**GEMSTONES OF AFRICA GROUP PLC**

**(“GOA” OR THE “COMPANY” OR THE “GROUP”)**

**FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008**

The Board of Gemstones of Africa Plc is pleased to announce audited final results for the 12 month period to 31 December 2008.

## HIGHLIGHTS

- Significant transitional phase
- Disposal of TV Commerce Limited
- New board appointed

## POST YEAR END HIGHLIGHTS

- Change of name to Gemstones of Africa Group Plc
- Collaboration and option agreement leading to a joint venture agreement on a group of emerald mining licences in Tanzania, Africa, with Obtala Resources Plc and Obtala’s subsidiary Mindex Invest Limited.
- Option agreement with Javan Investments Company Limited, a private Tanzanian registered company for two prospecting licences in Tanzania

## CHAIRMAN’S STATEMENT

I am pleased to report on the Company's accounts for the year ended 31st December 2008.

**Overview:**
The year under review has been one of complete transition from a trading business into an investing company.

On 29 January 2008, in the Company’s half-yearly report the background to the closure of TV Commerce Limited due to an unexpected change in the regulations governing the telecommunication and media sector was explained. Since that date, the Board has taken steps to maximise value for shareholders.

Following the AGM held on 10 August 2007, the company applied to the courts for a capital reorganisation within the Company. This was approved on 23 January 2008. On 12 March 2008, the Company announced the payment of 0.6231p per share, in aggregate £399,903 to shareholders in relation to the capital reduction. The Company’s shares were suspended from trading on AIM on 26 June 2008. Following a capital reorganisation and fundraising of £250,000 in September 2008, and a change in the company’s activity to that of an investing company, the company’s shares were readmitted to trading on AIM on 30 September 2008. On 9 December 2008, the Company raised £350,000 from the placing of shares to Allianz Insurers Plc.

On 23 January 2009, the Company changed its name to Gemstones of Africa Group plc to reflect its investing strategy.

**Results and Financial Position:**

The Group’s results for the year ended 31 December 2008 show a loss on ordinary activities before taxation of £88,940 (2007: loss £100,360) on a turnover of £nil (2007: £199,724). The results for the year derives from interest received less administrative costs of running the Group and include profits of £6,293 in respect of the subsidiary disposed of during the year. Further details are contained in note 11 of the notes to the Group Financial Statements.

Net assets as at 31 December 2008 were £489,746, compared with £392,154 at the end of 2007, of which the Group had cash resources of £491,421 at 31 December 2008.

The Company did not pay or propose a dividend during the year.

**Change of Board and Investing Strategy:**

On 31 October 2008, the Company disposed of its wholly-owned subsidiary, TV Commerce Limited (TVC) to Vince Stanzione, a director of that company, for a consideration of £1. The activities of TVC were closed on 28 February 2007. At the date of disposal, TVC had net liabilities of £11,973 removal of which improves the Group's consolidated balance sheet. The Group Income Statement for the year includes profits of £6,293 in respect of TVC, being profits up to the date of disposal.

On 3 November 2008, the previous directors all resigned and a board comprising of David Hargreaves, Rakesh Patel and Nicholas Eastwood were appointed in their place to pursue the Company's strategy of investing, participating in joint ventures or acquiring one or more companies or businesses, in the natural resource sector in Africa (and other geographical areas where considered appropriate). There are particularly good geological prospects in Tanzania which GOA intends to develop and promote to the highest ethical and fair trade standards.

On 13 March 2009, the Company entered into a collaboration and option agreement leading to a joint venture agreement on a group of emerald mining licences in Tanzania, Africa, with Obtala Resources Plc and Obtala's subsidiary Mindex Invest Limited. Under the terms of the option agreement the company acquired an initial twelve and a half per cent beneficial interest in the licences in exchange for issuing common shares the equivalent of five per cent of the company's share capital to Obtala (option 1), totalling 71,428,571 shares. This equity, which equates to a value of £446,428 (based on the closing price on 12 March 2009 of 0.625p per Ordinary Shares), is placed in Obtala treasury. If within 24 months of acquiring the initial interest, the company has incurred exploration costs of not less than US$75,000, then the Company has a right to a further twelve and a half percent beneficial interest in the licences (totalling twenty five per cent).

On 5 June 2009, the company signed an option agreement with Javan Investments Company Limited, a private Tanzanian registered company for two prospecting licences in Tanzania. Under the terms of the option agreement Gemstones of Africa acquired an initial 25% interest in both licences for a cash consideration of US$15,000 per licence.

We are excited by the prospects for these licences. They occur in known, gem bearing ground in a country which has demonstrated a commercial approach to foreign investment and offers reasonable infrastructure. We will update shareholders with development milestones as appropriate.

On 1 June 2009, I was appointed as Non-Executive Chairman. I replaced David Hargreaves as Chairman, and David continues with the company as Managing Director.

The Directors believe that the natural resource sector is capable of delivering attractive levels of investment return and that there are a number of companies in this sector that would benefit from greater access to capital, quoted company profile and support.

When an acquisition has been identified, the Directors will mandate an independent and suitably qualified person with relevant experience to perform due diligence on any potential acquisition.

The Directors intend to pursue such investment opportunities and intend to fund them by using a combination of cash, the issue by the Company of new securities and possibly through debt finance as the Directors consider appropriate.

