

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

TOUCH (GoE) PLC

31 DECEMBER 2005

Registered No. 2885607

4



TOUCH (GoE) PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2005

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TOUCH (GoE) PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

The directors of the company who served throughout the year are listed below:

Vincent Isaacs

Tamer Ozmen

SECRETARY

Peter D Katz FCA ATII (resigned 26 October 2006)

Stuart Winship (appointed 26 October 2006)

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 2005.

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 2005 after taxation amounted to £907,000 (2004 – loss £1,285,000) 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 2005 (2004 - £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 2005 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.

On 25th October Touch Group plc, the Company's parent, announced that it had agreed with Benchmark Capital Europe ("Benchmark") the terms of a £7 million investment into Touch (GoE) plc. As part of the transaction, Benchmark has subscribed for shares, which will represent the majority of the issued share capital of Touch (GoE) PLC on a fully diluted basis. An allocation also has been made for the management. At the completion of this Transaction the Touch Group plc will have retained an interest of 27.5% of the shares of Touch (GoE) PLC.

The invested funds will enable the management of Touch (GoE) the opportunity to grow the Touch Local business without financial restraint. Touch (GoE) PLC is to be renamed Touch Local Limited.

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 2005 were equivalent to 46 days (2004 – 48 days) purchases based on an average daily amount invoiced by suppliers during the year.

FINANCIAL RISK MANAGEMENT

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk.

The only financial risk the directors consider relevant to this Group is credit risk. This risk is mitigated by the nature of balances owed, and by the use of a debt provision formula reflecting historical performance of delinquent debtors.

DIRECTORS' REPORT (CONTINUED)

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

A handwritten signature in black ink, reading "Stuart Winship". The signature is written in a cursive, slightly slanted style.

Stuart Winship
Secretary
30 October 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.

INDEPENDENT AUDITORS' REPORT

To the members of Touch (GoE) plc:

We have audited the group and individual company financial statements of Touch (GoE) plc for the year ended 31 December 2005 which comprise the consolidated profit and loss account, balance sheets, 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and 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 year 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the individual company's affairs as at 31 December 2005 and of the group's loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors, London

15th November 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2005

		Year ended 31 December 2005	Year ended 31 December 2004
	Notes	£'000	£'000
TURNOVER	1	2,184	2,234
Cost of sales		(753)	(792)
GROSS PROFIT		<u>1,431</u>	<u>1,442</u>
Administrative expenses		(2,338)	(2,726)
OPERATING LOSS	2	<u>(907)</u>	<u>(1,284)</u>
Interest payable	5	-	(1)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(907)</u>	<u>(1,285)</u>
Tax on loss on ordinary activities	6	-	-
RETAINED LOSS AFTER TAXATION FOR THE FINANCIAL YEAR		<u>(907)</u>	<u>(1,285)</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 £907,000 (2004 – loss £1,285,000).

TOUCH (GoE) PLC

CONSOLIDATED BALANCE SHEET

As at 31 December 2005

		31 December 2005	31 December 2004
	Notes	£'000	£'000
FIXED ASSETS			
Intangible assets			
- goodwill	8	504	539
- other	8	482	141
		<u>986</u>	<u>680</u>
Tangible assets	9	45	86
		<u>1,031</u>	<u>766</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	11	629	143
Cash at bank and in hand		195	81
		<u>824</u>	<u>224</u>
CREDITORS: amounts falling due within one year	12	(5,730)	(3,958)
NET CURRENT LIABILITIES		<u>(4,906)</u>	<u>(3,734)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(3,875)</u>	<u>(2,968)</u>
NET LIABILITIES		<u>(3,875)</u>	<u>(2,968)</u>
CAPITAL AND RESERVES			
Called-up share capital	13	14,200	14,200
Share premium account		1,071	1,071
ESOP		(20)	(20)
Profit and loss account		<u>(19,126)</u>	<u>(18,219)</u>
EQUITY SHAREHOLDERS' DEFICIT		<u>(3,875)</u>	<u>(2,968)</u>

