

Annual Report
2008





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CHAIRMAN'S STATEMENT

Good economic conditions	2006	Trading loss* £1,583,000
Reasonable economic conditions	2007	Trading loss* £1,241,000
Bad economic conditions	2008	Trading loss* £603,000
Worsening economic conditions	2009	We will be in profit

**Reported operating loss less other operating income, share-based payment charges (or credits) and investment impairments. Share-based payment (credits)/charges were (£62k), (£230k) and £71k in 2006, 2007 and 2008, respectively.*

Cutting to the Chase

We address the two most important questions: 1. Why this year and not previous years? 2. Will profits be sustainable?

Why this Year and Not Previous Years?

While our business has been in existence since 1996, a base change took place in April 2006. Our status radically changed: instead of being the overlooked smallest subsidiary within a group of companies, as a result of divestment Touch Briefings' became the only trading entity within Touch Group. A clear strategy was established. The focus of the business was then exclusively directed to two market places – energy and pharma – and we began the change towards building and selling content as well as advertising. We invested unstintingly in our own business. Our information technology is now robust, up-to-date and comprehensive. Our Editorial and Medical Communications Divisions are fast becoming cutting-edge. The design and layout of our journals have been and are increasingly acclaimed. This strategy of internal investment and building our business has led to the development of a library with significant content, providing us with intellectual property, and a brand name of increasing value, resulting in reprints being purchased at an ever-increasing volume.

The Shift from Ads to Content and Intellectual Property

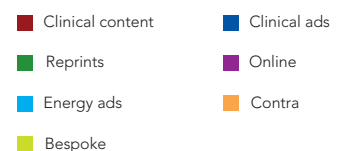
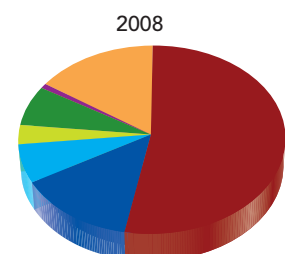
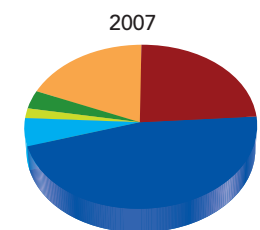
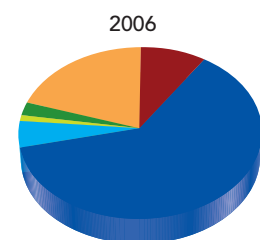
Main Sources of Revenue (%)

Type of Business	2006	2007	2008
Clinical content	10	23	51
Clinical ads	59	45	13
Library reprints	3	5	10
Energy ads	5	7	9

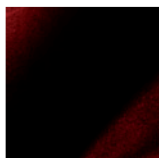
During this time we have invested in the long-term project of building an online presence in a number of clinical communities, with the intention of monetisation of high-quality, 'must have' content. That presence has now been established.



Revenue by Type



1. Touch Briefings is the trading name of Busines Briefings Limited

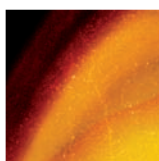


Will Profits Be Sustainable?

Our profits will be sustainable because the business we are doing is predominantly repeat business; we are becoming part of companies' strategy rather than just a discretionary component of their spend.

In Addition

We are taking into the current trading year a number of advantages that have not been available to us previously:



1. Forward bookings of £1.4 million carried into 2009. This represents a 40% increase in the bookings carried forward from 2007 into 2008. As the majority of the costs related to these bookings were met in 2008, the bottom line value is equivalent to £383,000.
2. We have managed our operational costs through a combination of reorganisation and outsourcing to the extent that we expect these costs to be at least £200,000 less than those incurred in 2008.
3. A compulsory purchase order was served on our Farringdon offices by Railtrack, as a result of which we have to relocate our operation by summer 2009. This will enable us to break a restrictive lease and, with the accommodation we are now looking into, result in a reasonable saving. We have been carefully orchestrating the proposed move, and our Commercial Director has detailed every aspect of it. At present, we are scheduled to move by the beginning of June. The end result will be better working conditions and better facilities; at the same time, we will be able to cut our property costs owing to the current economic conditions. The move will also release a sum of £580,000 that is tied up in our current lease. The Government will meet all of our moving expenses, including relocation costs and all professional fees.
4. This year we will enjoy a fully enabled and fully financed Medical Communications unit, established through a combination of in-house and outsourcing, that is able to accept commissions and also to tender. This has quickly established itself as a line of growing revenue.
5. Our medical communities are now fully operational. Both strategy and implementation have taken a long time. In 2009, for the first time we have a clear run. Our monetisation model is now clear and achievable. The following communities are now live, functioning as intended and enjoying growing levels of interaction from users:

www.touchcardiology.com

www.touchneurology.com

www.touchoncology.com

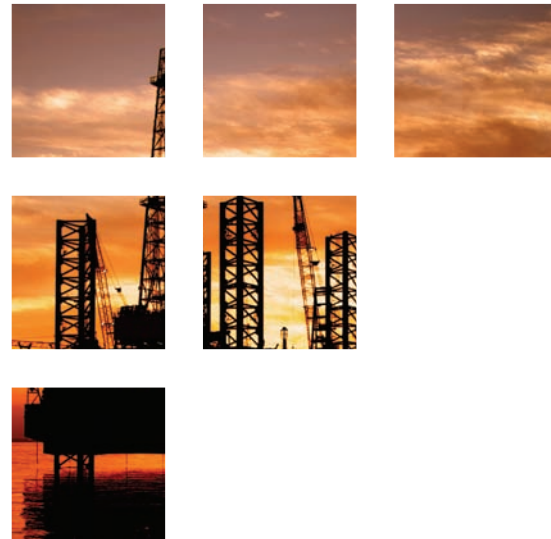
www.touchrespiratory.com

www.touchendocrinology.com

www.touchgastroenterology.com

6. The first quarter of 2009 sees the introduction of a subscription rate on our clinical journals coupled with online sales. This represents the next step in our strategy of investment in the creation and presentation of content of consistent quality in print and online, and is in response to market interest. A subscription element to our business will serve to extend the Touch brand, provide an additional revenue stream and enhance the value of our business.

All of the above broadens our range and scope and leverages our operational base, while at the same time concentrating on our core business: to maintain and build our medical journals and energy journals. We are taking this year month by month and, while nothing in this world at this period of time can be taken for granted, so far this year we are comfortable with our performance and we are on course to deliver profitability.



Vincent Isaacs
Executive Chairman
8 April 2009

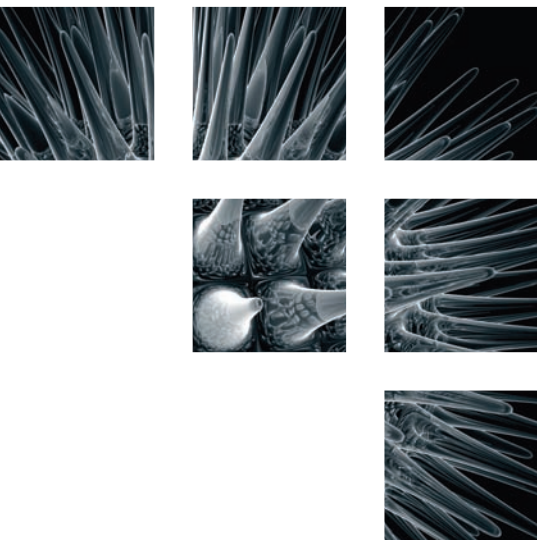
CHIEF EXECUTIVE'S REVIEW

Touch Briefings has re-invented itself by focusing on its strengths: knowledge of the publishing industry, knowledge of the markets in which we operate and relationships with our clients, content providers, media partners and suppliers.

To retain that focus in the current economic climate, as we expand the company into those publishing areas for which we are now ready, will call on a committed, flexible workforce, which is our greatest strength of all.

It is through focus and flexibility that Touch has come a long way since April 2006, and that it will move into profitability in 2009.