**Prospects:**

Further announcements will be made as and when necessary.

**S. Rollason**
Chairman

29 June 2009

## GROUP INCOME STATEMENT

| | Note | 2008<br>£ | 2007<br>£ |
|---|---|---|---|
| **Turnover** | 3 | - | 199,724 |
| Cost of Sales | | - | (114,576) |
| **Gross Profit** | | - | 85,148 |
| Administration expenses | 4 | (126,356) | (238,006) |
| Other income | 8 | 33,526 | 38,436 |
| **Group Operating Loss** | | (92,830) | (114,422) |
| Finance income | 9 | 4,072 | 14,555 |
| Finance costs | 9 | (182) | (493) |
| Finance income – net | 9 | 3,890 | 14,062 |
| **Loss on Operations before Taxation** | | (88,940) | (100,360) |
| Corporation tax expense | 10 | - | - |
| **Loss for the year** | | (88,940) | (100,360) |
| Comprising: | | | |
| Loss for the year from continuing operations | | (95,233) | (159,218) |
| Profit for the year from discontinued operations | 11 | 6,293 | 58,858 |
| **Loss for the year** | | (88,940) | (100,360) |
| **Attributable to:** | | | |
| Equity holders of the Company | | (88,940) | (100,360) |
| **Earnings per Share for Profit from Operations**<br>Attributable to the Equity Holders of the Company during the year | | | |
| **Basic and Diluted** | 12 | (0.02p) | (0.16p) |

## GROUP BALANCE SHEET

| | Note | 2008 | 2007 |
|---|---|---|---|
| **Current Assets** | | **£** | **£** |
| Trade and other receivables | 13 | 16,390 | - |
| Cash and cash equivalents | 14 | 491,421 | 438,247 |
| | | 507,811 | 438,247 |
| Assets of disposal group classified as held-for-sale | 15 | - | 2,888 |
| **Total Assets** | | 507,811 | 441,135 |
| **Current Liabilities** | | | |
| Trade and other payables | 16 | 18,065 | 32,491 |
| Liabilities of disposal group classified as held-for-sale | 15 | - | 16,490 |
| **Total Liabilities** | | 18,065 | 48,981 |
| **Net Assets** | | 489,746 | 392,154 |

| | Note | 2008 | 2007 |
|---|---|---|---|
| | | **£** | **£** |
| **Capital and Reserves attributable to Equity holders of the Company** | | | |
| Called-up share capital | 17 | 315,847 | 641,796 |
| Share premium account | | 301,327 | 624,066 |
| Merger reserve | | - | 66,351 |
| Share option reserve | | 33,441 | - |
| Retained earnings | | (160,869) | (940,059) |
| | | 489,746 | 392,154 |

## GROUP STATEMENT OF CHANGES IN EQUITY

| | Share Capital | Share Premium | Retained Earnings Account | Share Option Reserve | Merger Reserve | Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **At 1 January 2007** | 641,796 | 624,066 | (839,699) | - | 66,351 | 492,514 |
| Loss for the year | - | - | (100,360) | - | - | (100,360) |
| **At 31 December 2007** | 641,796 | 624,066 | (940,059) | - | 66,351 | 392,154 |
| Cancellation of deferred shares | (177,713) | - | 177,713 | - | - | - |
| Cancellation of share premium | - | (624,066) | 624,066 | - | - | - |
| Capital reduction | (399,903) | - | - | - | - | (399,903) |
| Proceed from shares issued | 251,667 | 348,333 | - | - | - | 600,000 |
| Cost of shares issued | - | (47,006) | - | - | - | (47,006) |
| On closure of subsidiary | - | - | 66,351 | - | (66,351) | - |
| Share option reserve | - | - | - | 33,441 | - | 33,441 |
| Loss for the year | - | - | (88,940) | - | - | ( 88,940) |
| **At 31 December 2008** | 315,847 | 301,327 | (160,869) | 33,441 | - | 489,746 |

## GROUP CASH FLOW STATEMENT

| | Note | 2008 £ | 2007 £ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating loss | | (92,830) | (114,422) |
| Profit on disposal of subsidiary | | 11,974 | - |
| Gain on disposal of equipment | | - | (38,436) |
| Share based payments | | 33,441 | - |
| (Increase)/decrease in trade and other receivables | | (10,439) | 423,706 |
| Decrease in trade and other payables | | (45,954) | (156,909) |
| Cash generated from operations | | (103,808) | 113,939 |
| Finance income | | 4,072 | 14,555 |
| Finance costs | | (182) | (493) |
| Net cash inflow from operating activities | | (99,918) | 128,001 |
| **Cash Flows from Financing Activities** | | | |
| Proceeds from issue of shares | | 600,000 | - |
| Capital reduction | | (399,903) | - |
| Share issue costs | | (47,006) | - |
| | | 153,091 | - |
| **Cash Flows from Investing Activities** | | | |
| Proceeds from sale of equipment | | - | 48,936 |
| Proceeds from disposal group classified as held-for-sale | | 1 | |
| **Net Cash from/used in Investing Activities** | | 1 | 48,936 |
| **Net Increase in Cash and Cash Equivalents** | | 53,174 | 176,937 |
| **Cash and Cash Equivalents at Beginning of Year** | | 438,247 | 261,310 |
| **Cash and Cash Equivalents at End of Year** | 14 | 491,421 | 438,247 |

## Group Accounting Policies

### Basis of Preparation of Group Financial Statements

TV Commerce Holdings Limited was incorporated on 22 November 2007 in England and Wales under the Companies Act 1985. On 18 January 2005, TV Commerce Holdings Limited re-registered as TV Commerce Holdings Plc and on 23 January 2009 it changed its name to Gemstones of Africa Group Plc ("the Company").