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

TOUCH (GoE) PLC

COMPANY BALANCE SHEET

As at 31 December 2005

		31 December 2005	31 December 2004
	Notes	£'000	£'000
FIXED ASSETS			
Intangible assets			
- goodwill	8	80	84
- other	8	482	141
		<u>562</u>	<u>225</u>
Tangible assets			
	9	<u>18</u>	<u>36</u>
		<u>580</u>	<u>261</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	11	140	131
Debtors: amounts falling due after more than one year	11	1,420	752
Cash at bank and in hand		74	44
		<u>1,634</u>	<u>927</u>
CREDITORS: amounts falling due within one year	12	<u>(4,448)</u>	<u>(2,990)</u>
NET CURRENT LIABILITIES		<u>(2,814)</u>	<u>(2,063)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(2,234)</u>	<u>(1,802)</u>
NET LIABILITIES		<u>(2,234)</u>	<u>(1,802)</u>
CAPITAL AND RESERVES			
Called-up share capital	13	14,200	14,200
Share premium account		1,071	1,071
ESOP		(20)	(20)
Profit and loss account		<u>(17,485)</u>	<u>(17,053)</u>
EQUITY SHAREHOLDERS' DEFICIT		<u>(2,234)</u>	<u>(1,802)</u>

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

Approved by the board on 30 October 2006 and signed on its behalf by

V Isaacs
Director



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

For the year ended 31 December 2005

GROUP

	Issued share capital	Share premium account	ESOP	Profit and loss account	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
	£'000	£'000	£'000	£'000	£'000	£'000
At beginning of year	14,200	1,071	(20)	(18,219)	(2,968)	(1,683)
Retained loss for the year	-	-	-	(907)	(907)	(1,285)
At end of year	<u>14,200</u>	<u>1,071</u>	<u>(20)</u>	<u>(19,126)</u>	<u>(3,875)</u>	<u>(2,968)</u>

COMPANY

	Issued share capital	Share premium account	ESOP	Profit and loss account	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
	£'000	£'000	£'000	£'000	£'000	£'000
At beginning of year	14,200	1,071	(20)	(17,053)	(1,802)	(1,189)
Retained loss for the year	-	-	-	(432)	(432)	(613)
At end of year	<u>14,200</u>	<u>1,071</u>	<u>(20)</u>	<u>(17,485)</u>	<u>(2,234)</u>	<u>(1,802)</u>

STATEMENT OF ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom 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:

Basis of preparation

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

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.

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.

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.

Intangible assets – Research and Development

Research expenditure is written off as incurred. Development is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the group is expected to benefit. This period is between three and five years. 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.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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.

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 2005 £'000	Year ended 31 December 2004 £'000
This is stated after charging:		
Auditors' remuneration –audit services	12	12
Amortisation of intangible assets	82	62
Depreciation of owned assets	49	77
Depreciation of assets held under finance leases and hire purchase contracts	-	13
Operating lease rentals paid - land and buildings	40	60

In addition, the auditors were paid non-audit fees of £nil (2004 - £nil).

3 **DIRECTORS' REMUNERATION**

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Directors' emoluments		
Remuneration	-	-

The directors were remunerated for services to the group as a whole and their emoluments are disclosed in the financial statements of Touch Group plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 STAFF COSTS

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Staff costs during the period (including directors)		
Wages and salaries	1,683	1,818
Social security costs	171	185
	<u>1,854</u>	<u>2,003</u>
Average number of persons employed (including directors)	Number	Number
Total	<u>73</u>	<u>78</u>

5 INTEREST PAYABLE

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Finance charges payable under finance leases and hire purchase contracts	<u>-</u>	<u>1</u>

6 TAX ON LOSS ON ORDINARY ACTIVITIES

There is no current UK tax charge for the year (2004- £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 £5,255,000 (2004 - £5,026,000), 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 2005 £'000	Year ended 31 December 2004 £'000
Loss on ordinary activities before tax	<u>(907)</u>	<u>(1,285)</u>
Tax on ordinary activities at the standard rate	<u>272</u>	<u>386</u>
<i>Factors affecting the charge for the year:</i>		
Permanent differences	(17)	(16)
Depreciation in excess of capital allowances	(26)	22
Tax losses not utilised	<u>(229)</u>	<u>(392)</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 2005 dealt with in the financial statements of the parent company, Touch (GoE) plc was £432,000 (2004 – loss £613,000). 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

	Goodwill	Licences	Development Costs	Total
GROUP	£'000	£'000	£'000	£'000
Cost				
At 1 January 2005	658	326	-	984
Additions	-	-	393	393
At 31 December 2005	<u>658</u>	<u>326</u>	<u>393</u>	<u>1,377</u>
Amortisation				
At 1 January 2005	119	185	-	304
Provided during the year	35	52	-	87
At 31 December 2005	<u>154</u>	<u>237</u>	<u>-</u>	<u>391</u>
Net book value				
At 31 December 2005	<u>504</u>	<u>89</u>	<u>393</u>	<u>986</u>
At 31 December 2004	<u>539</u>	<u>141</u>	<u>-</u>	<u>680</u>

