

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

TOUCH (GoE) PLC

31 DECEMBER 2004

Registered No. 2885607



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TOUCH (GoE) PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2004

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TOUCH (GoE) PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2004

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

The directors of the company who served throughout the year, except as noted, are listed below:

Vincent Isaacs

Tamer Ozmen

Andrew Stimpson resigned 2 April 2004

SECRETARY

Peter D Katz FCA ATII

REGISTERED OFFICE

Cardinal Tower
12 Farringdon Road
London EC1M 3NN

BANKERS

HSBC
London

Barclays Bank plc
London

SOLICITORS

Olswang
London

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
London

TOUCH (GoE) PLC

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2004.

RESULTS AND DIVIDENDS

Consolidated financial statements have been prepared comprising the results of the company and its wholly owned subsidiary Touch (NW) Limited. The loss for the year ended 31 December 2004 after taxation amounted to £1,285,000 (11 month period ended 31 December 2003 – loss £850,000) and has been deducted from reserves.

The directors do not recommend any dividend on the ordinary shares in respect of the year ended 31 December 2004 (11 month period ended 31 December 2003 – £nil).

PRINCIPAL ACTIVITIES

The group's principal activity is the provision of marketing and web services.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The group has invested significant amounts of resource in developing its local online directory business. During 2004 it started the transition to a new Java based platform which was recently completed. The directors are now confident that the Group will now be in a position to exploit that asset.

Further disclosures are made in the statement of accounting policies of the financial statements concerning going concern.

DIRECTORS AND THEIR INTERESTS

Details of the directors' interests in the shares of Touch Group plc are given in that company's financial statements. The directors do not hold any shares in the company or any other group company other than Touch Group plc

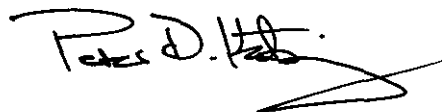
SUPPLIER PAYMENT POLICY

The company's policy is to settle terms of payment with suppliers when agreeing terms for each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the company at 31 December 2004 were equivalent to 45 days (2003 – 49 days) purchases based on an average daily amount invoiced by suppliers during the year.

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by order of the Board of Directors
and signed on behalf of the Board



Peter D Katz
Secretary
14 July 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the company and group as at the end of the financial period and of the profit or loss of the group for that period.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

In preparing the financial statements, the directors are required to: select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; and state whether applicable accounting standards have been followed.

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

TOUCH (GoE) PLC

INDEPENDENT AUDITORS' REPORT

To the members of Touch (GoE) plc:

We have audited the financial statements of Touch (GoE) plc for the year ended 31 December 2004 which comprise the profit and loss account, balance sheet, combined statements of movements in equity shareholders' deficit and statement of movements on reserves, statement of accounting policies and the related notes numbered 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of director's responsibilities, the company's director is responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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

We read the Director's report and other information contained in the annual report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

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

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

Going concern

Without qualifying our opinion, we draw attention to the disclosures made in the statement of accounting policies of the financial statements concerning the uncertainty over the company's forecasts, the need for further investment and the availability of further funding. These conditions, along with other matters as set forth in the statement of accounting policies, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern as it is not practicable to determine or quantify them.

INDEPENDENT AUDITORS' REPORT (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

14 July 2006

TOUCH (GoE) PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2004

		Year ended 31 December 2004	11 months ended 31 December 2003
	Notes	£'000	£'000
TURNOVER	1	2,234	2,473
Cost of sales		(792)	(800)
GROSS PROFIT		<u>1,442</u>	<u>1,673</u>
Administrative expenses		(2,726)	(2,518)
OPERATING LOSS	2	<u>(1,284)</u>	<u>(845)</u>
Interest payable	5	(1)	(5)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(1,285)</u>	<u>(850)</u>
Tax on loss on ordinary activities	6	-	-
RETAINED LOSS AFTER TAXATION FOR THE FINANCIAL YEAR/PERIOD		<u>(1,285)</u>	<u>(850)</u>

The accompanying notes are an integral part of this consolidated profit and loss account.