The registered number of the Company is 5292528.

The address of its registered office is Aston House, Cornwall Avenue, London, N3 1LF.

The Group Financial Statements have been prepared in accordance with EU-endorsed International Financial Reporting Standards (IFRS), IFRIC Interpretations and the parts of the Companies Act 1985 applicable to companies reporting under IFRS. The Group Financial Statements have also been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group Financial Statements are disclosed in Note 2.

The Company's Financial Statements continue to be prepared under UK GAAP. Therefore the Company's Financial Statements and the associated notes, together with the Auditor's Report on these Financial Statements, are presented separately form the Group, starting on page 28.

### Standards and Interpretations in Issue but not yet Effective or not yet Relevant

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

*International Accounting Standards (IAS/IFRSs)*

| | |
|---|---|
| IFRS 2 | Amendment to Share-based Payments: Vesting Conditions and Cancellations |
| IFRS 3 | Business Combinations (revised 2008) |
| IFRS 5 | Non-Current Assets Held for Sale and Discontinued Operations (revised May 2008) |
| IFRS 8 | Operating Segments |
| IAS 1 | Presentation of Financial Statements (revised 2007 and 2008) |
| IAS 23 | Borrowing Costs (revised 2007 and 2008) |
| IAS 27 | Consolidated and Separate Financial Statements (revised 2008) |
| IAS 32 | Financial Instruments: Presentation (revised 2008) |
| IAS 36 | Impairment of Assets |
| IAS 39 | Financial Instruments: Recognition and Measurement (revised 2008) |

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the Group's financial statements.

**Share based payments**

FRS20 "Share – based payments" requires that the fair value of options awarded to employees is charged to the profit and loss account over the period during which the employees become unconditionally entitled to the options.

**Basis of Consolidation**

The Group Financial Statements consolidate the Financial Statements of Gemstones of Africa Group Plc (formerly TV Commerce Holdings Plc) and all its subsidiary undertakings made up to 31 December 2008 accounted for under merger accounting. Profits and losses on intra-group transactions are eliminated on consolidation. A separate profit and loss for the parent company, Gemstones of Africa Group Plc, has been omitted under the provisions of s408 of the Companies Act 2006.

The subsidiary TV Commerce Limited is fully consolidated from the start of the year to its date of cessation.

**Segmental Reporting**

The Group does not have separately identifiable business or geographical segments which are material to disclose.

**Presentational and Functional Currency**

This financial information is presented in pounds sterling, which is the Group's functional currency.

**Financial Assets**

Financial assets comprise only cash and receivables. Receivables are measured after initial recognition at amortised cost, using the effective interest method, less provision for impairment. Any change in their value impairment or reversal of impairment is recognised in the Income Statement.

Provision for impairment of trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is the difference between the receivables carrying amount and the present value of the estimated future cash flows.

An assessment for impairment is undertaken at least annually.

**Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand.

**Disposal Group Held for Sale**

A disposal group is a group of assets and liabilities whose carrying amount will be recovered principally through a sale transaction, not through continuing use. A disposal group held-for-sale is measured at the lower of its carrying amount immediately prior to its classification as held-for-sale and its fair value less costs to sell.

**Discontinued Operations**

A discontinued operation is a cash-generating unit, or a group of cash-generating units, that has either been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale

The disclosures for prior periods have been re-presented to show the results of discontinued operations separately from continuing operations. A more detailed breakdown of assets, liabilities, turnover and expenses relating to discontinued operations is shown in note 11 to the accounts.

**Financial Liabilities**

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities comprise only trade and other payables.

All financial liabilities are recorded at amortised cost, using the effective interest method, with interest-related charges being recognised as an expense under finance costs in the Income Statement.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged, is cancelled, or expires.

**Finance costs**

Finance costs of debt, including premiums payable on settlement and direct issue costs are charged to the income statement on an accruals basis over the term of the instrument, using the effective interest method.

**Income Taxation**

The taxation charge represents the sum of current tax and deferred tax.

The tax currently payable is based on the taxable profit for the period using the tax rates that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

**Deferred Taxation**

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amount of the Group's assets and liabilities and their tax base. Deferred tax liabilities are offset against deferred tax assets within the same taxable entity or qualifying local tax group. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary difference can be utilised. Deferred tax is determined using tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is recognised in the income statement, except when the tax relates to items charged or credited directly in equity, in which case the tax is also recognised in equity.

**Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

**Revenue Recognition**

Revenue comprises the fair value of the consideration received or receivable by the Group for goods supplied and services provided in the ordinary course of the Group's activities, excluding VAT and trade discounts. Revenue is recognised upon the performance of services or the transfer of risk to the customer.

## 1. Financial Risk Management

**Fair Value Estimation**

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair values, due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

## 2. Critical Accounting Estimates and Judgements

The Company and Group are not trading and there are no critical accounting estimates and judgements made.