Dr Theresa Saklatvala
Chief Executive Officer
8 April 2009



OPERATING AND FINANCIAL REVIEW

Introduction

Touch Briefings is a leading publisher of independent market intelligence and analysis, offering a comprehensive range of market-specific peer-review journals, medical communication services and online communities. It specialises in delivering in-depth scientific and technical information to international organisations. Revenues are generated through content support via educational grants and the sale of advertising space in these publications and websites.

Business Overview

The Group generated revenue of £6.3 million (2007: £5.7 million) from continuing operations and a gross margin of 48% in 2008 (2007: 40%), further evidence of campaign cost control, the leveraging of new technology for increased distribution, the strengthening brand value of our core publications and the growth in the higher-margin 'reprint' product line. The latter is testament to the growing value and quality of Touch Briefings' intellectual property base.

Administrative expenses for the year were £3.7 million (2007: £3.3 million). Other operating income of £450k was recognised in the previous year, being the release of a provision for the revenue share agreement with Tractrade Limited. In addition, investment impairments of £0.1 million (2007: £0.6 million) were recognised.

The operating loss for the year was £773,000 (2007: £1,116,000). The adjusted operating loss, which excludes investment impairments, other operating income and share-based payment charges, was £603,000 (2007: £1,241,000).

The loss for the period was £769,000 (2007: £2,317,000), with the previous year's exceptional loss of £1.2 million being from the part disposal of the investment in Touch Local shares.

Sixty titles were published in 2008 (2007: 66 titles), many of which are now well-established brands in their respective market places

Touch Local

In 2007 the Group disposed of the majority of its 27.5% interest in Touch Local and now holds only 3.75%. This transaction brought £2.0 million of cash into the Group before expenses. There were no movements in 2008.

Balance Sheet and Cash Flows

As at year end the Group had net assets of £2.8 million (2007: £3.5 million); cash funds of £0.5 million (2007: £1.8 million) were available. In addition, there was a £0.6 million rental deposit on our London Head Office, which, while not currently available for use within the Group, is expected to be released to treasury, in part at least, in mid-2009.

Capital Risk Management

The Group aims to manage its overall capital so as to ensure that companies within the Group continue to operate as going concerns while providing an adequate return to shareholders.

The Group's capital structure represents the equity attributable to the shareholders of the Company together with borrowings and cash and cash equivalents. The structure is reviewed on a regular basis to ensure that an appropriate level of gearing is being used.

Credit Risk

Credit risk is the risk that a counter-party will cause a financial loss to the Group by failing to discharge its obligation to the Group.

The Group manages its exposure to this risk by applying bank-approved limits to the amount of credit exposure to any one counter-party and employs strict minimum credit worthiness criteria as to the choice of counter-party, thereby ensuring that there are no significant concentrations of credit risk.

Liquidity Risk

The Group has in place an invoice finance agreement with HSBC Invoice Finance (UK) Limited, which enables the drawdown of up to 80% of sales invoices raised for published titles. The purpose of this facility is to help the Group manage the working capital requirements of its current publishing schedule.

Interest Rate Risk

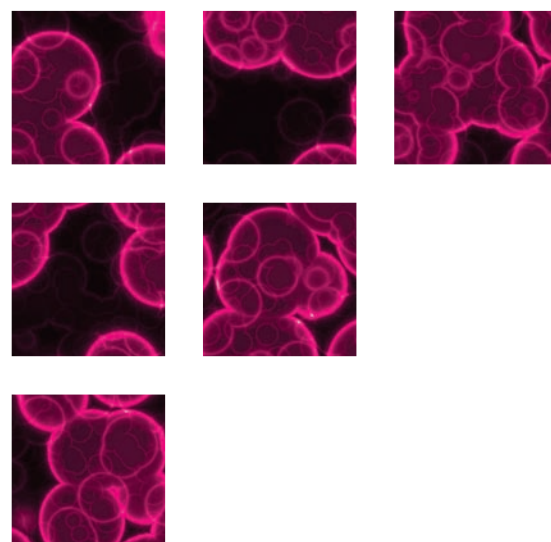
The outstanding loan balance of £450,000 (2007: £650,000) attracts a fixed rate of interest of 7% per annum, payable for the term of the loan. At 31 December 2008, the Group had drawn down £364,000 (2007: nil) on its invoice finance facility, which attracts interest equal to HSBC Bank plc's sterling base rate.

Key Performance Indicators

As part of the Group's performance management strategy, a number of key performance indicators are used. In addition, the Board regularly monitors revenue mix (by stream, title and employee), cash flow and overhead commitments.

	2008	2007
Adjusted operating loss* (£'000)	(603)	(1,241)
Adjusted EPS* (pence)	(0.5)	(1.1)
Sales orders (£'000):	5,809	4,954
Revenue by type (£'000):		
• Core medical publications	4,008	3,841
• Core energy publications	581	389
• Bespoke publications	184	133
• Reprints	627	309
• Barter transactions (non-cash sales)	890	1,005
Core non-barter revenue per issue (£'000)	76	65
Total non-barter revenue per employee (£'000)	59	55
Gross profit margin (%)	47.6	39.5

*Adjusted for other operating income, investment impairments and share-based payment charges and credits.

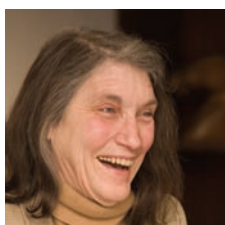




Vincent Isaacs

Executive Chairman

Vincent has been Executive Chairman of Touch Group plc since founding the Group in July 1997. Prior to this, Vincent was founder, Chairman and Chief Executive of General Portfolio Group plc, an insurance company that was sold to GAN SA, a French-government-controlled company, for £289 million in 1990. Vincent was one of the founders of Moneybox and chaired the company to June 2002. Vincent is Chairman of Touch Group plc's Remuneration Committee and a member of the Audit Committee.



Theresa Saklatvala, PhD

Chief Executive Officer

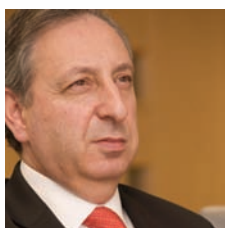
Theresa joined the main Board of Touch Group plc on 17 November 2006 and was subsequently appointed to the position of Chief Executive Officer on 17 January 2007. In the 17 years prior to joining Touch Group, Theresa held senior managerial positions in various business-to-business publishing companies, including Reed Elsevier and Informa.



Darren Drew, FCCA

Finance Director

Since joining Touch Group plc in April 2001, Darren has worked in a number of financial and operational positions, including that of Group Financial Controller since July 2004 and Finance Director since January 2007. Prior to that, Darren worked for P&O's property and events group.



Peter Katz, FCA, CTA

Commercial Director

Peter is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA) and a Chartered Tax Adviser (CTA). He has been Company Secretary of the Group since its incorporation in July 1997 and holds numerous positions within the Group, including Group Treasurer and Head of Human Resources.



Tim Green

Chief Operations Officer

Tim has been with the Company since its incorporation in July 1997. He has over 30 years of experience within the publishing industry and has been responsible for introducing many innovative initiatives within the production, design and distribution departments of the Company.

Stuart Winship, FCA

Online Director

Stuart became Chief Financial Officer and a main Board Director of Touch Group plc on 12 July 2004. Before joining Touch Group, Stuart was an audit partner with Deloitte & Touche LLP, one of the big four professional services firms. Prior to joining Deloitte & Touche LLP, Stuart was a partner with Arthur Andersen in London. Stuart's experience encompasses providing audit services, fund-raising, debt and equity financial re-engineering and financial due diligence both at a small cap and FTSE level. Stuart is a member of Touch Group plc's Audit Committee.



Neil Brown

Non-executive Director

Neil is a founding partner in Subito Partners and is an investor in a number of growing technology businesses. He is a former Director of Apax Partners, where he was Head of the Financial Services Team. Neil has been involved with a wide range of online businesses and led Apax's successful investment in Moneybox plc. A former partner of Coopers & Lybrand, Neil has over 20 years of experience in international mergers and acquisition markets. Neil is Chairman of Touch Group plc's Audit Committee and is a member of the Remuneration Committee.



