THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should consult an independent professional adviser authorised for the purposes of the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities in the United Kingdom. The whole of the text of this document should be read. Prospective investors should carefully consider the section entitled "Risk Factors" in Part II of this document before taking any action.

This document, which comprises an admission document for the purposes of the AIM Rules and a prospectus for the purposes of the Public Offers of Securities Regulations 1995 (as amended) (the "POS Regulations") has been drawn up in accordance therewith. A copy of this document has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4(2) of the POS Regulations. The Directors of Immedia Broadcasting PLC, whose names appear on page 8 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made for the whole of the ordinary shares (including the Placing Shares) to be admitted to trading on the Alternative Investment Market of the London Stock Exchange plc ("AIM") ("Admission"). It is expected that Admission will become effective and that dealings will commence on AIM on 12 December 2003. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the UK Listing Authority ("Official List"). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with his or her own independent financial adviser. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of these securities to the Official List. Further, the London Stock Exchange plc has not itself examined or approved the contents of this document. The Ordinary Shares are not dealt in on any other recognised investment exchange.

IMMEDIA BROADCASTING PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 4947859)

Placing of 4,590,310 Ordinary Shares of 10p each at 110p per share

and

ADMISSION TO TRADING ON THE ALTERNATIVE INVESTMENT MARKET

Nominated Adviser and Broker

TEATHER & GREENWOOD LIMITED

Teather & Greenwood Limited ("Teather & Greenwood") which is regulated and authorised in the United Kingdom by the Financial Services Authority, is acting as nominated adviser and broker respectively to the Company (for the purpose of the AIM Rules) and no one else in connection with the Placing and the Admission and will not be responsible to any person other than the Company for providing the protections afforded to customers of Teather & Greenwood nor for providing advice in relation to the contents of this document or any matter, transaction or arrangement referred to in it. Teather & Greenwood's responsibilities as the Company's nominated adviser and broker under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of their decision to acquire Ordinary Shares in the Company in reliance on any part of this document.

This document should not be copied or distributed by recipients and, in particular, should not be distributed by any means, including electronic transmission, to persons with addresses in Canada, Australia, Japan, the Republic of Ireland or the United States of America or any of its possessions or territories, or to any citizens, residents or nationals thereof, or to any corporation, partnership or other entity created or organised under the laws thereof or any country outside of the United Kingdom. Any such distribution could result in a violation of the laws of such countries.

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DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

"Act"	the Companies Act 1985 (as amended)
"Admission"	the admission of the Ordinary Shares (including the Placing Shares) to trading on AIM and such admission becoming effective in accordance with the AIM Rules
"AIM"	the Alternative Investment Market of the London Stock Exchange
"AIM Rules"	the rules for companies whose securities are traded on AIM and their nominated advisers published by the London Stock Exchange as amended from time to time
"Articles"	the articles of association of the Company adopted on 20 November 2003, conditional only upon and with effect from Admission
"BBME"	BBME Media Group Limited, a company controlled by Bruno Brookes
"Celesio"	Celesio AG, a company incorporated in Germany being the ultimate parent company of Lloyds Pharmacy and Vitus
"certificated or "in certificated form"	the description of a share or other security which is not in uncertificated form (that is, not in CREST)
"Company"	Immedia Broadcasting PLC
"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the Operator (as defined in the CREST Regulations)
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
"Directors" or "Board"	the directors of the Company whose names are listed on page 8 of this document
"Enlarged Share Capital"	the entire issued share capital of the Company immediately following the Placing
"FSA"	the Financial Services Authority Limited
"FSMA"	the Financial Services and Markets Act 2000, as amended including any regulations made pursuant thereto
"Group"	the Company and its subsidiaries
"Immedia"	Immedia Broadcast Limited, the principal operating subsidiary of the Company
"London Stock Exchange"	London Stock Exchange plc
"Lloyds Pharmacy"	Lloyds Pharmacy Limited
"New Ordinary Shares"	the 4,090,910 new Ordinary Shares to be issued by the Company pursuant to the Placing
"Official List"	the official list of the UK Listing Authority
"Ordinary Shares"	the ordinary shares of 10p each in the capital of the Company
"Placing"	the placing by Teather & Greenwood of the Placing Shares at the Placing Price pursuant to the Placing Agreement
"Placing Agreement"	the conditional placing agreement between the Directors (1), the Company (2) and Teather & Greenwood (3) dated 12 December 2003 relating to the Placing and Admission, particulars of which are summarised in paragraph 8 of Part VI of this document
"Placing Price"	the price of 110p per Placing Share