## 3. Turnover

All the Group's turnover arose from the Group's main activities, which are based in the United Kingdom and relate to the Group's principal activity.

## 4. Expenses by Nature

| | 2008 £ | 2007 £ |
|---|---|---|
| Staff costs | 15,750 | 78,526 |
| Other expenses | 70,848 | 93,699 |
| Total Administrative Expenses on Continuing Operations | 86,598 | 172,225 |
| Total Administrative Expenses of Discontinued Operations | 39,758 | 65,781 |
| | 126,356 | 238,006 |

## 5. Auditors' Remuneration

| | 2008 £ | 2007 £ |
|---|---|---|
| Fees payable to the Company's auditor for the audit of the annual Parent Company and consolidated accounts | 5,500 | 2,000 |
| Fees payable to the Company's auditor and its associates for other services provided to the Company and is subsidiaries: | | |
| Tax services | 1,500 | 2,500 |
| All other services | - | 3,000 |

## 6. Employees

| | 2008 £ | 2007 £ |
|---|---|---|

| **Staff Costs** (including Directors) | | |
|---|---|---|
| Wages and salaries | 15,750 | 73,750 |
| Social security costs | - | 4,776 |
| | 15,750 | 78,526 |

| **Average Number of Employees** (including Directors) | **No.** | **No.** |
|---|---|---|
| Administration | 3 | 2 |

## 7. Directors' Remuneration

| | **2008** **£** | **2007** **£** |
|---|---|---|
| Emoluments | 15,750 | 43,750 |
| Compensation for loss of office | - | 30,000 |
| | 15,750 | 73,750 |

## 8. Other Income

| | **2008** **£** | **2007** **£** |
|---|---|---|
| Profit on disposal of equipment | - | 38,436 |
| Profit on disposal of subsidiary | 11,974 | - |
| Loan waiver | 21,552 | - |
| | 33,526 | 38,436 |

The proceeds received from disposal of the subsidiary were £1. The net liability of the subsidiary at that date were £11,973 giving rise to a profit on disposal of £11,974.

## 9. Finance Income and Costs

| | **2008** **£** | **2007** **£** |
|---|---|---|
| Finance income – interest income on short-term bank deposits | 4,072 | 14,555 |
| Finance costs – interest expense | (182) | (493) |
| | 3,890 | 14,062 |

## 10. Taxation

No UK Corporation Tax charge arises in respect of the year due to the trading losses incurred. The Group has UK Corporation Tax losses available to be carried forward and used against trading profits arising in future periods of £435,010 (2007: £832,878).

A deferred tax asset has not been recognised in respect of the tax losses carried forward as it is unlikely that profits will arise against which the losses can be offset.

The tax assessed for the year differs from the standard rate of corporation tax in the UK as follows:

| | **2008** | **2007** |
|---|---|---|
| | **£** | **£** |
| Loss on ordinary activities before tax | (88,940) | (100,360) |
| Expected tax charge/(credit) at effective rate/(standard rate) of UK Corporation Tax | | |
| 20.75% (2007: 19%) | (18,455) | (19,068) |
| Tax losses carried forward | 18,455 | 19,068 |
| Tax charge for the year | - | - |

The standard rate of UK corporation tax will be reduced from 20% to 21% from April 2008. This has no effect on the Group Financial Statements.

## 11. Analysis of the result of discontinued operations, and the result recognised

| | 2008 £ | 2007 £ |
|---|---|---|
| **Discontinued Operations:** | | |
| Turnover | - | 199,724 |
| Cost of Sales | - | (114,576) |
| **Gross Profit** | - | 85,148 |
| Administration expenses | (39,758) | (65,781) |
| Other income | 46,135 | 38,436 |
| **Discontinued Operating profit** | 6,377 | 57,803 |
| Finance income | - | 1,505 |
| Finance costs | (84) | (450) |
| Finance income – net | (84) | 1,055 |
| **Profit on Discontinued Operations before Taxation** | 6,293 | 58,858 |
| Corporation tax expense | - | - |
| Profit for the year from discontinued operations | 6,293 | 58,858 |

## 12. Earnings per Share

The basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of shares in issue. As the Group is loss making, there was no dilutive effect from the share options outstanding during the year.

| | 2008 £ | 2007 £ |
|---|---|---|
| Net profit/loss for the period attributable to ordinary shareholders | (88,940) | (100,360) |
| The weighted average number of shares in the period were: | | |
| Basic and Dilutive Ordinary Shares | 367,353,448 | 64,179,632 |
| Basic loss per share | (0.02p) | (0.16p) |

There was a share cancellation after the year end as explained in Note 17, which reduced the share capital without a corresponding change in resources. The weighted average number of shares includes the effect of this cancellation as required by IAS 33, and is therefore not based on the number of shares outstanding at year end.

## 13. Debtors

| | 2008<br>£ | 2007<br>£ |
|---|---|---|
| Other receivables | 16,390 | - |
| | 16,390 | - |

There was no provision of impairment of receivables at 31 December 2008 (31 December 2007: £nil).

## 14. Cash and Cash Equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:

| | 2008<br>£ | 2007<br>£ |
|---|---|---|
| Cash at bank and in hand | 491,421 | 438,247 |

## 15. Disposal Group Held for Sale

The assets and liabilities relating to the Group and Company have been presented as held for sale following the approval of the Group's management and shareholders on 10 August 2007.