	Goodwill	Licences	Development Costs	Total
COMPANY	£'000	£'000	£'000	£'000
Cost				
At 1 January 2005	102	326	-	428
Additions	-	-	393	393
At 31 December 2005	<u>102</u>	<u>326</u>	<u>393</u>	<u>821</u>
Amortisation				
At 1 January 2005	18	185	-	203
Provided during the year	4	52	-	56
At 31 December 2005	<u>22</u>	<u>237</u>	<u>-</u>	<u>259</u>
Net book value				
At 31 December 2005	<u>80</u>	<u>89</u>	<u>393</u>	<u>562</u>
At 31 December 2004	<u>84</u>	<u>141</u>	<u>-</u>	<u>225</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 2005	33	1,343	1,376
Additions	-	8	8
Disposals	-	-	-
At 31 December 2005	<u>33</u>	<u>1,351</u>	<u>1,384</u>
Depreciation			
At 1 January 2005	26	1,264	1,290
Provided during the year	7	42	49
Disposals	-	-	-
At 31 December 2005	<u>33</u>	<u>1,306</u>	<u>1,339</u>
Net book value			
At 31 December 2005	<u>-</u>	<u>45</u>	<u>45</u>
At 31 December 2004	<u>7</u>	<u>79</u>	<u>86</u>

COMPANY	Leasehold improvements	Plant, vehicles and equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2005	33	1,214	1,247
Additions	-	6	6
Disposals	-	-	-
At 31 December 2005	<u>33</u>	<u>1,220</u>	<u>1,253</u>
Depreciation			
At 1 January 2005	26	1,185	1,211
Provided during the year	7	17	24
Disposals	-	-	-
At 31 December 2005	<u>33</u>	<u>1,202</u>	<u>1,235</u>
Net book value			
At 31 December 2005	<u>-</u>	<u>18</u>	<u>18</u>
At 31 December 2004	<u>7</u>	<u>29</u>	<u>36</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 EMPLOYEE SHARE OPTION TRUST

Company and Group	Parent company shares £'000
At 31 December 2005 and 31 December 2004	<u>20</u>

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 2005 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 £4,583 at 31 December 2005 (31 December 2004 - £4,835).

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 2005 £'000	31 December 2004 £'000	31 December 2005 £'000	31 December 2004 £'000
Amounts falling due within one year				
Trade debtors	58	97	58	96
Other debtors	417	8	-	-
Prepayments and accrued income	154	38	82	35
	<u>629</u>	<u>143</u>	<u>140</u>	<u>131</u>
Amounts falling due after more than one year				
Amounts owed by group undertakings	-	-	1,420	752

Included in other debtors is £410,000 of monies in Escrow in support of the company's Merchant Account which is required to process credit card transactions.

12 CREDITORS: amounts falling due within one year

	Group		Company	
	31 December 2005 £'000	31 December 2004 £'000	31 December 2005 £'000	31 December 2004 £'000
Trade creditors	236	239	48	42
Amounts owed to group undertakings	4,869	3,351	4,250	2,841
Taxes and social security	73	53	31	18
Accruals and deferred income	552	315	119	89
	<u>5,730</u>	<u>3,958</u>	<u>4,448</u>	<u>2,990</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 CALLED-UP SHARE CAPITAL

	31 December 2005 £'000	31 December 2004 £'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.

14 OPERATING LEASE COMMITMENTS

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

	31 December 2005		31 December 2004	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases which expire				
- within one year	-	-	-	-
- within two to five years	<u>63</u>	<u>-</u>	<u>63</u>	<u>-</u>
	<u>63</u>	<u>-</u>	<u>63</u>	<u>-</u>

15 PENSION SCHEME

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

16 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)

17 POST BALANCE SHEET EVENT

On 25 October Touch Group plc, the Company's parent, announced that it had agreed with Benchmark Capital Europe ("Benchmark") the terms of a £7 million investment into Touch (GoE) plc. As part of the transaction, Benchmark has subscribed for shares, which will represent the majority of the issued share capital of Touch (GoE) PLC on a fully diluted basis. An allocation also has been made for the management. At the completion of this Transaction the Touch Group plc will have retained an interest of 27.5% of the shares of Touch (GoE) PLC.

18 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The smallest and largest group in which the results of Touch (GoE) plc were consolidated is that headed by Touch Group plc. Up until 25 October 2006 the company's immediate and ultimate parent and controlling company was 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. As set out in note 17, on 25 October 2006 Benchmark Capital Europe subscribed for shares which represent 55% of the issued share capital of Touch (GoE) PLC.