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TV Commerce Holdings PLC

TV Commerce Holdings PLC (“TV Commerce” or the “Group”), the AIM-listed media and entertainment company specialising in TV, telephony entertainment content and broadcasting services, today reports its Interim Results for the six months ended 30 June 2006.

Highlights / recent activity

- Turnover of £1 million, 231% ahead on first six months of 2005
- Turnover for the first six months ahead of turnover for full year in 2005
- Maiden pre tax profit of £63,416
- Gross Margin 29%
- Strong second half trading to date with sales for July and August £0.4 million.

Commenting on the results TV Commerce Chief Executive Vince Stanzione said:

“The growth in revenue and our maiden profit have been achieved by continuing to evolve what has become a successful platform for interactive television. With sales in July and August reaching new monthly records for the Group, the Board remains confident in relation to the outlook for the rest of the year.”

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Chairman's statement

For the six months ended 30 June 2006

I am delighted we are able to report our maiden profit during the first half of 2006, on the back of a substantial increase in revenue. This improvement in performance has been achieved against a backdrop of increased competition and a continuing presence of tight regulatory controls. Not only did sales for the half outstrip those for the whole of 2005, trading in the first two months of the second half has continued to grow strongly, setting new monthly sales records.

Our activities continue to focus on the delivery of niche programmes using the Sky Television platform, to generate funds from premium rate billing from viewers who call in or use our text messaging services. We also continue to use interactive technology to enhance viewing experiences, using a range of multi-media platforms such as mobile telephony, MMS, SMS, WAP, 3G, fixed line telephony, the Internet and web TV.

We now broadcast over 16.5 hours a day of live content over seven days a week - which is significantly ahead of last year. Alongside the growth in revenues, we continue to ensure that our transmission costs remain among the lowest in the industry.

One of our key strengths continues to be our ability to switch rapidly between formats to maximise revenue opportunities at different times of the day. We offer our customers a range of interactive programming, which includes psychic interest, astrology, chat, dating, gaming and betting.

Your Destiny

Our psychic and astrology-based programme, remains a popular format. Although we have, in recent broadcast schedules, been trialling other formats, customers from our 26,000-strong database of users continue to send text messages and call our psychics, generating premium rate revenues.

Chat & Dating Formats

Building on the success of our 'Match 69698' text base service and the trial of chat based format, produced for third parties at the start of the year, we have successfully launched our own chat and dating programme. As with our psychic shows, the programme is free to watch, with income generated from text and premium rate calls. The formats are broadcasted on SKY to over 8 million homes from 1pm to 5.30am

TV Gaming

The TV gaming sector has been affected by the change in the way SKY classifies its electronic programming guide, and by the increase in the number of new players in this market. Accordingly we have delayed the launch of our Quiz Roulette format, even though this has achieved the necessary regulatory approval from Ofcom to run in the

UK. The intellectual property in relation to the format and the brand, however, remain available to license or broadcast in other geographic regions.

Mobile Casino Gaming

Our joint venture with Probability Games, announced last year, continues to produce monthly revenues. We now have over 2,400 registered players who can download free games to their mobile phone, with the option to transfer and play for money, subject to age and identity verification controls. With previous success following an advertising campaign on Channel 5 around late night poker shows, we plan to run a new campaign to promote our new 777casino brand and continue to develop new formats.

Summary

Whilst our positioning within our industry sector has established the Company for further growth, we remain aware that the future of the industry will continue to be heavily influenced by the regulatory framework within which we operate. In this respect we continue to work closely with the relevant authorities to ensure that our broadcasting and mobile formats meet the required guidelines. With September to December traditionally stronger months for TV viewing, we are looking forward to strong trading in the second half.

Andy Mintern
Chairman

Consolidated Profit and Loss Account

For the six months ended 30 June 2006

	Notes	6 months to 30 June 2006 £	6 months to 30 June 2005 £	12 months to 31 Dec 2005 £
GROUP TURNOVER		1,033,265	311,726	723,992
Cost of sales		(733,412)	(429,444)	(908,741)
GROSS PROFIT / (LOSS)		299,853	(117,718)	(184,749)
Administration expenses		(233,570)	(157,337)	(380,010)
GROUP OPERATING PROFIT / (LOSS)		66,283	(275,055)	(564,759)
Interest receivable and similar items		-	8,441	13,514
Interest payable and similar charges		(2,867)	-	(144)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		63,416	(266,614)	(551,389)
TAXATION		-	-	-
PROFIT/ (LOSS) AFTER TAXATION		63,416	(266,614)	(551,389)
Dividend		-	-	-
RETAINED PROFIT / (LOSS) FOR THE PERIOD		63,416	(266,614)	(551,389)
Profit/(loss) per ordinary share (in pence):				
Basic profit/(loss) per share	2	0.09p	(0.58)p	(1.0)p