**Assets Classified as held for Sale**

| | 2008<br>£ | 2007<br>£ |
|---|---|---|
| Disposal group held for sale: | | |
| Other receivables | - | 2,888 |
| | - | 2,888 |

**Liabilities Directly Associated with Assets Classified as Held for Sale**

| | 2008<br>£ | 2007<br>£ |
|---|---|---|
| Disposal group held for sale: | | |
| Trade and other payables | - | 16,490 |
| | - | 16,490 |

## 16. Trade and Other Payables

| | 2008<br>£ | 2007<br>£ |
|---|---|---|
| Trade payables | 9,963 | 500 |
| Accruals and deferred income | 8,102 | 24,122 |

| | | |
|---|---|---|
| Other taxation and social security | - | 7,869 |
| | 18,065 | 32,491 |

## 17. Called-Up Share Capital

| **Authorised share capital** | **2008** **No** | **2007** **No** |
|---|---|---|
| Ordinary shares of 0.02p each (2007 1p each) | 2,743,281,472 | 125,000,000 |
| Deferred shares of 0.08p (2007 1p each) | 64,179,932 | 1,125,000,000 |
| | 2,807,461,404 | 1,250,000,000 |

| | **2008** **£** | **2007** **£** |
|---|---|---|
| Ordinary shares of 0.02p each (2007 1p each) | 548,656 | 125,000 |
| Deferred shares of 0.08p (2007 1p each) | 51,344 | 1,125,000 |
| | 600,000 | 1,250,000 |

**Allotted, called up and fully paid**

| | **2008** **No** | **2007** **No** |
|---|---|---|
| Ordinary shares of 0.02p each (2007 1p each) | 1,322,512,965 | 64,179,932 |
| Deferred shares of 0.08p each (2007 1p each) | 64,179,932 | 577,616,688 |
| | 1,386,692,897 | 641,796,620 |

| | **2008** **£** | **2007** **£** |
|---|---|---|
| Ordinary shares of 0.02p each (2007 1p each) | 264,503 | 64,180 |
| Deferred shares of 0.08p each (2007 1p each) | 51,344 | 577,616 |
| | 315,847 | 641,796 |

The rights attaching to the Deferred Shares are as follows:

(a) no dividend or other distribution shall be paid or made in respect of the Deferred Shares;

(b) the holders of Deferred Shares shall not be entitled to receive notice of, or to attend and vote at any general meeting of the Company;

(c) on a return of capital, whether on a winding-up or otherwise, the holders of Deferred Shares shall be entitled to receive only the amount credited as paid up on each share, but only after the holders of each Ordinary Share have received the amount paid up or credited as paid up on each share, together with a payment of £10,000 per share;

(d) the Company may transfer the shares without making any payment to the holders thereof, to such persons as the Company may determine, and acquire the same in accordance with the provisions of the Companies Acts at a price of 0.08p each.

On 23 January 2008, the courts approved a capital reorganisation within the Company. This reduced the authorised share capital of the Company from £1,250,000 divided into 125,000,000 Ordinary Shares of 0.1p each and 1,125,000,000 Deferred Shares of 0.1p each to £125,000 divided into 125,000,000 Ordinary Shares of 0.1p each and cancelled the share premium account of the Company.

On 17 March 2008, £399,903.29 was returned to shareholders via a payment of 0.6231p per share in relation to the capital reduction. The deferred shares were also cancelled and extinguished.

As a result the issued share capital decreased from £641,796 divided into 64,179,932 Ordinary Shares of 0.1p each and 577,616,688 Deferred Shares of 0.1p to £64,180 divided into 64,179,932 Ordinary shares of 0.1p each.

On 30 September 2008 the Company held an extraordinary general meeting and it was resolved that the authorised Share Capital of the Company were increased from £125,000 to £600,000 by creation of 2,375,000,000 New Ordinary Shares, each such new Ordinary Share ranking pari passu and forming one uniform class of shares with the New Ordinary Shares of 0.02p created.

On 30 September 2008 each of the 64,179,932 existing issued ordinary shares of 0.1p in the capital of the Company were sub-divided and converted into one New Ordinary Share and one Deferred Share, each New Ordinary Shares of 0.02p and Deferred Share of 0.08p having rights and being subject to the restrictions set out in the articles of association of the Company as amended. And each of the 60,820,368 unissued Existing Ordinary Shares were sub-divided and converted into five New Ordinary Shares of 0.02p each and such shares (when issued) to rank pari passu and form one uniform class of shares with the New Ordinary Shares created.

On 30 September 2008 the share capital of the Company of £600,000 divided into 2,743,281,472 New Ordinary Shares of 0.02p each and 64,179,932 Deferred Shares of 0.08p each

On 30 September 2008: 1,000,000,000 shares were subscribed at 0.02p which equates to £200,000 share capital. On 6 October 2008: 200,000,000 subscriptions were made at 0.025p which equates to £50,000 made up of £40,000 share capital and £10,000 share premium. On 6 December 2008: 58,333,333 shares were subscribed at 0.60p which equates to £350,000 made up of £11,667 share capital and £338,333 share premium.

