date as determined by the Board and the first and tenth anniversary of the date of grant.
- (ii) Early exercise is permitted, without satisfying performance conditions, within six months of the cessation of employment of the option holder as a result of injury, disability, redundancy, retirement, a transfer of undertakings or a Group company ceasing to be part of the Group.

(f) Variation of Share Capital

On an alteration of the share capital of the Company by way of a capitalisation or rights issue, consolidation, sub-division or reduction or other alteration the number of shares under option or the option price may be adjusted by the Board in such manner as the Auditors or other share valuers confirm in their opinion to be fair and reasonable.

(g) Voting, dividend and other rights

On exercise, shares issued are ranked *pari passu* but until then optionholders have no voting or dividend rights. The rights under the options are not pensionable.

(h) Amendments

The Board may amend the rules of the Plan with the approval of the Company in General Meeting except for minor amendments to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for option holders or members of the Group, provided no alteration adversely affects the rights of an option holder without the agreement of the option holder.

8. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company within the period from incorporation to the date immediately preceding the date of this document and are, or may be, material:

8.1 Lock-In Deed

Pursuant to a deed dated 20 January 2005, the Directors have undertaken that, subject to certain limited exceptions, they will not sell or otherwise dispose of, or agree to sell or dispose of, any of their respective interests in Ordinary Shares at any time prior to the first anniversary of Admission. In addition, the Directors have agreed that for a further twelve months thereafter any sale will only be made with the prior consent of SP Angel, which shall not be unreasonably withheld or delayed.

8.2 Nominated Adviser Agreement

On 20 January 2005, the Company and Matrix entered into an agreement ("the Nomad Agreement"), pursuant to which the Company has appointed Matrix to act as Nominated Adviser to the Company

for the purposes of the AIM Rules. The Nomad Agreement can be terminated by either party on the giving of 3 months' written notice. The Nomad Agreement provides for a one-off payment on Admission of £45,000 plus and an annual fee thereafter of £20,000 plus VAT.

8.3 *Broker Engagement Letter*

By a letter dated 12 January 2005, the Company has appointed SP Angel to act as Broker to the Company for the purposes of the AIM Rules. The appointment can be terminated by either party on the giving of three months' written notice and provides for an initial fee of £15,000 plus an annual fee of £15,000 to be paid half yearly in advance. In addition, SP Angel has agreed to use its reasonable endeavours to raise up to £1 million in connection with the Offer (in relation to which the Company is deemed to have given its consent). To the extent that monies are raised in connection with the Offer from parties introduced by SP Angel, the Company has agreed to pay SP Angel a commission of 3 per cent. on all such monies.

8.4 *Inmedia Agreement*

Under the Inmedia Agreement, Inmedia provides TVCL with digital satellite capacity and playout, satellite uplink, encoding, multiplexing and space segment facilities on the Eurobird Satellite for transmission of the Channel ("the Services"). In consideration of the provision of the Services, TVCL has paid a non-refundable deposit and has an obligation to pay Inmedia certain annual charges on a monthly basis in advance for the Services. The term of the Inmedia Agreement runs from 28 June 2004 to 27 June 2007. TVCL can terminate the Inmedia Agreement by giving Inmedia ninety days' notice at any time in the period between 9 and 12 months from 28 June 2004. The Inmedia Agreement provides that, for the avoidance of doubt, the earliest that this break clause can take effect is 28 June 2005.

Inmedia does not guarantee the continuing availability of the Services as it sources satellite access from SES Astra S.A. ("SES"). Accordingly, TVCL's only remedy for downtime or service interruptions is via service credits. Inmedia may terminate the Services upon the occurrence of a number of events being (a) where SES, the supplier to Inmedia of access to the Eurobird Satellite, terminates such supply under its agreement with Inmedia; or (b) where SES's approval to provide digital capacity under the laws of Luxembourg (SES's country of incorporation) is revoked or withheld. In addition, Inmedia has the right to suspend the Services where, *inter alia*: (a) SES suspends the supply of access to the Eurobird Satellite; (b) a change in legislation necessitates a suspension; (c) if the unavailability of satellites, transponders, facilities, services or systems which are not supplied by Inmedia and such unavailability is not directly caused by its acts or omissions; (d) where the acts of or default by TVCL is in Inmedia's reasonable view likely to cause damage to the Eurobird Satellite.

8.5 *ntl Agreement*

Under the ntl Agreement, ntl has agreed to provide TACL with office facilities and playout, satellite uplink, encoding, multiplexing and space segment facilities on the Eurobird Satellite for transmission of the Channel ("the Services"). ntl has to carry out some preliminary works before the Services become available to TACL in relation to which ntl has only to use "reasonable endeavours" to complete and ensure the Services are available to the Company by 1 July 2005. ntl has made the office facilities available from 1 December 2004.

Access to the Eurobird Satellite and digital capacity is also supplied to ntl by SES under a supply agreement. The ntl Agreement is conditional on SES and ntl receiving requisite consents from Ofcom and Luxembourg P&T under such supply agreement.