All results derive from continuing operations.

There are no other gains or losses other than the loss for the year of £1,285,000 (11 month period ended 31 December 2003 – loss £850,000).

TOUCH (GoE) PLC

CONSOLIDATED BALANCE SHEET

As at 31 December 2004

	31 December 2004		31 December 2003
	Notes	£'000	Restated* £'000
FIXED ASSETS			
Intangible assets			
- goodwill	8	539	569
- other	8	141	74
		<u>680</u>	<u>643</u>
Tangible assets	9	86	136
		<u>766</u>	<u>779</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	11	143	135
Cash at bank and in hand		81	315
		<u>224</u>	<u>450</u>
CREDITORS: amounts falling due within one year	12	(3,958)	(2,896)
NET CURRENT LIABILITIES		<u>(3,734)</u>	<u>(2,446)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(2,968)	(1,667)
CREDITORS: amounts falling due after more than one year	13	-	(16)
NET LIABILITIES		<u>(2,968)</u>	<u>(1,683)</u>
CAPITAL AND RESERVES			
Called-up share capital	14	14,200	14,200
Share premium account		1,071	1,071
ESOP		(20)	(20)
Profit and loss account		<u>(18,219)</u>	<u>(16,934)</u>
EQUITY SHAREHOLDERS' DEFICIT		<u>(2,968)</u>	<u>(1,683)</u>

*See note 10.

The accompanying notes are an integral part of this consolidated balance sheet.

TOUCH (GoE) PLC

COMPANY BALANCE SHEET

As at 31 December 2004

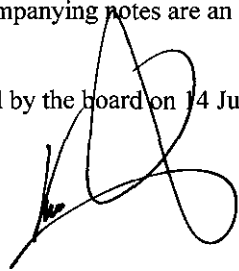
	Notes	31 December 2004 £'000	31 December 2003 Restated* £'000
FIXED ASSETS			
Intangible assets			
- goodwill	8	84	88
- other	8	141	74
		225	162
Tangible assets	9	36	67
		261	229
CURRENT ASSETS			
Debtors: amounts falling due within one year	11	131	84
Debtors: amounts falling due after more than one year	11	752	602
Cash at bank and in hand		44	27
		927	713
CREDITORS: amounts falling due within one year	12	(2,990)	(2,115)
NET CURRENT LIABILITIES		(2,063)	(1,402)
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,802)	(1,173)
CREDITORS: amounts falling due after more than one year	13	-	(16)
NET LIABILITIES		(1,802)	(1,189)
CAPITAL AND RESERVES			
Called-up share capital	14	14,200	14,200
Share premium account		1,071	1,071
ESOP		(20)	(20)
Profit and loss account		(17,053)	(16,440)
EQUITY SHAREHOLDERS' DEFICIT		(1,802)	(1,189)

*See note 10.

The accompanying notes are an integral part of this balance sheet.

Approved by the board on 14 July 2006 and signed on its behalf by

V Isaacs
Director



TOUCH (GoE) PLC

**COMBINED STATEMENTS OF MOVEMENTS IN EQUITY SHAREHOLDERS' DEFICIT
AND STATEMENT OF MOVEMENTS ON RESERVES**

For the year ended 31 December 2004

GROUP

	Issued share capital	Share premium account	Shares in ESOP	Profit and loss account	Year ended 31 December 2004	11 months ended 31 December 2003 Restated*
	£'000	£'000	£'000	£'000	£'000	£'000
At beginning of year/ period	14,200	1,071	-	(16,934)	(1,683)	(813)
Adoption of UITF 38*	-	-	(20)	-	-	(20)
Retained loss for the year/period	-	-	-	(1,285)	(1,285)	(850)
At end of year/period	<u>14,200</u>	<u>1,071</u>	<u>(20)</u>	<u>(18,219)</u>	<u>(2,968)</u>	<u>(1,683)</u>