Nicholas Levene

Non-executive Director

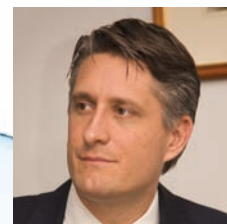
Nick joined the Board of Touch Group plc on 2 March 2007. Nick, who has over 20 years of experience within the equity and derivatives markets, is Managing Director of Integrated Financial Products Limited and acts as Deputy Chairman of Bramdean Asset Management and Vice Chairman of Leyton Orient Football Club. Nick is a member of Touch Group plc's Remuneration Committee



Robert Lorenz, MD, FACS

Non-executive Director

Robert is a senior executive and head and neck surgeon at the non-profit foundation the Cleveland Clinic. There, he holds an administrative position in the fourth-ranking medical institution in the US, which employs 37,000 staff and has annual revenue of US\$4.3 billion. In 2008, he was named Chief Medical Officer of Cleveland Clinic Abu Dhabi, a US\$2.5 billion hospital under construction owned by Mubadala Development Company of Abu Dhabi. He has extensive publishing experience, having co-authored more than 60 scientific publication and book chapters, and he currently sits on the Editorial Board of three medical journals. He also works extensively with US pharmaceutical companies and holds the position of Programme Co-ordinator for the American College of Surgeons.





DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Group with the financial statements and auditors report for the year ended 31 December 2008.

Principal Activities

The Group's principal activities are in multimedia marketing.

Business Review

The review of the business and future developments are covered in the Chairman's Statement and the Operating Review.

Results and Dividends

The audited financial statements for the year ended 31 December 2008 are set out on pages 15–42.

The loss for the period after taxation amounted to £769,000 (2007: £2,317,000).

The Directors do not recommend any dividend (2007: nil).

Directors and their Interests

Directors who held office at 31 December 2008 had the following interests in the shares of the Company:

Name	Ordinary Shares of 1p			
	31 December 2008		31 December 2007	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
VJ Isaacs	9,767,938	13,828,921	11,409,438	13,728,921
N Levene	5,374,000	–	5,374,000	–
T Saklatvala	800,000	–	–	–
S Winship	762,500	–	512,500	–
PD Katz	533,043	–	283,043	–
NG Brown	312,500	–	312,500	–
DP Drew	312,400	–	62,400	–
TC Green	205,576	–	576	–

Details of share options held by Directors under option schemes were as set out below:

Name	Date Granted	Exercise Price	Ordinary Shares of 1p		31 Dec 2008	31 Dec 2007
			Exercisable			
			From	To		
T Saklatvala	03/11/06	6.25p	03/11/09	03/11/16	250,000	250,000
T Saklatvala	29/12/06	5.50p	29/12/09	29/12/16	1,000,000	1,000,000
T Saklatvala	30/05/07	6.75p	30/05/10	30/05/17	435,185	435,185
DP Drew	08/06/04	10.00p	08/06/07	08/06/14	150,000	150,000
DP Drew	14/12/06	5.38p	14/12/09	14/12/16	250,000	250,000
DP Drew	30/05/07	6.75p	30/05/10	30/05/17	150,000	150,000
PD Katz	08/06/04	10.00p	08/06/07	08/06/14	150,000	150,000

Details of share options held by Directors under option schemes (continued):

Name	Ordinary Shares of 1p					
	Date	Exercise	Exercisable		31 Dec	31 Dec
	Granted	Price	From	To	2008	2007
PD Katz	01/11/05	9.50p	01/11/05	01/11/12	100,000	100,000
PD Katz	14/12/06	5.38p	14/12/09	14/12/16	250,000	250,000
PD Katz	30/05/07	6.75p	30/05/10	30/05/17	150,000	150,000
TC Green	08/06/04	10.00p	08/06/07	08/06/14	50,000	50,000
TC Green	01/11/05	9.50p	01/11/05	01/11/12	20,000	20,000
TC Green	03/11/06	6.25p	03/11/09	03/11/16	100,000	100,000
TC Green	14/12/06	5.38p	14/12/09	14/12/16	250,000	250,000
TC Green	30/05/07	6.75p	30/05/10	30/05/17	150,000	150,000

Supplier Payment Policy

The Company's policy, which is also applied by the Group, is to settle terms of payment with suppliers when agreeing terms for each transaction, ensuring 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 2008 were equivalent to 17 days (2007: 44 days) of purchases based on an average daily amount invoiced by suppliers during the year.

Employee Policy

The Group operates a policy of non-discrimination in respect of ethnicity and disabled persons and encourages the personal and professional development of all persons working for the Group.

Charitable and Political Contributions

During the year the Group made no charitable or political donations.

Statement of Disclosure to Auditors

So far as the Directors are aware there is no relevant audit information of which the Company's auditors are unaware. Additionally, the Directors have taken all necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

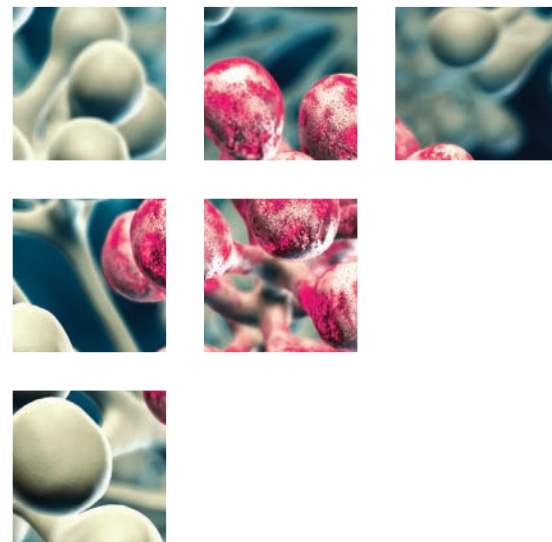
Auditors

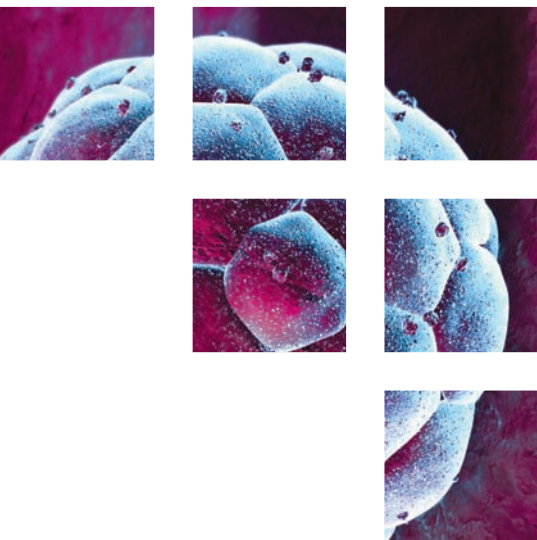
In accordance with the Company's articles, a resolution proposing that HLB Vantis Audit plc be reappointed as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by



Stuart Winship
Director
8 April 2009





STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements. The Directors are required to prepare financial statements for the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and have also elected to prepare financial statements for the company in accordance with IFRS. Company law requires the Directors to prepare such financial statements in accordance with IFRS, the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the Group, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' report that complies with the requirements of the Companies Act 1985.

The Directors are responsible for the maintenance and integrity of the company website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT

To the Members of Touch Group plc:

We have audited the group and parent company financial statements (the 'financial statements') of Touch Group plc for the year ended 31 December 2008, which comprise the consolidated income statement, the consolidated and individual company balance sheets, the consolidated and individual company cash flow statements, the consolidated statement of recognised income and expense, the statement of accounting policies and the related notes 1 to 32. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, 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 members 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 members 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 International Financial Reporting Standards as adopted by the EU are set out in the Statement of Directors' Responsibilities.

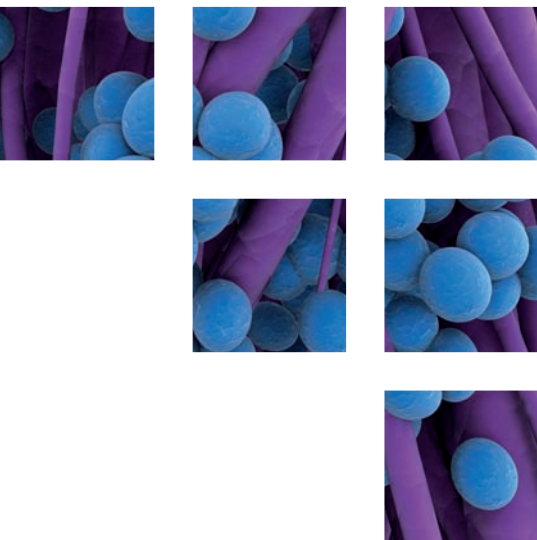
Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in both the Operating and Financial Review and the Chairman's Statement that is cross-referenced from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Directors' Report and the Operating and Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.