In consideration of the provision of the Services, TACL has paid a non-refundable deposit and has an obligation to pay certain annual charges on a quarterly basis in advance for the provision of the Services.

The term of the ntl Agreement runs from 1 July 2005 to 1 July 2008 subject to earlier termination. ntl does not guarantee the continuing availability of the Services. Accordingly, TACL's only remedy for downtime or service interruptions is via service credits. ntl may terminate the Services upon the occurrence of a number of events including (a) TACL being in material breach of the ntl Agreement ; (b) TACL undergoing an insolvency event as defined in the relevant clause; (c) if SES terminates the supply of access to the Eurobird Satellite under its agreement with ntl; (d) if SES's approval to provide digital capacity under the laws of Luxembourg is revoked or withheld. In addition, ntl has the right to suspend the Services if, *inter alia*: (a) SES suspends the supply of access to the Eurobird Satellite; (b) a change in legislation necessitates a suspension; (c) if suspension of the Services is due to the

unavailability of satellites, transponders, facilities, services or systems which are not supplied by ntl and such unavailability is not directly caused by ntl's acts or omissions; (d) where the acts of or default by TACL is in ntl's reasonable view likely to cause damage to the Eurobird Satellite.

8.6 *Subscription Agreement*

Pursuant to the Subscription Agreement dated 20 January 2005, Vincenzo Stanzione has agreed, to the extent that the Minimum Amount is not subscribed for by third parties under the Offer and conditional on Admission, to subscribe for that amount of shares at the Offer Price which represents the shortfall from the Minimum Amount up to a maximum subscription of the Minimum Amount.

8.7 *Rapid Media Agreement*

Rapid Media entered into a consultancy agreement dated 18 January 2005 to provide the Company with certain services in relation to its business including an obligation to produce a maximum of 300 television hours in each year of the agreement for one or two television channels as agreed from time to time. The engagement commenced on 18 January 2005 and, subject to the usual termination rights under a consultancy agreement of this nature, continues indefinitely until terminated by either party on 12 months' written notice. Rapid Media is entitled to a fee of £112,000 per annum.

8.8 *Warranty Agreement*

By an agreement dated 20 January 2005 between the Company, Vincenzo Stanzione, Chelsey Baker, Matrix, SP Angel and Andrew Mintern, the Company, Vincenzo Stanzione and Chelsey Baker agreed to give for the benefit of each of Matrix and SP Angel certain warranties in relation to the Company and the information contained in this document. Andrew Mintern agreed to give a warranty to Matrix and SP Angel in relation only to the personal information relating to him contained in this document.

8.9 *Ofcom Licence*

TVCL is granted a licence to broadcast on the Channel by Ofcom under the Ofcom Licence. The Ofcom Licence remains in force until it is surrendered by TVCL or revoked by Ofcom in accordance with its conditions. These conditions include requirements of TVCL to comply with the Broadcasting Act 1990 (as amended) and the Communications Act 2003 together with codes of practice including the Programme Code, the Code of Advertising Standards and Practice, the Code of Programming Sponsorship and the Rules on the Amount and Scheduling of Advertising (which Ofcom may replace with codes of its own in the future). TVCL also has an obligation under the Ofcom Licence to notify Ofcom of details of the Admission.

8.10 *EPG Services Agreement*

Under this agreement B Sky B provides TVCL with a listing on its Electronic Programming Guide including scheduling, event and synopsis information for the Channel. The agreement commenced on 12 July 2004 and terminates 3 years from this date. In consideration for the provision of these services TVCL pays B Sky B a monthly fee of £6,250 in advance.

9. Litigation

The Company is not involved in any legal or arbitration proceedings which may have or have had since incorporation a significant effect on the Company's financial position and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company.

10. Working Capital

The Directors consider, having made due and careful enquiry, that taking into account the funds already invested in the Company and on the assumption that the Minimum Amount is raised under the Offer, the working capital available to the Group is sufficient for its present requirements, that is for at least 12 months from the date of this document.

11. Taxation

The following paragraphs are intended as a general guide only for shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade, and are based on current legislation and UK Inland Revenue practice. Any prospective purchaser of Ordinary shares who is in any doubt about his tax position

or who is subject to taxation in a jurisdiction other than the UK, should consult his own professional adviser immediately.

11.1 *Taxation of Chargeable Gains*

For the purpose of UK tax on chargeable gains, the issue of Ordinary Shares pursuant to the Offer will be regarded as an acquisition of a new holding in the share capital of the Company.

To the extent that a shareholder acquires Ordinary shares allotted to him, the Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will constitute the base cost of a shareholder's holding. The amount paid for the Ordinary Shares subscribed for will be eligible for taper relief allowance.

If a Shareholder disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may, depending on his circumstances, arise.

11.2 *Loss Relief*

If an investor is an individual or an investment company, relief for losses incurred by that investor on disposal of the Ordinary Shares may be available under Sections 573 to 576 of the Income and Corporation Taxes Act 1988, against income of the same or prior year.