## 18. Capital Management Policy

The Group is actively seeking investment opportunities in the natural resources sector in Africa with a particular focus on gemstones.

## 19. Financial Instruments

The Group manages its capital to ensure its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group comprises equity attributable to equity holders of the Company consisting of issued ordinary share capital, reserves and retained earnings as disclosed in the Group Statement of Changes in Equity and cash and cash equivalents as disclosed in Note 14.

The Group maintains or adjusts its capital structure through the payment of dividends to shareholders, issue of new shares and buy-back of existing shares.

**Categories of financial instruments**

| | **2008** | 2007 |
|---|---|---|
| | **£** | £ |
| **Financial assets** | | |
| Receivables at amortised cost including cash and cash equivalents: | | |
| Cash and cash equivalents | 491,421 | 438,247 |
| Receivables | 16,390 | - |
| Assets of disposal group classified as held for sale | - | 2,888 |
| Total | 507,811 | 441,135 |
| **Financial liabilities** | | |
| Financial liabilities at amortised cost: | | |
| Trade and other payables | 18,065 | 32,491 |
| Liabilities of disposal group classified as held for sale | - | 16,490 |
| Net | 489,746 | 392,154 |

**Cash and cash equivalents**

This comprises cash held by the Group and short-term deposits. The carrying amount of these assets approximates their fair value.

## 19. Financial Instruments (continued)

### General risk management principles

The Directors have an overall responsibility for the establishment of the Group's risk management framework. A formal risk assessment and management framework for assessing, monitoring and managing the strategic operational and financial risks of the Group is in place to ensure appropriate risk management of its operations.

The following represent the key financial risks that the Group faces:

Interest rate risk

The Group is not exposed to significant interest rate risks as it does not have any interest bearing liabilities and its only interest-bearing asset is cash invested on a short-term basis. A 50 basis point increase/decrease in the interest rate of interest bearing financial assets would lead to a £2,000 increase/decrease in the Group's retained losses.

Credit risk

Credit risk is the risk that the counterparty will default on its contractual obligations, resulting in financial loss. Credit risk arises from cash and cash equivalents and credit exposures on outstanding receivables and committed transactions.

There were no amounts past due at the balance sheet date.

The maximum exposure to credit risk in respect of the above at 31 December 2008 is the carrying value of financial assets recorded in the financial statements.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due.

Liquidity risk is managed through an assessment of short, medium and long-term cash flow forecasts to ensure the adequacy of working capital.

### Fair value of financial assets and liabilities

The directors consider that there is no significant difference between the book value and fair value of the Group's financial assets and liabilities.

## 20. Equity-settled share-based payments

The following options over ordinary shares were granted in the year:

| Date | Exercise price | Exercise period | Number of options |
|---|---|---|---|
| 30 September 2008 | 0.02p | 5 Years | 500,000,000 |

At the date of grant, the options were valued using the Black-Scholes option pricing model. The fair value per option granted and the assumptions used in the calculation were as follows:

| | |
|---|---|
| Date of grant | 30 September 2008 |
| Expected volatility | 54% |
| Expected life | 1 year |
| Risk-free interest rate | 2.88% |
| Expected dividend yield | - |
| Possibility of ceasing employment before vesting | - |
| Fair value per option | 0.012p |

The charge to the income statement for share based payments during the year ended 31 December 2008 was £33,441.

## 21. Events after the Balance Sheet Date

On 23 January 2009, the Company changed its name from TV Commerce Holdings Plc to Gemstones of Africa Group Plc.

On 13 March 2009, the Company entered into collaboration and option agreement leading to a joint venture agreement on a group of emerald mining licences in Tanzania, Africa, with Obtala Resources Plc and Obtala's subsidiary Mindex Invest Limited. Under the terms of the option agreement the Company will acquire the sole right and option to purchase initial twelve and a half per cent beneficial interest in the licences in exchange for issuing common shares the equivalent of five per cent of the Company's share capital to Obtala (option 1), totalling 71,428,571 shares. This equity, which equates to a value of £446,428 (based on the closing price on 12 March 2009 of 0.625p per Ordinary Shares), is placed in Obtala treasury.

On 27 May 2009, the Company signed an option agreement with Javad Investments Company Limited, a private Tanzanian registered Company for two prospecting licences in Tanzania. Under the terms of the option agreement Gemstones of Africa will acquire an initial 25% interest in both licences for a cash consideration payment of US$15,000 per licence.

## 22. Related Party Transactions

During the year Mr. V. A. Stanzione, a former director and majority shareholder, signed a loan waiver Agreement for £35,000 against an amount of £21,552, due to him at 31 December 2008 which was waived.

## 23. Ultimate Controlling Party

The Group considers its ultimate controlling party to be Christopher Potts and Robert Quested.

## COMPANY BALANCE SHEET

| Current Assets | Note | 2008 £ | 2007 £ |
|---|---|---|---|
| Other debtors | 4 | 16,390 | - |
| Investments | 3 | 100 | 2 |
| Cash at bank and in hand | | 491,421 | 431,039 |
| **TOTAL ASSETS** | | 507,911 | 431,041 |
| **Creditors: amounts falling due within one year** | | | |
| Trade and other creditors | 5 | 18,062 | 32,491 |
| | | 18,062 | 32,491 |
| **Net Assets** | | 489,849 | 398,550 |
| **Capitals and Reserves** | | | |
| Called-up share capital | 6 | 315,847 | 641,796 |
| Share premium account | 7 | 301,327 | 624,066 |
| Share option reserve | | 33,441 | - |
| Profit and loss account | 7 | (160,766) | (867,312) |
| **Shareholder's funds** | 8 | 489,849 | 398,550 |

## NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

### 1. Accounting Policies

**Basic of Preparation of Company Financial Statements**

The Company Financial Statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the Parent Company Income Statement.