Basis of Audit Opinion

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

We planned and performed our audit so as to obtain all the information and explanations 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 IFRSs as adopted by the EU, of the state of the Group's and the parent Company's affairs as at 31 December 2008 and of the Group's and parent Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

HLB Vantis Audit plc

Chartered Accountants and Registered Auditors

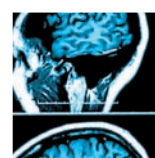
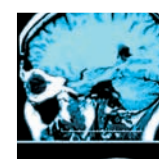
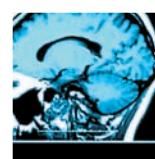
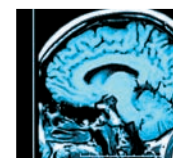
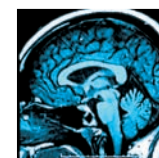
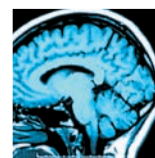
London

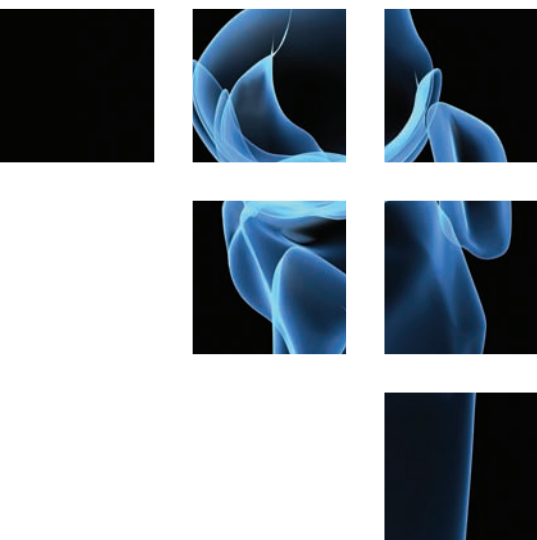
8 April 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	31 December 2008 £'000	31 December 2007 £'000
CONTINUING OPERATIONS			
Revenue		6,290	5,677
Cost of sales		(3,296)	(3,436)
GROSS PROFIT	2	2,994	2,241
Other operating income	31	–	450
Administrative expenses		(3,668)	(3,252)
Other operating expenses – investment impairment		(99)	(555)
OPERATING LOSS	2, 3	(773)	(1,116)
Loss on disposal of investment	6, 15	–	(1,188)
Investment revenue	7	44	60
Finance costs	8	(40)	(73)
LOSS BEFORE TAX		(769)	(2,317)
Tax	9	–	–
LOSS FOR THE PERIOD		(769)	(2,317)
LOSS PER SHARE			
	10		
Basic		(0.7)p	(2.1)p
Diluted		(0.7)p	(2.1)p





CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 31 December 2008

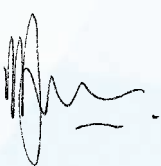
	31 December 2008 £'000	31 December 2007 £'000
Retained loss for the financial year	(769)	(2,317)
TOTAL RECOGNISED INCOME AND EXPENSE RELATING TO THE YEAR	(769)	(2,317)

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Notes	31 December 2008 £'000	31 December 2007 £'000
NON-CURRENT ASSETS			
Intangible assets	13	425	294
Property, plant and equipment	14	434	422
Investments	15	50	149
		909	865
CURRENT ASSETS			
Inventories	16	312	165
Trade and other receivables	17	3,162	3,000
Cash and cash equivalents	17	531	1,771
		4,005	4,936
TOTAL ASSETS		4,914	5,801
CURRENT LIABILITIES			
Trade and other payables	19	(1,645)	(1,650)
Borrowings	19	(450)	(650)
		(2,095)	(2,300)
NET CURRENT ASSETS		1,910	2,636
NON-CURRENT LIABILITIES			
Obligations under finance leases	20	(18)	-
TOTAL LIABILITIES		(2,113)	(2,300)
NET ASSETS		2,801	3,501
EQUITY			
Share capital	21	1,112	1,112
Share premium account	22	3,922	3,922
Merger reserve	23	300	300
Retained loss	24	(2,533)	(1,833)
TOTAL EQUITY		2,801	3,501

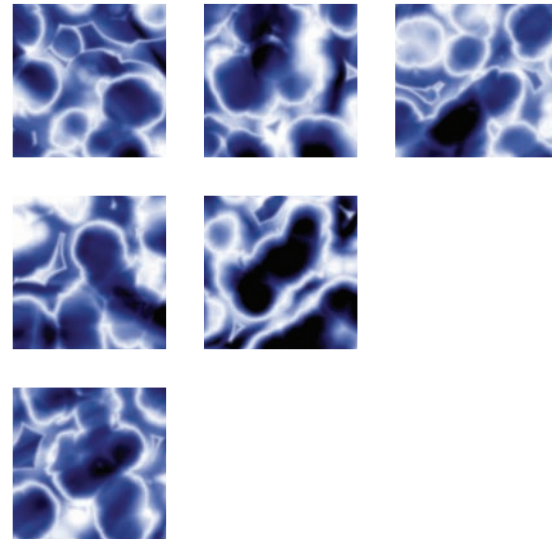
The financial statements were approved by the Board of Directors and authorised for issue on 8 April 2009. They were signed on its behalf by:

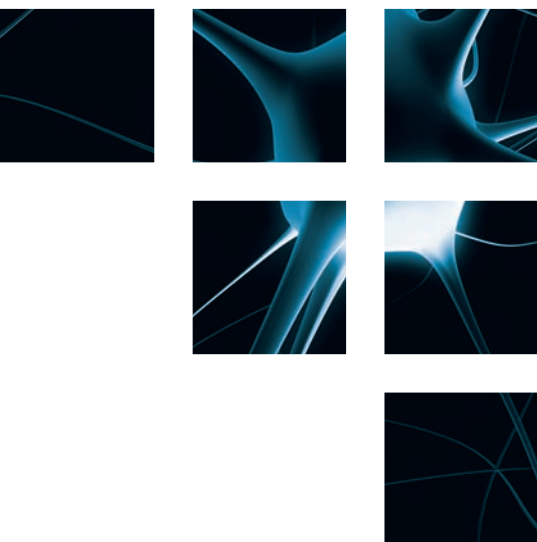


Darren Drew
Director



Vincent Isaacs
Director





COMPANY BALANCE SHEET

As at 31 December 2008

	Notes	31 December 2008 £'000	31 December 2007 £'000
NON-CURRENT ASSETS			
Intangible assets	13	2	–
Property, plant and equipment	14	412	382
Investments	15	50	149
		464	531
CURRENT ASSETS			
Trade and other receivables	17	979	2,643
Cash and cash equivalents	17	412	1,491
		1,391	4,134
NON-CURRENT ASSETS			
Other receivables	18	2,273	–
TOTAL ASSETS		4,128	4,665
CURRENT LIABILITIES			
Trade and other payables	19	(537)	(523)
Borrowings	19	(450)	(650)
		(987)	(1,173)
NET CURRENT ASSETS		404	2,961
NON-CURRENT LIABILITIES			
Obligations under finance leases	20	(18)	–
TOTAL LIABILITIES		(1,005)	(1,173)
NET ASSETS		3,123	3,492
EQUITY			
Share capital	21	1,112	1,112
Share premium account	22	3,922	3,922
Retained loss	24	(1,911)	(1,542)
TOTAL EQUITY		3,123	3,492

The financial statements were approved by the Board of Directors and authorised for issue on 8 April 2009. They were signed on its behalf by:

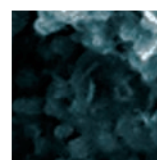
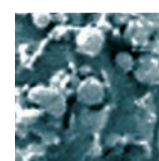
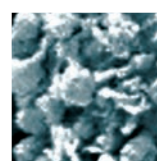
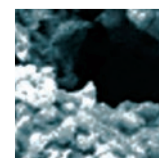
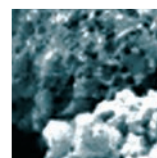
Darren Drew
Director

Vincent Isaacs
Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2008

		31 December 2008	31 December 2007
	Notes	£'000	£'000
Cash flows from operating activities	26	(1,130)	(1,778)
Investing activities			
Interest received	7	44	60
Disposal of investments	6, 15	–	1,950
Acquisition of plant, property and equipment		(98)	(11)
Acquisition of intangible assets		(219)	–
Net cash (used in)/from investing activities		(273)	1,999
Financing activities			
Interest and similar expenses paid	8	(40)	(73)
Repayment of borrowings		(200)	(50)
New invoice debt finance acquired		364	–
New finance lease borrowings acquired		56	–
Repayment of obligations under finance leases		(17)	(22)
Net cash from/(used in) financing activities		163	(145)
Net (decrease)/increase in cash and cash equivalents		(1,240)	76
Cash and cash equivalents at beginning of year		1,771	1,695
Cash and cash equivalents at year end	17	531	1,771



COMPANY CASH FLOW STATEMENT

For the year ended 31 December 2008

	Notes	31 December 2008 £'000	31 December 2007 £'000
Cash flows from operating activities	27	(823)	(1,895)
Investing activities			
Interest received		43	56
Disposal of investments	6, 15	–	1,950
Acquisition of plant, property and equipment		(96)	(7)
Acquisition of intangible assets		(2)	–
Net cash (used in)/from investing activities		(55)	1,999
Financing activities			
Interest and similar expenses paid		(40)	(52)
Repayment of borrowings		(200)	(50)
New finance lease borrowings acquired		56	–
Repayment of obligations under finance leases		(17)	(22)
Net cash used in financing activities		(201)	(124)
Net decrease in cash and cash equivalents		(1,079)	(20)
Cash and cash equivalents at beginning of year		1,491	1,511
Cash and cash equivalents at year end	17	412	1,491

1. SIGNIFICANT ACCOUNTING POLICIES

Touch Group plc is a Company incorporated in the UK.

These consolidated and company financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as endorsed by the International Accounting Standards Board and adopted by the EU ('adopted IFRS'). They have been prepared in accordance with those parts of the Companies Act 1985 applicable to companies preparing accounts under IFRS.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Adoption of New and Revised Standards

At the date of authorisation of these financial statements, the following Standards, Standard amendments and Interpretations – which have not been applied in these financial statements – were in issue but have not yet come into effect:

- IFRS 5, IAS 1, 16, 19, 23, 27, 36, 38 and 39 *Amendments resulting from May 2008 Annual Improvements to IFRSs*;
- IFRS 1 *Amendment relating to cost of an investment on first-time adoption*;
- IFRS 2 *Amendment relating to vesting conditions and cancellations*;
- IFRS 7 *Amendments enhancing disclosures about fair value and liquidity risk*;
- IFRS 8 *'Operating Segments' requiring disclosure of defined business segments*;
- IFRIC 17 *Distributions of Non-cash Assets to Owners*; and
- IFRIC 18 *Transfers of Assets from Customers*.

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact, apart from disclosure requirements, on the financial statements of the Group commencing on or after 1 January 2009.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the group controlled by Touch Group plc and its subsidiaries (the 'Group'). Control is achieved where the Group has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

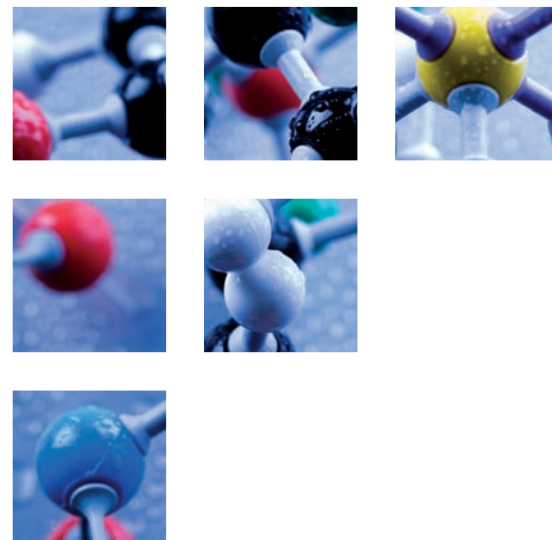
The results of subsidiaries acquired or sold are included in the consolidated financial statements from the date control commences to the date control ceases, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration and any associated costs for investment in subsidiary undertakings over the Group's interest in the fair value of identifiable assets and liabilities acquired. Goodwill is



1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

stated at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

Revenue Recognition – Sales of Goods

Revenue in respect of advertising services and editorial sponsorship is recognised on publication.

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Revenue Recognition – Sales of Services

Revenue in respect of online advertising and subscriptions is recognised on a straight-line basis over the period of subscription. Any unrecognised constituent is carried within current liabilities as deferred revenue.

Barter Transactions

Revenue and costs in respect of barter transactions for advertising are recognised only where there is persuasive evidence of the value at which, if it had not been exchanged, the advertising would have been sold for cash in a similar transaction.

Leased Assets

Where assets are financed by leasing agreements where the risks and rewards are substantially transferred to the Group ('finance leases'), the assets are treated as if they had been purchased outright and the corresponding liability to the leasing company is included as an obligation under finance leases. Depreciation on leased assets is charged to the income statement on the same basis as owned assets.

Leasing payments are treated as consisting of capital and interest elements and the interest is charged to the income statement.

Leases where substantially all of the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases and are accounted for on a straight-line basis over the term of the lease.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

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

Deferred tax is provided in full using the balance sheet liability method. Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the balance sheet. Deferred tax assets and liabilities are not recognised if they arise in the following situations: the initial recognition of goodwill or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantially enacted at the balance sheet date.

The group does not recognise deferred tax liabilities or deferred tax assets on temporary differences associated with investments in subsidiaries as it is not considered probable that the temporary differences will reverse in the foreseeable future. It is the Group's policy to reinvest undistributed profits arising in Group companies.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of the deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The Group does not recognise deferred tax liabilities or deferred tax assets on temporary differences associated with investments in subsidiaries as it is not considered probable that the temporary differences will reverse in the foreseeable future. It is the Group's policy to reinvest undistributed profits arising in Group companies.

Intangible Assets

Intangible assets acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Intangible assets are amortised on a straight-line basis over their useful lives in accordance with IAS 38 'Intangible Assets'. Assets are amortised over their estimated useful lives. A review is carried out at each financial year end and with changes in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' considered if necessary. The estimated useful lives are as follows:

- Acquired publishing rights 20 years
- Online development costs 3–5 years

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided to write off the cost less estimated residual value of non-current assets by equal instalments over their estimated useful economic lives as follows:

- Leasehold improvements Over the remaining life of the lease
- Plant, vehicles and equipment 3–7 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Impairment of Assets

A review is carried out at the end of each financial period end to determine if any assets have suffered an impairment loss. If such indication exists, the asset's recoverable amount is estimated and compared with its carrying value. Impairment losses are recognised in the income statement when an asset's carrying value exceeds its recoverable amount.

Inventories – Work in Progress

Inventories are stated at the lower of cost and net realisable value. Work in progress consists of costs incurred relating to unpublished material and deferred revenue at the period end.

Financial Instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Borrowings

Interest bearing borrowings and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and incremental costs directly attributable to the issue, are accounted for on an accruals basis as part of finance expenses in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trade Receivables

Trade receivables are reflected net of estimated provisions for doubtful client accounts. The provision is based on historic collection patterns and with reference to the ageing of certain balances.

Trade Payables

Trade payables are measured at fair value.

Share-based Payment

The Group issues equity-settled share-based payments to certain employees. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Fair value is measured using the Black Scholes model.

Investments

Non-current investments are shown at cost less provision for impairment. A review is carried out at the end of each financial period end to determine if any assets have suffered an impairment loss.