"Placing Shares"	the 4,590,310 Ordinary Shares which are the subject of the Placing being the New Ordinary Shares to be issued and the Sale Shares to be sold pursuant to the Placing
"POS Regulations"	the Public Offers of Securities Regulations 1995 (as amended)
"Sale Shares"	the 499,400 existing Ordinary Shares to be sold by the Sellers pursuant to the Placing
"Sellers"	the sellers of the Sale Shares
"Shareholders"	holders of Ordinary Shares
"Share Option Schemes"	the Storm Digital Broadcasting Enterprise Management Incentives Share Option Scheme and the Immedia Broadcasting PLC Share Option Scheme, details of which are set out in paragraph 7 of Part VI of this document
"Teather & Greenwood"	Teather & Greenwood Limited which is regulated and authorised in the United Kingdom by the FSA
"uncertificated" or "in uncertificated form"	an Ordinary Share recorded on the Company's register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"UK Listing Authority"	a division of the FSA acting as a competent authority for purposes of Part VI of the Financial Services and Markets Act 2000
"Vitus"	Vitusapotek AS, a Norwegian pharmacy retailer, a company incorporated in Norway, whose ultimate parent company is Celesio

GLOSSARY

"POS"	point of sale
"CTN"	a store which sells any or all of confectionary, tobacco and newspapers
"EPOS"	electronic point of sale
"NAR"	Newsagents Radio
"symbol group"	a collection of retail stores trading under the same name

KEY INFORMATION

THE FOLLOWING INFORMATION MUST BE READ IN CONJUNCTION WITH THE WHOLE OF THIS DOCUMENT INCLUDING IN PARTICULAR THE SECTION HEADED **RISK FACTORS** ON PAGE 15.

Business of the Group

Immedia designs and operates live radio stations providing tailored commercial programming to retail outlets. In February 2002, Immedia launched its first fully operational live retail radio station, *Newsagents Radio*, which now broadcasts its tailored programming to approximately 2,300 CTN and convenience stores in the UK.

In April 2003, Immedia launched *Lloydspharmacy Live* after signing a five year broadcast contract with Lloyds Pharmacy to broadcast this station. On 1 December 2003, Immedia signed a contract with a leading high street retailer to provide a radio station for up to 50 of its stores for an initial trial period of three months. Immedia is expecting to launch a pilot subscription-based radio station for a further national retail chain within the next three months and has agreed terms in principle to launch a Norwegian language station to be broadcast to over 100 Vitus stores, a chain of Norwegian pharmacies (ultimately owned by Celesio, the ultimate parent company of Lloyds Pharmacy) expected to be launched in April 2004. In addition, terms have been agreed in principle with retailers which could lead to approximately a further 5,000 stores for NAR.

The Immedia Product

Immedia's principal product is a live broadcast that blends a selection of music (intended to satisfy the demographic type and anticipated mood of the customers) with appropriate real time presenters, humour, trivia, news and information specifically targeted at the consumer and the retailer's staff . The Directors believe that this is a higher quality product which can carry advertising more effectively.

Financial Information

The Company is the holding company of the Group and apart from this has not traded. The following financial information has been extracted from the accountant's reports on Immedia for the three periods ended 31 December 2002 and for the eight months to 31 August 2003 contained in Parts IV and V of this document respectively and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information.

	Period from 8 November to 31 December 2000	*12 months ended 31 December 2001*	*12 months ended 31 December 2002*	*8 months ended 31 August 2003*
	£	£	£	£
Turnover	155,278	143,729	983,242	1,234,274
EBITDA (before exceptionals)	(1,194,219)	(1,023,933)	(499,834)	99,188
(Loss) before taxation	(1,242,790)	(1,087,232)	(650,905)	(416,068)

The table above includes the last three periods trading history of Immedia but the financial results for the year ended 31 December 2002 and the eight months to 31 August 2003 are of most significance as they relate primarily to the ongoing retail radio station business. The financial results for the period to 31 December 2001 relate primarily to an internet radio station which ceased broadcasting in May 2001.

Further financial information on the Group is provided in Parts III, IV and V of this document.

Reasons for the Placing and Admission

The Company intends to raise approximately £3,770,000 (net of expenses) pursuant to the Placing. The net proceeds of the Placing will be used to fund the continued roll out of *Newsagents Radio*, repay certain outstanding loans and debts, acquire a business and certain assets from BBME and provide working capital for the Group. It will also provide an opportunity for certain existing shareholders to realise part of the value of their shareholdings in the Company. The Directors believe that the profile of the Group will be significantly enhanced as a company whose shares are traded on AIM. It will also act as a further incentive to management and employees through the provision of a market for their shares.

PLACING STATISTICS

Placing Price	110p
Number of Ordinary Shares in issue prior to the Placing	7,617,000
Number of New Ordinary Shares being issued pursuant to the Placing	4,090,910
Number of Sale Shares being sold pursuant to the Placing	499,400
Number of Ordinary Shares in issue on Admission	11,707,910
Expected market capitalisation following the Placing at the Placing Price	£12.88 million
Percentage of Enlarged Share Capital being placed	39.2%
Gross proceeds of the Placing	£5,049,341
Estimated net proceeds of the Placing receivable by the Company	£3,770,000

EXPECTED TIMETABLE

Admission and dealings in Ordinary Shares on AIM to commence	12 December 2003
Despatch of definitive share certificates for Ordinary Shares in certificated form	by 19 December 2003
CREST accounts credited for Ordinary Shares in uncertificated form	12 December 2003