**Investments**

Investments are stated at cost less any provision for permanent diminution in value.

### 2. Staff Costs

| Staff costs, including Directors' emoluments, were as follows: | 2008 £ | 2007 £ |
|---|---|---|
| Wages and salaries | 15,750 | 73,750 |
| Social security costs | - | 4,776 |
| | 15,750 | 78,526 |

The average number of persons employed by the Company, including Directors, during the year was:

| | **2008** | **2007** |
|---|---:|---:|
| Administration | 3 | 2 |

**Directors' Remuneration**

The aggregate Directors' emoluments, including compensation for loss of office, in the year were £15,750 (2007: £73,750).

## 3. Investments

| Company | Investment in subsidiaries £ |
| --- | --- |
| **Cost** | |
| At 1 January 2008 | 2 |
| Additions | 100 |
| Disposal | (2) |
| At 31 December 2008 | 100 |

As at 31 December 2008, the Company owned the entire ordinary share capital of its subsidiary undertaking, Gemstones of Africa Limited. The shares in The Advert Channel Limited and TV Commerce Limited were disposed of during the year.

| Subsidiary | Country of Registration | Holding | Proportion of voting Rights held | Nature of Business |
| --- | --- | --- | --- | --- |
| Gemstones of Africa Limited | England and Wales | Ordinary Shares | 100% | Dormant |

## 4. Debtors

| | 2008 | 2007 |
| --- | --- | --- |
| Other debtors | 16,390 | - |

## 5. Creditors

| Amounts falling due within one year | 2008 £ | 2007 £ |
| --- | --- | --- |
| Trade creditors | 9,963 | 500 |
| Amounts owed to Group undertakings | - | 1 |
| Other taxes and social security | - | 4,204 |
| Other creditors | - | 3,664 |
| Accruals and deferred income | 8,099 | 24,122 |
| | 18,062 | 32,491 |

## 6. Called Up Share Capital

**Authorised share capital**

| | 2008 No | 2007 No |
|---|---|---|
| Ordinary shares of 0.02p each (2007 1p each) | 2,743,281,472 | 125,000,000 |
| Deferred shares of 0.08p each (2007 1p each) | 64,179,932 | 1,125,000,000 |
| | 2,807,461,404 | 1,250,000,000 |

| | 2008 £ | 2007 £ |
|---|---|---|
| Ordinary shares of 0.02p each (2007 1p each) | 548,656 | 125,000 |
| Deferred shares of 0.08p each (2007 1p each) | 51,344 | 1,125,000 |
| | 600,000 | 1,250,000 |

| **Allotted, called up and fully paid** | 2008 No | 2007 No |
|---|---|---|
| Ordinary shares of 0.02p each (2007 1p each) | 1,322,512,965 | 64,179,932 |
| Deferred shares of 0.08p each (2007 1p each) | 64,179,932 | 577,616,688 |
| | 1,386,692,897 | 641,796,620 |

| | 2008 £ | 2007 £ |
|---|---|---|
| Ordinary shares of 0.02p each (2007 1p each) | 264,503 | 64,180 |
| Deferred shares of 0.08p each (2007 1p each) | 51,344 | 577,616 |
| | 315,847 | 641,796 |

## 6. Called Up Share Capital (continued)

The only rights attached to the Deferred Shares are as follows:

(a) no dividend or other distribution shall be paid or made in respect of the Deferred Shares;

(b) the holders of Deferred Shares shall not be entitled to receive notice of, or to attend and vote at any general meeting of the Company;

(c) on a return of capital, whether on a winding-up or otherwise, the holders of Deferred Shares shall be entitled to receive only the amount credited as paid up on each share, but only after the holders of each Ordinary Share have received the amount paid up or credited as paid up on such share, together with a payment of £10,000 per share;

(d) the Company may transfer the shares without making any payment to the holders thereof, to such persons as the Company may determine, and acquire the same in accordance with the provisions of the Companies Acts at a price of 0.08p each.

On 23 January 2008, the courts approved a capital reorganisation within the Company. This reduced the authorised share capital of the Company from £1,250,000 divided into 125,000,000 Ordinary Shares of 0.1p each and 1,125,000,000 Deferred Shares of 0.1p each to £125,000 divided into 125,000,000 Ordinary Shares of 0.1p each and cancelled the share premium account of the Company.

On 17 March 2008, £399,903.29 was returned to shareholders via a payment of 0.6231p per share in relation to the capital reduction. The deferred shares were also cancelled and extinguished.

As a result the issued share capital decreased from £641,796 divided into 64,179,932 Ordinary Shares of 0.1p each and 577,616,688 Deferred Shares of 0.1p to £64,180 divided into 64,179,932 Ordinary shares of 0.1p each.