2. SEGMENTAL INFORMATION

Business Segments

The Directors consider that the business operates within one business segment: that of multimedia marketing.

	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
Income Statement		
Revenue	6,290	5,677
Cost of sales	(3,296)	(3,436)
Gross profit	2,994	2,241
Admin expenses	(3,463)	(2,572)
Segment result	(469)	(331)
Unallocated head office overhead	(304)	(785)
Operating loss	(773)	(1,116)
Loss on disposal	–	(1,188)
Investment revenue	44	60
Finance costs	(40)	(73)
Loss for the period	(769)	(2,317)
Balance Sheet		
Segment assets	786	1,136
Unallocated head office assets	4,128	4,665
Consolidated assets	4,914	5,801
Segment liabilities	(1,108)	(1,127)
Unallocated head office liabilities	(1,005)	(1,173)
Consolidated liabilities	(2,113)	(2,300)
Consolidated net assets	2,801	3,501

2. SEGMENTAL INFORMATION (Continued)**Geographical Segments**

The following table provides an analysis of the Group's revenue by geographical market and operating loss apportioned according to revenue.

	UK		Rest of Europe		US		Rest of World		Total	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Revenue by destination										
Total	646	738	3,029	1,930	2,242	2,782	373	227	6,290	5,677
Operating loss by destination										
Total	(79)	(236)	(372)	(344)	(276)	(496)	(46)	(40)	(773)	(1,116)
Segment assets										
Total	4,914	5,801	-	-	-	-	-	-	4,914	5,801

Barter Transactions

During the period, revenue of £890,354 (2007: £1,005,000) was recognised from barter transactions arising entirely from advertising being bartered within the publication division in return for distribution of the printed product either to conference delegates or association members. These transactions are reflected at the average page yield per specific publication and are recognised in line with IAS 18 'Revenue'.

3. OPERATING LOSS

This is stated after charging/(crediting):

	Notes	Year Ended 31 December 2008 £'000	Year Ended 31 December 2007 £'000
Depreciation of owned assets	14	84	44
Depreciation of assets held under finance leases and hire purchase contracts	14	2	42
Amortisation of intangible assets	13	88	58
Impairments of investments	15	99	555
Other operating income	31	–	(450)
Operating lease rentals paid			
- land and buildings	25	645	645
- other		33	12
Rentals receivable under operating leases	25	(359)	(388)
Staff costs	5	3,564	3,395

The analysis of auditors' remuneration is as follows:

Fees payable to the auditors for the audit of:		
Parent Company	19	15
Subsidiaries	15	12
Total	34	27
Fees payable to the Company's auditors and their associates for other services to the Group		
	nil	nil

4. DIRECTORS' REMUNERATION

	Year Ended 31 December 2008 £'000	Year Ended 31 December 2007 (Restated) £'000
Directors' emoluments		
Remuneration	491	276
Highest-paid Director		
Remuneration	99	89

Details of Director share options are disclosed in the Directors' Report (see pages 10–11). The value of share-based payments in the year to the Directors was £66,000 (2007: £44,000).

Director appointment and resignation dates are disclosed in the Officers and Professional Advisers section of the report (see page 44).

5. STAFF COSTS

GROUP	Year Ended	Year Ended
	31 December 2008	31 December 2007
	£'000	£'000
Staff costs during the year (including Directors)		
Wages and salaries	3,171	3,061
Social security costs	342	334
Other pension costs	51	–
Share-based payment	71	(219)
	3,635	3,176

The average number of employees (including Directors) employed by the Group was 91 (2007: 85).

Operational	73	68
Administrative	18	17
	91	85

COMPANY	Year Ended	Year Ended
	31 December 2008	31 December 2007
	£'000	£'000
Staff costs during the year (including Directors)		
Wages and salaries	693	551
Social security costs	76	58
Other pension costs	14	–
Share-based payment	31	(231)
	814	378

The average number of employees (including Directors) employed by the Company was 17 (2007: 15).

Operational	1	1
Administrative	16	14
	17	15

6. DISPOSALS

Loss on Part Disposal of Investment

The loss in the previous year of £1.2 million was from the part disposal of the investment in Touch Local Ltd ('Local') on 17 December 2007. Touch Group plc received £2.0 million cash and retained a minority interest of 3.75% of the shares of Local. The investment was subsequently impaired in full (see note 15). The cost of disposal amounted to £50,000.

7. INVESTMENT REVENUE

	Year Ended 31 December 2008	Year Ended 31 December 2007
	£'000	£'000
Interest on bank deposits	44	60

8. FINANCE COSTS

	Year Ended 31 December 2008	Year Ended 31 December 2007
	£'000	£'000
Interest on bank overdrafts and loans	34	72
Interest on obligations under finance leases	6	1
	40	73

9. TAX

There is no current or deferred tax charge in either year.

At the future rate of 28% (2007: 28%), the accumulated tax losses and the benefit of future capital allowances give rise to a potential deferred tax asset of £4,980,000 (2007: £4,855,000), which, due to the uncertainty over timing of future taxable profits, has not been recognised.

A reduction in the UK tax rate from 30% to 28% was applied from 1 April 2008. This reduction affects the current tax charge for the year ended 31 December 2008.

Factors affecting the tax charge for the current year:

	Year Ended 31 December 2008	Year Ended 31 December 2007
	£'000	£'000
Loss on ordinary activities before taxation	(769)	(2,317)
Tax at 28.5% (2007:30%) thereon	(219)	(695)
Effects of:		
Permanent differences	21	38
Capital allowances in excess of depreciation	16	29
Short term timing differences	22	(86)
Provision against investment	28	167
Disposal of investment	–	356
Tax losses carried forward	132	191
Current tax charge for the period	–	–

At the balance sheet date the aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax assets have not been recognised was £3,991,000 (2007: £3,963,000). Deferred tax has not been included in the balance sheet as the Group is in a position to control the timing of the reversal of these temporary differences and it is probable that such differences will not reverse in the foreseeable future.

10. LOSS PER ORDINARY SHARE

	Year Ended 31 December 2008 £'000	Year Ended 31 December 2007 £'000
The calculation of the basic and diluted earnings per share is based on the following:		
Earnings		
Earnings for the purpose of basic and diluted earnings per share	(769)	(2,317)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	111,191,921	111,191,921

Share options granted to employees could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share as they are antidilutive for the period presented.

11. LOSS ATTRIBUTABLE TO TOUCH GROUP PLC

The loss for the financial period dealt with in the financial statements of the parent Company, Touch Group plc, was £400,000 (2007 £2,780,000). As provided by Section 230 of the Companies Act 1985, no separate income statement is presented in respect of the parent Company.

12. SHARE-BASED PAYMENTS

IFRS 2 'Share-based Payment' requires the Group to recognise an expense in respect of the granting of options over shares to employees and Directors. This expense, which is calculated by reference to the fair value of the options granted, is recognised on a straight-line basis over the vesting period based on the Group's estimate of options that will eventually vest. The Directors have used a Black-Scholes model to estimate the value of options granted in the current and prior periods

Options are typically exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant. The vesting period is typically three years. Options are normally forfeited if the employee leaves the Group.

12. SHARE-BASED PAYMENTS (Continued)

Details of the Group share options outstanding during the year are as follows:

	Year Ended 31 December 2008		Year Ended 31 December 2007	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at beginning of period	6,642,185	6.53p	7,920,720	4.89p
Granted during the period	–	–	2,760,185	6.75p
Forfeited during the period	408,000	6.81p	4,038,720	3.45p
Exercised during the period	–	–	–	–
Expired during the period	–	–	–	–
Outstanding at the end of the period	6,234,185	6.51p	6,642,185	6.53p
Exercisable at the end of the period	799,000	10.36p	527,000	10.81p

There were no share options exercised during the year. The options outstanding at 31 December 2008 had a weighted average exercise price of 6.51p and a weighted average remaining contractual life of 0.97 years. There were no share options granted in 2008. In 2007, options were granted on 30 May. The aggregate of the estimated fair values of the options granted on that date is £84,000.

