

For immediate release

22 December 2006

MEDIA STEPS GROUP PLC
("Media Steps" or the "Company")

Unaudited Interim Results for the six months ended 30 September 2006
and AGM

The results for the six months ended 30 September 2006 covers the period when the Company disposed of its principal trading subsidiary for nominal consideration. As full provision was made for the losses arising from this transaction in the results for the year ended 31 March 2006, the interim results purely reflect the trading of the holding company.

As all overheads were cut to zero after the trading company was disposed of on 30 June 2006, the ongoing costs represent the costs associated with maintaining our AIM listing and professional fees.

As announced on 22 December 2006 the Company has now managed to secure new finance, conditional upon, *inter alia*, shareholder approval. At the same time agreement has been reached with the Group's principal creditors for sums considerably less than the provision contained in the last report and accounts. The exceptional item represents the release of this provision.

At the Annual General Meeting of the Company held on 22 December 2006 all the resolutions were duly passed.

I hope we can now look forward to a brighter future for the business, subject to completion of all the proposed refinancing proposals.

Neil McClure

Chairman

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**UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE 6 MONTH PERIOD ENDED 30 SEPTEMBER 2006**

	6 months to 30 Sept 2006	12 months to 31 March 2006	8 months to 30 Sept 2005
			£
Turnover	0	172,949	79,822
Cost of sales	0	(157,203)	(60,488)
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Gross profit	0	15,746	19,334
Administrative expenses	(105,595)	(921,827)	(473,519)
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Operating loss	(105,595)	(906,081)	(454,185)
Other interest receivable and similar income	685	24,101	22,413
Interest payable and similar charges	(7,425)	(11,176)	(8,500)
Profit on sale of asset		(500)	
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Loss on ordinary activities before taxation	(112,335)	(893,656)	(440,272)
Exceptional Items	161,920	(1,232,443)	-
Tax on loss on ordinary activities	-	-	-
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Profit / loss on ordinary activities after taxation	49,585	(2,126,099)	(440,272)
Minority interests	-	-	(668)
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Loss for the period	49,585	(2,126,099)	(440,940)
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Basic EPS	£0.068	(£2.95)	(£0.008)
Diluted EPS	£0.068	(£2.95)	(£0.0078)

**UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2006**

	30 Sept 2006	31 March 2006	30 Sept 2005
	£	£	£
Fixed assets			
Intangible assets	-	171,438	148,782
Tangible assets	-	221,145	115,244
Goodwill on consolidation	-	-	640,218
	-	392,583	904,244
Current assets			
Debtors	1,175	79,047	125,188
Cash at bank and in hand	85,954	320,918	835,908
	87,129	399,965	961,096
Creditors: amounts falling due within one year	(51,327)	(251,069)	(207,184)
Net current assets	35,802	148,896	753,912
Total assets less current liabilities	35,802	541,479	1,658,156
Creditors: amounts falling due after more than one year	(330,000)	(347,953)	(366,667)
Provisions for liabilities and charges	(40,000)	(577,310)	-
	(334,198)	(383,784)	1,291,489
Capital and reserves			
Called up share capital	720,000	720,000	720,000
Share premium account	1,022,315	1,022,315	1,022,315
Profit and loss account	(2,076,513)	(2,126,099)	(440,940)
Shareholders' funds – equity interests	(334,198)	(383,784)	1,301,375
Minority interests	-	-	(9,886)
	(334,198)	(383,784)	1,291,489

**UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2006**

**6 months to
30 September 2006**

Net cash outflow from operating activities		(166,855)
Returns on investments and servicing of finance		
Interest paid	(7,425)	
Interest received	<u>685</u>	
Net cash inflow for returns on investments and servicing of finance		<u>(6,740)</u>
Financial investment		
Receipts from sale of tangible assets	-	
Receipts from sale of intangible assets	<u>-</u>	
Net cash inflow for capital expenditure		<u>-</u>
Net cash outflow before management of liquid resources and financing		(173,595)
Financing		
Capital element of finance lease contracts	(4,373)	
Loans	(56,667)	
Loan notes	<u>-</u>	
Net cash outflow from financing		<u>(61,040)</u>
Increase in cash in the period		<u>(234,635)</u>

NOTES TO THE UNAUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2006

1

Reconciliation of operating loss to net cash outflow from operating activities

Operating profit/(loss)	(105,595)
Depreciation of tangible assets	0
Amortisation of intangible assets	0
Adjustment on loss of subsidiary	17,194
Decrease in debtors	77,872
Decrease in creditors	(156,326)
Net cash outflow from operating activities	(166,855)

2 **Analysis of net funds**

	31 March 2006 £	Cash Flow £	Other non- cash changes £	30 Sept 2006 £
Net Cash				
Cash at bank and in hand	320,918	(234,964)	-	85,954
Bank overdrafts	(329)	329	-	
	320,589	(234,635)	-	85,954
Finance leases	(4,373)	4,373	-	-
Loans	(56,667)	56,667	-	-
Loan notes	(330,000)	-	-	(330,000)
	(391,040)	61,040	-	(330,000)
Net funds	(70,451)	(173,595)	-	(244,046)

3 **Reconciliation of net cash flow to movement in net debt**

	30 Sept 2006 £
Decrease in cash in the period	(234,635)
Cash outflow from decrease in debt	61,040
Change in net debt resulting from cash flows	(173,595)
Loans acquired with subsidiary	-
New finance lease	-
Movement in net funds in the period	(173,595)
Opening net funds	(70,451)

Closing net funds

(244,046)

4 Basis of Preparation

The Interim figures have not been audited. The interim financial statements do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 and were approved by the Directors on 21st December 2006.

The earnings per share for the 8 months ended 30 September 2005 are calculated on the basis of the weighted average number of shares in issue during the period being 54,457,627. The earnings per share for the six months ended 30 September 2006 and the 12 months ended 31 March 2006 are calculated on the basis of the weighted average number of shares in issue during the period being 72,000,000.

The figures do not include any trading results of subsidiary companies sold on 30th June 2006 on the basis that full provision for losses on the sale of those subsidiaries were made in the audited figures for the year ended 31st March 2006. The interim figures therefore show the holding company activity only, which represents the continuing activities.

- 5 Copies of this statement are available at the registered office of Media Steps Group Plc, 5th Floor, 17 Hanover Square, London, NW1 1HU.

6 Exceptional Item

The exceptional item relates to a reduction in the provision relating to the potential claim for breach of contract with Mr J E Farmer, the former Sales Director.

ENDS