COMPANY

	Issued share capital	Share premium account	Shares in ESOP	Profit and loss account	Year ended 31 December 2004	11 months ended 31 December 2003 Restated*
	£'000	£'000	£'000	£'000	£'000	£'000
At beginning of year/ period	14,200	1,071	-	(16,440)	(1,189)	(580)
Adoption of UITF 38*	-	-	(20)	-	-	(20)
Retained loss for the year/period	-	-	-	(613)	(613)	(589)
At end of year/period	<u>14,200</u>	<u>1,071</u>	<u>(20)</u>	<u>(17,053)</u>	<u>(1,802)</u>	<u>(1,189)</u>

* See note 10.

STATEMENT OF ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period except as stated below:

Adoption of UITF Abstract 38 – Accounting for ESOP Trusts

Adoption of UITF 38 has resulted in a restatement of certain prior year figures relating to shares held by The Guild of Excellence Benefit Trustees Limited which are now presented as a deduction from Shareholders' funds and not as a fixed asset investment, decreasing opening new assets by £20,000. Adoption of this abstract has had no effect on the profit and loss or cash flows for the current year or previous period.

Basis of preparation

The financial statements have been prepared under the historical cost convention.

Going concern - Background and nature of concern

Touch (GoE) plc is reliant upon funding from its ultimate parent company Touch Group plc ("the group"). This has been a challenging year for the group during which a number of changes were made to both our infrastructure and key personnel. Following a year of significant investment in the group both in terms of financial resources and management time, it is the directors' belief that the group, and company, now has the focus, infrastructure and team to capitalise on the opportunities available to the business. However, because of the disappointing trading in 2005, which fell below our expectations, the directors recognise the need for additional funding to enable the business to continue trading as a going concern, and are considering a number of alternatives for raising further finance.

The directors have already taken a number of actions to raise additional funding. In April 2006 the Group raised £675,000 through a placing of new shares and in May 2006 the Group put in place an invoice discounting facility which provides up to £990,000 of drawdown facility based on the value of invoices raised by its subsidiary Business Briefings Limited. Furthermore, the Group also has an irrevocable offer of £500,000 for the purchase of Electronic Media Promotions Holdings Limited, a non-trading subsidiary undertaking of the Group whose sole asset is the shares it holds in MediaZest plc.

Based on the cashflow projections, in particular the cashflows from trading, and the funds raised so far, the directors believe that the Group has adequate financial resources to meet its obligations, and those of its subsidiary Touch (GoE) plc, over the next twelve months. However, the requirement for further funding is dependent on the performance of the business as a whole and in particular whether the launch of the Group's portfolio of online services will generate significant additional revenues. The Online business has shown improving revenues quarter on quarter through a combination of new clients and additional products and services. The launch in May of the Touch Guarantee product means that the business now offers a full complement of online advertising products and services aimed at the SME market. The directors' forecasts assume that the trend in improving revenues continues, the cost base is maintained and that additional funding will be available should it be required. To this end the Directors have had a number of discussions with a range of funding providers and whilst these discussions are at an early stage the directors believe that additional funding will be available should it be required.

After due consideration of the facts, assumptions and proposed actions, the directors believe that it is appropriate to prepare the financial statements on a going concern basis. However, there is a material uncertainty relating to forecast revenues, the degree of further investment required and whether such funding may be available which may cast significant doubt on the Group, and company's, ability to continue as a going concern and, therefore, Touch (GoE) plc may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern as it is not practicable to determine or quantify them.

Cash Flow

The company has taken advantage of the exemption under the Financial Reporting Standard No.1 (revised) 'Cash flow Statements' not to present a cash flow statement as it is a wholly owned subsidiary of an EC parent company, which publishes a consolidated cash flow statement.

STATEMENT OF ACCOUNTING POLICIES (continued)

Basis of consolidation

The financial statements consolidate the accounts of Touch (GoE) PLC and its subsidiary undertakings drawn up to 31 December each year. The results of businesses acquired are consolidated for the periods from which control passed. Acquisitions are accounted for under the acquisition method.