The key inputs into the Black-Scholes option pricing model were as follows:

	Year Ended 31 December 2008	Year Ended 31 December 2007
Weighted average		
Share price at date of grant	6.51p	6.53p
Exercise price	6.51p	6.53p
Expected volatility	57.1%	57.1%
Expected life (years)	0.97	1.91
Risk-free interest rate	10.9%	10.9%
Dividend yield	nil	nil

Expected volatility was determined by calculating the historical volatility of the Group's share price since the demerger of Moneybox on 18 March 2004.

The Group recognised a charge of £71,000 and a credit of £219,000 related to equity-settled share-based payment transactions in 2008 and 2007, respectively.

13. NON-CURRENT ASSETS – INTANGIBLE

GROUP	Publishing Rights, Titles, Benefits and Licences		Total £'000
	Development Costs £'000	£'000	
Cost			
At 1 January 2007	77	602	679
Additions	–	–	–
Transfers	131	(92)	39
At 1 January 2008	208	510	718
Additions	205	14	219
At 31 December 2008	413	524	937
Amortisation			
At 1 January 2007	–	366	366
Provided during the year	44	14	58
At 1 January 2008	44	380	424
Provided during the year	74	14	88
At 31 December 2008	118	394	512
Carrying Value			
At 1 January 2007	77	236	313
At 31 December 2007	164	130	294
At 31 December 2008	295	130	425

All amortisation is charged to administrative expenses.

COMPANY	Publishing Rights Titles, Benefits and Licences		Total £'000
	Development Costs £'000	£'000	
Cost			
At 1 January 2007 and 2008	–	–	–
Additions	–	2	2
At 31 December 2008	–	2	2
Amortisation			
At 1 January 2007 and 2008	–	–	–
Provided during the year	–	–	–
At 31 December 2008	–	–	–
Carrying Value			
At 1 January 2007 and 31 December 2007	–	–	–
At 31 December 2008	–	2	2

All amortisation is charged to administrative expenses.

14. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

GROUP	Leasehold, Land and Buildings £'000	Plant, Vehicles and Equipment £'000	Total £'000
Cost			
At 1 January 2007	637	2,736	3,373
Additions	–	11	11
Transfers	(77)	38	(39)
At 1 January 2008	560	2,785	3,345
Additions	5	93	98
At 31 December 2008	565	2,878	3,443

Depreciation			
At 1 January 2007	261	2,576	2,837
Provided during the year	36	50	86
Transfers	(36)	36	–
At 1 January 2008	261	2,662	2,923
Provided during the year	38	48	86
At 31 December 2008	299	2,710	3,009

Carrying Value			
At 1 January 2007	376	160	536
At 31 December 2007	299	123	422
At 31 December 2008	266	168	434

Finance-leased assets included above:

Carrying value			
At 1 January 2007	–	42	42
At 31 December 2007	–	–	–
At 31 December 2008	–	45	45

COMPANY	Leasehold, Land and Buildings £'000	Plant, Vehicles and Equipment £'000	Total £'000
Cost			
At 1 January 2007	560	640	1,200
Additions	–	7	7
At 1 January 2008	560	647	1,207
Additions	5	91	96
At 31 December 2008	565	738	1,303

14. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation			
At 1 January 2007	225	536	761
Provided during the year	36	28	64
At 1 January 2008	261	564	825
Provided during the year	38	28	66
At 31 December 2008	299	592	891

Carrying Value			
At 1 January 2007	335	104	439
At 31 December 2007	299	83	382
At 31 December 2008	266	146	412

Finance-leased assets included above:

Carrying Value			
At 1 January 2007	–	42	42
At 31 December 2007	–	–	–
At 31 December 2008	–	45	45

15. INVESTMENTS

GROUP	MediaZest plc £'000	Touch Local Ltd £'000	Total £'000
Cost			
At 1 January 2007	1,875	5,375	7,250
Additions	–	–	–
Disposals	–	(3,138)	(3,138)
At 1 January 2008	1,875	2,237	4,112
Additions	–	–	–
At 31 December 2008	1,875	2,237	4,112

Provision for Impairment			
At 1 January 2007	1,533	1,875	3,408
Provided during the year	193	362	555
At 1 January 2008	1,726	2,237	3,963
Provided during the year	99	–	99
At 31 December 2008	1,825	2,237	4,062

Carrying Value			
At 1 January 2007	342	3,500	3,842
At 31 December 2007	149	–	149
At 31 December 2008	50	–	50

15. INVESTMENTS (Continued)

On 25 October 2006 Touch Group plc announced that it had agreed with Benchmark Capital Europe ('Benchmark') a £7 million investment into Local, a wholly owned subsidiary of Touch Group plc. As part of the transaction, Benchmark subscribed for shares representing 55% of the issued share capital of Local on a fully diluted basis. Touch Group plc retained an interest of 27.5% of the shares of Local, which cost £5.4 million, the debtor balance owed to Touch Group plc at the time of the transaction.

On 17 December 2007 Touch Group plc sold the majority of its investment in Touch Local Limited ('Local') for £2,000,000 cash. This valuing event created a share disposal cost of £3,138,004 and impairment to the remaining 3.75% of £58,000. The Directors decided to fully impair the remaining 3.75% holding, which has resulted in a further impairment charge in 2007 of £304,000.

The cost of disposal amounted to £50,000.

On 27 September 2005, as part of the disposal of Touch Vision Limited, the intermediate holding company, Electronic Media Promotions Limited, acquired 4,411,764 shares in MediaZest plc at a share price of 42.5p. This holding represents 19.3% of the issued share capital of MediaZest plc, an AIM-listed company. Touch Group plc does not exercise significant influence in MediaZest plc and therefore the investment has been accounted for as a fixed-asset investment. The Directors have satisfied themselves that the carrying value is appropriate.

COMPANY	Investment in Subsidiary Undertakings £'000	Other Investments £'000	Total £'000
Cost			
At 1 January 2007	6,613	5,375	11,988
Additions	–	–	–
Disposals	–	(3,138)	(3,138)
At 1 January 2008	6,613	2,237	8,850
Additions	–	–	–
At 31 December 2008	6,613	2,237	8,850
Provision for Impairment			
At 1 January 2007	6,350	1,875	8,225
Provided during the year	114	362	476
At 1 January 2008	6,464	2,237	8,701
Provided during the year	99	–	99
At 31 December 2008	6,563	2,237	8,800
Carrying Value			
At 1 January 2007	263	3,500	3,763
At 31 December 2007	149	–	149
At 31 December 2008	50	–	50

15. INVESTMENTS (Continued)

The Company has an interest in the following subsidiary undertakings and investments, which principally affect the results or net assets of the Group.

	% Holding	Class of Holding	Nature of Business	Notes
Electronic Media Promotions Holdings Limited	98.20	Ordinary shares	Holding company	a, b
Business Briefings Limited	100.00	Ordinary shares	Multimedia marketing	
Touch Local Limited	3.75	B shares	Local search directory	a

All subsidiaries and investments are incorporated in England and Wales.

- Held directly by Touch Group plc
- The remaining 1.8% is held by the Electronic Media Promotions Holdings Limited discretionary ESOP trust, which is operated by an independent trustee. The beneficiaries of the ESOP trust will be the employees of Electronic Media Promotions Holdings Limited and its subsidiaries who have been granted Electronic Media Promotions Holdings Limited unapproved share options.

16. INVENTORIES

	31 December 2008	31 December 2007
GROUP	£'000	£'000
Work in progress	312	165

17. OTHER FINANCIAL ASSETS

	GROUP		COMPANY	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
	£'000	£'000	£'000	£'000
Trade and Other Receivables				
Trade receivables	2,341	2,344	–	26
Provision for doubtful debts	(254)	(117)	–	–
	2,087	2,227	–	26
Related party receivables	–	–	300	1,887
Other debtors	622	691	616	701
Prepayments and accrued income	453	82	63	29
	3,162	3,000	979	2,643
Cash and Cash Equivalents				
Cash on hand and balances with banks	531	1,771	412	1,491

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of one month or less. The carrying amount of these assets approximates their fair value.