Consolidated Balance Sheet

As at 30 June 2006

	Notes	As at 30 June 2006 £	As at 30 June 2005 £	As at 31 Dec 2005 £
FIXED ASSETS				
Tangible		14,801	-	16,141
CURRENT ASSETS				
Debtors		392,624	144,313	300,495
Cash at bank and in hand	4	81,706	489,624	179,807
		<u>474,330</u>	<u>633,937</u>	<u>480,302</u>
CREDITORS:				
Amounts falling due within one year		(79,401)	(54,185)	(150,129)
		<u>394,929</u>	<u>579,752</u>	<u>330,173</u>
NET CURRENT ASSETS				
		<u>394,929</u>	<u>579,752</u>	<u>330,173</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				
		409,730	579,752	346,314
CREDITORS:				
Amounts falling due after more than one year		-	-	-
		<u>409,730</u>	<u>579,752</u>	<u>346,314</u>
NET ASSETS				
		<u>409,730</u>	<u>579,752</u>	<u>346,314</u>
CAPITAL AND RESERVES				
Called up share capital		641,796	641,796	641,796
Share premium account		624,066	624,066	624,066
Merger reserve		66,351	66,351	66,351
Profit and loss account		(922,483)	(752,461)	(985,899)
EQUITY SHAREHOLDERS' FUNDS	5	<u>409,730</u>	<u>579,752</u>	<u>346,314</u>

Consolidated Cash Flow

For the six months ended 30 June 2006

Notes	6 months to 30 June 2006 £	6 months to 30 June 2005 £	12 months to 31 Dec 2005 £
Reconciliation of profit/(loss) before interest and taxation to operating cash outflow			
Operating profit/(loss)	66,283	(275,055)	(564,759)
Depreciation of tangible fixed assets	1,340	-	949
Increase in debtors	(92,129)	(11,928)	(168,110)
(Decrease)/increase in creditors	(70,728)	(34,354)	112,927
	(95,234)	(321,337)	(618,993)
Returns on investments and servicing of finance			
Interest received	-	8,441	13,514
Interest paid	(2,867)	-	(144)
	(2,867)	8,441	13,370
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	-	-	(17,090)
	(98,101)	(312,896)	(622,713)
Net Cash outflow before financing			
Financing			
Shares issued	-	1,248,761	1,248,761
Flotation expenses	-	(416,550)	(416,550)
Repayment of loans	-	(105,000)	(105,000)
	-	727,211	727,211
(Decrease)/increase in net cash in the period	4 (98,101)	414,315	104,498

Notes to Financial Statements

For the six months ended 30 June 2006

1. Basis of preparation

This Interim Statement has not been audited and does not constitute accounts within the meaning of section 240 of the Companies Act 1985.

The Group's Interim Statement consolidates the financial statements of TV Commerce Holdings PLC and its subsidiaries, TV Commerce Limited and The Advert Channel Limited, each of which have been made up to 30 June 2006 and accounted for under merger accounting.

The statutory accounts for TV Commerce Holdings PLC for the period to 31 December 2005 received an unqualified Auditor's Report and have been filed with the Registrar of Companies.

2. Loss per share

Basic Loss per share for the six months to 30 June 2006 is calculated by dividing the Group's profit after taxation of £63,416 (six months to 30 June 2005: loss of £266,614) by the weighted average number of shares in issue during the period of 64,179,632 (six months to 30 June 2005: 45,766,881)

3. Dividend

The directors do not recommend a dividend for the period to 30 June 2006.

4. Reconciliation of net cash flow to movement in net funds

	6 months to 30 June 2006 £	6 months to 30 June 2005 £	12 months to 31 Dec 2005 £
(Decrease)/increase in net cash in the period	(98,101)	414,315	104,498
Loans repaid	-	105,000	105,000
Conversion of loans to equity	-	500,000	500,000
Movement in net funds in the period	(98,101)	1,019,315	709,498
Net funds/(debt) beginning of period	179,807	(529,691)	(529,691)
Net funds/(debt) end of period	81,706	489,624	179,807

Notes to Financial Statements

For the six months ended 30 June 2006

5. Shareholders' funds

On 22 November 2004, the Company was incorporated with an authorised share capital of 1,000 £1 ordinary shares, of which 1 £1 ordinary share was allotted at par for cash.

On 18 January 2005, the share capital was subdivided into 100 ordinary shares of £0.01 each and, on the same date, the share capital was increased by the creation of 124,900,000 shares, increasing the value of the authorised share capital to £1,250,000.

On 18 January 2005, 43,367,200 ordinary shares of £0.01 each were issued in exchange for the whole of the issued share capital of TV Commerce Limited.

On 10 February 2005, a further 20,662,332 ordinary shares of £0.01 each were issued for a cash consideration of £1,239,740.

On 17 March 2005, 150,000 ordinary shares of £0.01 each were issued for a cash consideration of £9,000.

6. Copies of the Interim Statement

Pursuant to Rule 20 of the AIM rules, copies of the Interim Statement will be available to Shareholders on the Company's web site at www.tvcommerce.tv and on request from the Company Secretary at the Companies registered office.