Intangible assets – goodwill

Goodwill, representing the excess of fair value of consideration given over the fair value of identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is a maximum of 20 years. Provision is made for any impairment.

Intangible assets – licences

The fair value of acquired licences are amortised over their estimated useful lives or twenty years, whichever is the shorter. Provision is made for any impairment.

Tangible fixed assets

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

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life, as follows:

Leasehold improvements	- lease term
Plant, vehicles and equipment	- 3 to 4 years

Investments

Fixed asset investments are shown at cost less provision for impairment.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is not discounted.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised at the fair value of the asset with an equivalent liability categorised as appropriate under creditors within or after one year. The assets are depreciated over the shorter of the lease term or their useful lives. The interest element of rental obligations is apportioned over the term of the lease.

Rentals paid under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

Operating lease rentals receivable

Rentals receivable from assets leased to customers under operating leases are credited to the profit and loss account when they become receivable.

NOTES TO THE FINANCIAL STATEMENTS

1 **TURNOVER**

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

All turnover is generated by one class of business and in one geographic area, the United Kingdom.

2 **OPERATING LOSS**

	Year ended 31 December 2004 £'000	11 months ended 31 December 2003 £'000
This is stated after charging:		
Auditors' remuneration – audit services	12	11
Amortisation of intangible assets	62	58
Depreciation of owned assets	77	119
Depreciation of assets held under finance leases and hire purchase contracts	13	24
Operating lease rentals paid - land and buildings	60	44
- other	-	-
Loss on disposal of tangible fixed assets	<u>-</u>	<u>1</u>

In addition, the auditors were paid non-audit fees of £nil (period ended 31 December 2003 - £9,000).

3 **DIRECTORS' REMUNERATION**

	Year ended 31 December 2004 £'000	11 months ended 31 December 2003 £'000
Directors' emoluments		
Remuneration	<u>-</u>	<u>26</u>

In 2004 Vincent Isaacs, Tamer Ozmen and Andrew Stimpson were remunerated for services to the group as a whole and their emoluments are disclosed in the financial statements of Touch Group plc.

TOUCH (GoE) PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 STAFF COSTS

	Year ended 31 December 2004 £'000	11 months ended 31 December 2003 £'000
Staff costs during the period (including directors)		
Wages and salaries	1,818	1,682
Social security costs	185	165
	<u>2003</u>	<u>1,847</u>
Average number of persons employed (including directors)	Number	Number
Total	<u>78</u>	<u>79</u>

5 INTEREST PAYABLE

	Year ended 31 December 2004 £'000	11 months ended 31 December 2003 £'000
Finance charges payable under finance leases and hire purchase contracts	<u>2</u>	<u>5</u>

6 TAX ON LOSS ON ORDINARY ACTIVITIES

There is no current UK tax charge for the year (2003 11 month period - £nil) due to losses made in the year. At the current tax rate of 30%, the accumulated tax losses give rise to a potential deferred tax asset of £5,026,000 (2003 - £4,694,000), which has not been recognised due to uncertainty as to when it may be recognised. The directors expect that the tax losses will be available to be utilised against future taxable profits when they arise.

	Year ended 31 December 2004 £'000	11 months ended 31 December 2003 £'000
Loss on ordinary activities before tax	<u>(1,285)</u>	<u>(850)</u>
Tax on ordinary activities at the standard rate	386	255
<i>Factors affecting the charge for the year/ period:</i>		
Permanent differences	(16)	(17)
Depreciation in excess of capital allowances	22	38
Tax losses not utilised	<u>(392)</u>	<u>(276)</u>
Total actual amounts of current tax	<u>-</u>	<u>-</u>