18. NON-CURRENT ASSETS

	GROUP		COMPANY	
	31 December	31 December	31 December	31 December
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Related party receivables	–	–	2,273	–
	–	–	2,273	–

19. OTHER FINANCIAL LIABILITIES

	GROUP		COMPANY	
	31 December	31 December	31 December	31 December
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Trade and Other Payables				
Obligations under finance leases and hire purchase	15	–	15	–
Trade payables	63	165	26	117
Other payables	35	35	35	35
Other taxes and social security	119	147	40	49
Accrued expenses and deferred income	1,413	1,303	421	322
	1,645	1,650	537	523
Borrowings	450	650	450	650
	2,095	2,300	987	1,173

See note 31 for details of borrowings.

Other payables include a £200,000 cash receipt relating to a share issue on 6 January 2009. See note 32.

20. NON-CURRENT LIABILITIES

	GROUP AND COMPANY	
	31 December 2008	31 December 2007
	£'000	£'000
Obligations under finance leases	18	–
	18	–

21. SHARE CAPITAL

	GROUP AND COMPANY	
	31 December 2008	31 December 2007
	£'000	£'000
<i>Authorised</i>		
2008 and 2007: 261,588,270 ordinary shares of 1p each	2,616	2,616
<i>Allotted, called up and fully paid</i>		
2008 and 2007: 111,191,921 ordinary shares of 1p each	1,112	1,112

No ordinary shares were issued in 2008.

6,666,667 new ordinary shares of 1p each were issued on 6 January 2009. See note 32.

21. SHARE CAPITAL (Continued)

Options have been granted under the Touch Group plc share option schemes to subscribe for ordinary shares in the Company as follows:

Date of Grant	Option Scheme	Ordinary Shares of 1p		Exercise Price	Exercisable	
		31 December 2008	31 December 2007		From	To
15 November 2000	Discretionary	3,000	3,000	152.50p	15/11/03	15/11/10
8 June 2004	Discretionary	516,000	524,000	10.00p	08/06/07	08/06/14
1 November 2005	Discretionary	280,000	280,000	9.50p	01/11/08	01/11/15
3 November 2006	Discretionary	450,000	450,000	6.25p	03/11/09	03/11/16
14 December 2006	EMIS	2,100,000	2,100,000	5.38p	14/12/09	14/12/16
29 December 2006	EMIS	1,000,000	1,000,000	5.50p	29/12/09	29/12/16
30 May 2007	EMIS	1,885,185	2,285,185	6.75p	30/05/10	30/05/17
		6,234,185	6,642,185			

22. SHARE PREMIUM ACCOUNT

GROUP AND COMPANY	£'000
Balance at 1 January 2008, 31 December 2007 and 31 December 2008	3,922

23. OTHER RESERVES

GROUP – Merger Reserve	£'000
Balance at 1 January 2008, 31 December 2007 and 31 December 2008	300

24. RETAINED (LOSS)/EARNINGS

	31 December 2008	31 December 2007
GROUP	£'000	£'000
At beginning of year	(1,833)	714
Net loss for the year	(769)	(2,317)
Credited/(debited) to equity for share based payments	71	(219)
Share compensation charge	(2)	(11)
At end of year	(2,533)	(1,833)

	31 December 2008	31 December 2007
COMPANY	£'000	£'000
At beginning of year	(1,542)	1,469
Net loss for the year	(400)	(2,780)
Credited/(debited) to equity for share based payments	31	(231)
At end of year	(1,911)	(1,542)

25. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

	31 December 2008	31 December 2007
	£'000	£'000
Minimum lease payments under operating leases recognised as an expense in the year	678	657

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	31 December 2008	31 December 2007
	£'000	(Restated) £'000
Within one year	663	727
In the second to fifth years inclusive	2,606	2,840
After five years	1,854	2,428
	5,123	5,995

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of two years. The previous year outstanding commitments had been restated to present the gross commitment excluding lessor arrangements as at 31 December 2007.

The Group as Lessor

At the balance sheet date the Group has lease arrangements with the landlord that are completely offset by an equal arrangement with a company outside the Group.

The gross cost to the Group has been included under the Group as lessee. The lessor arrangements total £368,000 per annum and have lease terms to 30 September 2015. The resulting net lessee commitment, after taking into account lessor arrangements, is £2,222,000.

26. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

	31 December 2008	31 December 2007
	£'000	£'000
Operating loss for the year	(773)	(1,116)
Adjustments for:		
Depreciation of property, plant and equipment	86	86
Amortisation of intangibles	88	58
Investment impairment	99	555
Share based payment charge/(credit)	71	(230)
Operating cash flows before movements in working capital	(429)	(647)
Increase in inventories	(146)	(65)
Increase in receivables	(526)	(151)
Decrease in payables	(29)	(915)
Net cash from operating activities	(1,130)	(1,778)

27. NOTES TO THE COMPANY CASH FLOW STATEMENT

	31 December 2008	31 December 2007
	£'000	£'000
Operating loss for the year	(400)	(1,596)
Adjustments for:		
Depreciation of property, plant and equipment	66	64
Amortisation of intangibles	–	–
Investment impairment	99	476
Share based payment charge/(credit)	31	(231)
Operating cash flows before movements in working capital	(204)	(1,287)
Increase in inventories	–	–
Increase in receivables	(608)	(161)
Decrease in payables	(11)	(447)
Net cash from operating activities	(823)	(1,895)

28. FINANCIAL INSTRUMENTS

Sales invoices are principally denominated in sterling and consequently there are no material net monetary assets or liabilities that are not denominated in sterling. The financial instruments of the Group principally comprise short-term debtors and creditors, third-party loans, finance lease agreements for the purchase of certain non-current assets, an overdraft and cash. There is no difference between the book value and fair value of any of the financial assets or liabilities.

The Group used sterling finance leases to fund purchases of certain non-current assets. The implicit interest rates on these leases were approximately 5%. The maturity dates of the leases were between two and five years.

29. PENSION SCHEME

No contributions were made during the year (2007: nil) to The Guild of Excellence plc Directors' Pension Scheme. This is a money purchase scheme with one eligible member, being Vincent Isaacs.

30. FINANCIAL COMMITMENTS

In the event that it becomes necessary, the parent Company, Touch Group plc, has undertaken to provide the necessary financial support to its subsidiary undertakings.

31. RELATED PARTY TRANSACTIONS

The Group's investments have been disclosed in note 15. The only intragroup transaction is the application of management charges of £666,000 (2007: £938,000). Touch Group plc was owed an aggregate sum of £2,573,000 (2007:£1,887,000) by its subsidiary companies.

On 28 December 2005 Touch Group plc entered into a contract with Tractrade Limited ('Tractrade'), a company in which a Group Director has a controlling interest, pursuant to which Tractrade purchased 50% of the revenue of Touch Verticals up to £450,000, and 5% of revenue thereafter, between 1 January 2006 and 28 December 2007, the immediate cash consideration being £450,000. Because it has taken longer than anticipated to realise this part of the Group's strategy, the £450,000 has been credited, in full, to the 2007 income statement and disclosed separately as 'Other operating income'. The Directors of the Company considered, after having consulted with their nominated adviser, that the terms of these transactions are fair and reasonable insofar as the Company's shareholders are concerned.

At the end of the year the Group had £450,000 (2007: £650,000) of outstanding borrowings with organisations for which a Group Director acts as a trustee and has a non-beneficial interest. Interest is charged at a rate of 7% per annum. Of the £450,000 outstanding borrowings, £30,000 was repaid on 14 January 2009.

Directors' emoluments are disclosed in note 5 to the accounts. The Directors alone are regarded as the Group's key management personnel.

32. POST-BALANCE SHEET EVENTS

On 6 January 2009 the Group successfully raised £200,000 by way of a placing of 6,666,667 new ordinary shares of 1p each in the capital of the Company at 3p per ordinary share.





OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

The Directors of the Company who served during the year were as follows:

Vincent J Isaacs	Chairman
Theresa Saklatvala	Chief Executive Officer
Darren Drew	Finance Director
Peter Katz	Commercial Director
Tim Green	Chief Operations Officer
Stuart Winship	Online Director
Neil Brown	Non-executive Director
Nicholas Levene	Non-executive Director
Robert Lorenz	Non-executive Director

SECRETARY

Peter D Katz, FCA, ATII

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