On 30 September 2008 the Company held an extraordinary general meeting and it was resolved that the authorised Share Capital of the Company were increased from £125,000 to £600,000 by creation of 2,375,000,000 New Ordinary Shares, each such new Ordinary Share ranking pari passu and forming one uniform class of shares with the New Ordinary Shares of 0.02p created.

On 30 September 2008 each of the 64,179,932 existing issued ordinary shares of 0.1p in the capital of the Company were sub-divided and converted into one New Ordinary Share and one Deferred Share, each New Ordinary Shares and Deferred Share of 0.08p having rights and being subject to the restrictions set out in the articles of association of the Company as amended. And each of the 60,820,368 unissued Existing Ordinary Shares were sub-divided and converted into five New Ordinary Shares of 0.02p each and such shares (when issued) to rank pari passu and form one uniform class of shares with the New Ordinary Shares created.

On 30 September 2008 the share capital of the Company of £600,000 divided into 2,743,281,472 New Ordinary Shares of 0.02p each and 64,179,932 Deferred Shares of 0.08p each

On 30 September 2008: 1,000,000,000 shares were subscribed at 0.02p which equates to £200,000 share capital. On 6 October 2008: 200,000,000 subscriptions were made at 0.025p which equates to £50,000 made up of £40,000 share capital and £10,000 share premium. On 6 December 2008: 58,333,333 shares were subscribed at 0.60p which equates to £350,000 made up of £11,667 share capital and £338,333 share premium.

## 7. Reserves

| | Share Capital | Share Premium | Retained Earnings Account | Share Option Reserve | Total |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **At 1 January 2008** | 641,796 | 624,066 | (867,312) | - | 398,550 |
| Cancellation of deferred shares | (177,713) | - | 177,713 | - | - |
| Cancellation of share premium | - | (624,066) | 624,066 | - | - |
| Capital reduction | (399,903) | - | - | - | (399,903) |
| Proceed from shares issued | 251,667 | 348,333 | - | - | 600,000 |
| Cost on shares issued | - | (47,006) | - | - | (47,006) |
| Share option reserve | - | - | - | 33,441 | 33,441 |
| Loss for the year | - | - | (95,233) | - | (95,233) |
| **At 31 December 2008** | 315,847 | 301,327 | (160,766) | 33,441 | 489,849 |

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Company is not presented as part of these Financial Statements. The Consolidated loss after tax for the year includes a loss of £95,233 (2007: £93,966) in respect of the Company.

## 8. Reconciliation of Movement in Shareholders' Funds

| | 2008 | 2007 |
|---|---|---|
| | £ | £ |
| At 1 January 2008 | 398,550 | 492,515 |
| Share capital | (325,949) | - |
| Share premium | (322,739) | - |
| Share option reserve | 33,441 | - |
| Retained profit/(loss) for the year | 706,546 | (93,965) |
| At 31 December 2008 | 489,849 | 398,550 |

## 9. Events after the Balance Sheet Date

On 23 January 2009, the Company changed its name from TV Commerce Holdings Plc to Gemstones of Africa Group Plc

On 13 March 2009, the Company entered into collaboration and option agreement leading to a joint venture agreement on a group of emerald mining licences in Tanzania, Africa, with Obtala Resources Plc and Obtala's subsidiary Mindex Invest Limited. Under the terms of the option agreement the Company will acquire the sole right and option to purchase initial twelve and a half per cent beneficial interest in the licences in exchange for issuing common shares the equivalent of five per cent of the Company's share capital to Obtala (option 1), totalling 71,428,571 shares. This equity, which equates to a value of £446,428 (based on the closing price on 12 March 2009 of 0.625p per Ordinary Shares), is placed in Obtala treasury.

On 27 May 2009, the Company signed an option agreement with Javad Investments Company Limited, a private Tanzanian registered Company for two prospecting licences in Tanzania. Under the terms of the option agreement Gemstones of Africa will acquire an initial 25% interest in both licences for a cash consideration payment of US$15,000 per licence.

## 10. Related Party Transactions

During the year Mr. V. A. Stanzione, a former director and shareholder, signed a loan waiver Agreement for £35,000, against an amount of £21,552 due to him at 31 December 2008 which was waived.

The Company is exempt from the requirement to disclose related party transactions with other group companies under Financial Reporting Standard 8.

## 11. Ultimate Controlling Party

The Company considers its ultimate controlling party to be Christopher Potts and Robert Quested.

For further information please contact:

Gemstones of Africa Group Plc Tel. 07884437468
David Hargreaves, Managing Director

Daniel Stewart & Company plc Tel. 020 7776 6550
Stewart Dick /Simon Leathers

**Notes:**

Gemstones of Africa Group Plc. is the holding company of a mineral exploration and development group focusing on gemstone opportunities in Africa. The Group is led by a management team which has international experience of Gemstones and Mining in emerging markets worldwide. The Group's objective is to enter into joint ventures on a number of projects in East Africa and, ultimately, to increase the value of its assets through the development of these resources and where appropriate, commence production of these economically feasible assets.

The Group's strategy will focus on working with local partners to promote a 'mine-to-market' philosophy and develop fair trade principles. It is proposed to produce raw gemstones, undertake the cutting and market the finished quality gems to realise the full value of the assets. The Directors will utilise both internal and external expertise to develop the Mineral Assets and ensure that all gemstones are produced and marketed according to these fair trade principles.