7 LOSS ATTRIBUTABLE TO TOUCH (GoE) PLC

The loss for the year ended 31 December 2004 dealt with in the financial statements of the parent company, Touch (GoE) PLC was £613,000 (2003 – loss £589,000). As provided by Section 230 of the Companies Act 1985, no profit and loss account is presented in respect of the parent company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 INTANGIBLE FIXED ASSETS

GROUP	Goodwill £'000	Licences £'000	Total £'000
Cost			
At 1 January 2004	658	227	885
Additions	-	99	99
At 31 December 2004	<u>658</u>	<u>326</u>	<u>984</u>
Amortisation			
At 1 January 2004	89	153	242
Provided during the year	30	32	62
At 31 December 2004	<u>119</u>	<u>185</u>	<u>304</u>
Net book value			
At 31 December 2004	<u>539</u>	<u>141</u>	<u>680</u>
At 31 December 2003	<u>569</u>	<u>74</u>	<u>643</u>

COMPANY	Goodwill £'000	Licences £'000	Total £'000
Cost			
At 1 January 2004	102	227	329
Additions	-	99	99
At 31 December 2004	<u>102</u>	<u>326</u>	<u>428</u>
Amortisation			
At 1 January 2004	14	153	167
Provided during the year	4	32	36
At 31 December 2004	<u>18</u>	<u>185</u>	<u>203</u>
Net book value			
At 31 December 2004	<u>84</u>	<u>141</u>	<u>225</u>
At 31 December 2003	<u>88</u>	<u>74</u>	<u>162</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 TANGIBLE FIXED ASSETS

GROUP	Leasehold improvements	Plant, vehicles and equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2004	33	1,329	1,362
Additions	-	35	35
Disposals	-	(21)	(21)
At 31 December 2004	<u>33</u>	<u>1,343</u>	<u>1,376</u>
Depreciation			
At 1 January 2004	19	1,207	1,226
Provided during the year	7	70	77
Disposals	-	(13)	(13)
At 31 December 2004	<u>26</u>	<u>1,264</u>	<u>1,290</u>
Net book value			
At 31 December 2004	<u>7</u>	<u>79</u>	<u>86</u>
At 31 December 2003	<u>14</u>	<u>122</u>	<u>136</u>

Leased assets included above:

Net book value			
At 31 December 2004	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2003	<u>-</u>	<u>13</u>	<u>13</u>

COMPANY	Leasehold improvements	Plant, vehicles and equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2004	33	1,212	1,245
Additions	-	23	23
Disposals	-	(21)	(21)
At 31 December 2004	<u>33</u>	<u>1,214</u>	<u>1,247</u>
Depreciation			
At 1 January 2004	19	1,159	1,178
Provided during the year	7	39	46
Disposals	-	(13)	(13)
At 31 December 2004	<u>26</u>	<u>1,185</u>	<u>1,211</u>
Net book value			
At 31 December 2004	<u>7</u>	<u>29</u>	<u>36</u>
At 31 January 2003	<u>14</u>	<u>53</u>	<u>67</u>

Leased assets included above:

Net book value			
At 31 December 2004	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2003	<u>-</u>	<u>13</u>	<u>13</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 EMPLOYEE SHARE OPTION TRUST

Company and Group	Parent company shares £'000
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At 31 December 2004 and 31 December 2003	<u>20</u>
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The investment in parent company shares arises because The Guild of Excellence Employee Benefit Trustees Limited holds shares in Touch Group plc for distribution to employees of Touch (GoE) PLC at the discretion of the Trustees.

None of the shares held by The Guild of Excellence Employee Benefit Trustees Limited at 31 December 2004 had been unconditionally offered to employees and so, in accordance with UITF Abstract 13, the assets and liabilities of the trust company relating to these shares have been included within the accounts of The Guild of Excellence Employee Benefit Trustees Limited.

The investment is held at historic cost. The market value of this investment was £4,835 at 31 December 2004 (31 December 2003 - £4,000).