This relief should be available provided the Company and the investor satisfy the relevant statutory requirements.

11.3 *Inheritance Tax*

Business Property Relief

Unquoted ordinary shares representing minority interests in trading companies such as the Company potentially qualify for 100 per cent. business property relief which gives up to 100 per cent. exemption from Inheritance Tax. Therefore, where an investor makes a lifetime gift of shares or dies while still owner of the shares, no inheritance tax will be payable in respect of the value of the shares, provided certain conditions are met. The main condition is that the investor held the shares for two years before the date of transfer or death.

11.4 *Stamp duty and Stamp Duty Reserve Tax*

No stamp duty or stamp duty reserve tax ("SDRT") will generally be payable on the issue of the Ordinary Shares.

11.5 *Dividends and other Distributions*

Dividends paid by the Company will carry an associated tax credit of one-ninth of the cash dividend or ten per cent. of the aggregate of the cash dividend and associated tax credit. Individual shareholders resident in the UK receiving such dividends will be liable to income tax on the aggregate of the dividend and associated tax credit at the Schedule F ordinary rate (10 per cent.) or the Schedule F upper rate (32.5 per cent.).

The effect will be that taxpayers who are otherwise liable to pay tax at only the lower rate or basic rate of income tax will have no further liability to income tax in respect of such a dividend. Higher rate taxpayers will have an additional tax liability (after taking onto account the tax credit) of 22.5 per cent. of the aggregate of the individual and associated tax credit. Individual shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such dividends.

A UK resident corporate shareholder should not be liable to corporation tax or income tax in respect of dividends received from the Company unless that company is carrying on a trade of dealing in shares.

Trustees of discretionary trusts are liable to account for income tax on the trust's income at the rate applicable to trusts, currently 32.5 per cent.

Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident. These comments are intended only as a general guide to the

current tax position in the UK as at the date of this document. The comments assume that Ordinary Shares are held as an investment and not as an asset of financial trade.

If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the UK, you should consult your professional adviser.

12. General

- 12.1 The gross proceeds of the Offer are expected to be £2,500,000. It is estimated that the expenses of and incidental to the Offer and Admission including commissions which are payable by the Company will amount to approximately £350,000 (excluding Value Added Tax).
- 12.2 Matrix Corporate Finance, which is regulated by the Financial Services Authority, has given and not withdrawn its written consent to the inclusion herein of references to its name in the form and context in which they appear.
- 12.3 Merchant Capital Plc, which is regulated by the Financial Services Authority, has given and not withdrawn its written consent to the inclusion herein of references to its name in the form and context in which they appear.
- 12.4 S.P. Angel & Co has given and not withdrawn its written consent to the inclusion herein of references to its name in the form and context in which they appear.
- 12.5 CLB Corporate Finance LLP have given and have not withdrawn their written consent to the inclusion in Parts IV and V of this document of their reports, the references thereto and to their name in the form and context in which they appear.
- 12.6 Other than the current application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in the Ordinary Shares.
- 12.7 The Offer Price represents a premium over nominal value of 5p per ordinary share.
- 12.8 For the purposes of paragraph 21(a) of Part IV of Schedule I of the POS regulations, the Minimum Amount which must be raised under the Offer is £850,000.
- 12.9 Save as disclosed in this document, the Directors are not aware of any exceptional factors which have influenced the Company's activities.
- 12.10 Save as disclosed in this document, the Directors are not aware of any patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Company's business.
- 12.11 Save as disclosed in this document, there has been no significant change in the trading or financial position of the Group since 22 November 2004, being the date of incorporation of the Company.
- 12.12 Save as disclosed in this document, above no person (other than the Company's professional advisors as stated in this document and trade suppliers) has received, directly or indirectly, from the Company within the twelve months preceding the date of this document and no persons have entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:
 - (a) fees totalling £10,000 or more;
 - (b) securities with a value of £10,000 or more calculated by reference to the Subscription Price; or
 - (c) any other benefit with a value of £10,000 at the date of Admission.
- 12.13 Save as disclosed in this document, there are no significant investments in progress.

13. Availability of Document

Copies of this document are available free of charge from the Company's registered office and at the offices of Matrix Corporate Finance, One Jermyn Street, London SW1Y 4UH during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document until one month after Admission.

14. Documents available for Inspection

Copies of the following documents will be available for inspection at the offices of Memery Crystal, 44 Southampton Buildings, London WC2A 1AP during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until one month after Admission:

- 14.1 the Memorandum and Articles of Association;
- 14.2 the accountants' reports by CLB Corporate Finance LLP set out in Parts IV and V of this document;
- 14.3 the rules of the EMI and Unapproved Share Option Schemes;
- 14.4 the material contracts referred to in paragraph 8 above;
- 14.5 the Directors' service agreements and letters of appointment referred to in paragraph 5 above;
- 14.6 the consent letters referred to in paragraphs 12.2, 12.3, 12.4 and 12.5 above; and
- 14.7 this document.

Dated: 20 January 2005