Adoption of UITF 38 has resulted in a restatement of certain prior year figures relating to shares held by The Guild of Excellence Benefit Trustees Limited which are now presented as a deduction from Shareholders' funds and not as a fixed asset investment, decreasing opening new assets by £20,000. Adoption of this abstract has had no effect on the profit and loss or cash flows for the current year or previous period.

The subsidiaries of Touch (GoE) PLC, which are all incorporated in Great Britain and registered in England and Wales are as follows:

Name of company	% holding	Nature of business
Touch (NW) Limited	100%	Marketing and web services
The Guild of Excellence Employee Benefit Trustees Limited	100%	Non-trading
Touchjobs Limited	100%	Non-trading

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 **DEBTORS:** amounts falling due within one year

	Group		Company	
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	97	81	96	55
VAT	-	2	-	2
Other debtors	8	6	-	1
Prepayments and accrued income	38	46	35	26
	<u>143</u>	<u>135</u>	<u>131</u>	<u>84</u>
Amounts falling due after more than one year				
Amounts owed by group undertakings	-	-	752	602

12 **CREDITORS:** amounts falling due within one year

	Group		Company	
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
		£'000	£'000	£'000
Obligations under finance leases and hire purchase contracts	-	3	-	3
Trade creditors	239	264	42	8
Amounts owed to group undertakings	3,351	2,327	2,841	2,021
Other creditors	-	16	-	-
Taxes and social security	53	56	18	13
Accruals and deferred income	315	230	89	70
	<u>3,958</u>	<u>2,896</u>	<u>2,990</u>	<u>2,115</u>

The amounts owed to group undertakings are interest free, unsecured and have no fixed repayment term.

13 **CREDITORS:** amounts falling due after one year.

	Group		Company	
	31 January 2004	31 December 2003	31 January 2004	31 December 2003
	£'000	£'000	£'000	£'000
Obligations under finance leases and hire purchase contracts falling due between				
- one to two years	-	-	-	-
- two to five years	-	16	-	16
	<u>-</u>	<u>16</u>	<u>-</u>	<u>16</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 CALLED-UP SHARE CAPITAL

	31 December 2004 £'000	31 December 2003 £'000
<i>Authorised:</i>		
1,600,000,000 ordinary shares of 1p each	<u>16,000</u>	<u>16,000</u>
<i>Allotted, called up and fully paid</i>		
1,420,000,000 ordinary shares of 1p each	<u>14,200</u>	<u>14,200</u>

Options have been granted under the Touch (GoE) PLC unapproved share option scheme to subscribe for ordinary shares of the company as follows:

Date of grant	Number of shares under option		Exercise price	Exercise Period
	31 December 2004	31 December 2003		
1 March 2001	14,560,000	14,560,000	1p	Note a
31 January 2002	<u>45,495,000</u>	<u>45,495,000</u>	1p	Note a
	<u>60,055,000</u>	<u>60,055,000</u>		

Note a - exercisable from the earlier of the third anniversary of the date of grant and the second anniversary of the earliest to occur of the date of a listing, sale or change of control and expire ten years from the date of grant.

15 OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	31 January 2004		31 December 2003	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases which expire				
- within one year	-	-	-	6
- within two to five years	<u>63</u>	<u>-</u>	<u>53</u>	<u>13</u>
	<u>63</u>	<u>-</u>	<u>53</u>	<u>19</u>

16 PENSION SCHEME

No contributions were made during the year (2003 - 11 month period £nil) to the Touch (GoE) plc Directors Pension Scheme. This is a money purchase scheme with one eligible member, being Vincent J Isaacs.

17 RELATED PARTY TRANSACTIONS

The group has taken advantage of the exemption in Financial Reporting Standard Number 8 from disclosure in respect of intragroup related party transactions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The smallest and largest group in which the results of Touch (GoE) PLC are consolidated is that headed by Touch Group plc. The company's immediate and ultimate parent and controlling company is Touch Group plc, which is incorporated in Great Britain. The financial statements of Touch Group plc can be obtained from that company's registered office, which is Cardinal Tower, 12 Farringdon Road, London EC1M 3NN.