DIRECTORS, SECRETARY AND ADVISERS

Directors:	Geoff Howard-Spink (Non-Executive Chairman) Trevor Neil (Bruno) Brookes (Chief Executive Officer) Robert Glyn Parker (Finance Director) Peter Roy Teague (Non-Executive Director) all of whose business address is at: 7-9 The Broadway Newbury Berkshire RG14 1AS
Company secretary:	Robert Glyn Parker
Registered office:	8-10 New Fetter Lane London EC4A 1RS
Nominated Adviser and Broker:	Teather & Greenwood Limited Beaufort House 15 St Botolph Street London EC3A 7QR
Auditors and reporting accountants to the Company:	KPMG Audit Plc Arlington Business Park Theale Reading RG7 4SD
Solicitors to the Company:	Charles Russell 8-10 New Fetter Lane London EC4A 1RS
Solicitors to the Placing:	McDermott, Will & Emery 7 Bishopsgate London EC2N 3AR
Registrars:	Computershare Investor Services plc PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH

PART I

The Company and its business activities

Background

The Company is a holding company, the principal operating subsidiary of which is Immedia.

Immedia designs and operates live radio stations providing tailored commercial programming to retail outlets. In February 2002, Immedia launched its first fully operational live retail radio station, *Newsagents Radio*, which now broadcasts its tailored programming to approximately 2,300 CTN and convenience stores in the UK.

In April 2003, Immedia launched *Lloydspharmacy Live* after signing a five year broadcast contract with Lloyds Pharmacy to broadcast this station. On 1 December 2003, Immedia signed a contract with a leading high street retailer to provide a radio station for up to 50 of its stores for an initial trial period of three months. Immedia is expecting to launch a pilot subscription-based radio station for a further national retail chain within the next three months and has agreed terms in principle to launch a Norwegian language station to be broadcast to over 100 Vitus stores, a chain of Norwegian pharmacies (ultimately owned by Celesio, the ultimate parent company of Lloyds Pharmacy) expected to be launched in April 2004. In addition, terms have been agreed in principle with retailers which could lead to approximately a further 5,000 stores for NAR.

The Market

In-store radio is not a new concept and many companies claim to offer retailers an in-store radio solution. Market research has shown that the presence of music can increase the amount of time customers spend in-store (source: POPAI (1998)). However, until Immedia developed its tailored product, the Directors believe that most in-store radio stations available to retailers in the UK were either wholly or partly pre-recorded. The Directors believe that, whilst pre-recorded music and messages can provide a pleasant environment, they fail to engage the retailer, consumer or employee, in the way that a live radio station is able.

For certain products the purchase decision is often made at the point of sale, leading to POS advertising growing more rapidly than any other medium in the marketing mix. In-store radio offers the advertiser the opportunity to communicate with the consumer at the POS.

The Immedia Product

Immedia's principal product is a live broadcast that blends a selection of music (intended to satisfy the demographic type and anticipated mood of the customers) with appropriate real time presenters, humour, trivia, news and information specifically targeted at the consumer and the retailer's staff. The Directors believe that this is a higher quality product which can carry advertising messages more effectively.

The Immedia stations are broadcast from Newbury, England to each retailer's premises usually via an encrypted satellite signal. As any encrypted signal can only be received by means of a decoder and card the majority of Immedia stations are not broadcast "free to air" for general reception on domestic receivers, these stations are not subject to the current licensing requirements of the Radio Authority.

Immedia can increase in-store sales

The Directors believe that the quality of the Immedia product enhances the in-store experience generally and can increase sales of advertised products.

Immedia assists with staff communications and training

The Immedia stations can also provide retailers with an effective media to communicate with and train staff.

Immedia offers measurable advertising

Immedia measures the impact of its campaigns by monitoring EPOS data from a sample of stores so that it is able to illustrate to advertisers the cost effectiveness of their advertisements. The Directors believe that other broadcast advertising media do not offer such a direct link between the advertisement and sales.

In the case of certain product areas and for certain stations, Immedia may offer exclusive annual advertising packages whereby Immedia agrees not to run advertisements for competitors in the same sector. For example, at the date of this document, Freeserve is NAR's exclusive internet service provider advertiser. However, in other product areas, Immedia believes a multi-brand approach to be more profitable in the long-term. Stations which are currently licensed by the Radio Authority, are not able to offer exclusive deals of this nature.

The Immedia Business Models

Immedia operates two business models:

- *Free to retailer stations* — the retailer receives the live in-store radio station free of charge and Immedia retains the advertising revenues generated from the station; and
- *Subscription stations* — Immedia charges the retailer an annual subscription fee to receive a tailored radio station and the retailer sells airtime on the station with Immedia being entitled to a proportion of airtime revenues.

In addition, nearly all of the advertisements broadcast over NAR and *Lloydspharmacy Live* are currently produced by Immedia, generating a third stream of revenue.

Free to retailer stations

To date, Immedia has launched one station of this type being NAR. The features of this business model are summarised below:

- the media contract (typically of between three and five years) provides that the Immedia station will be the only radio station broadcast in-store;
- Immedia installs and maintains the required equipment to receive the station; and
- Immedia sells the advertising airtime on the station and retains all of the revenues from such sales (less commissions).

Newsagents Radio

NAR broadcasts to CTNs and convenience stores and offers advertisers an effective channel of communication to a fragmented market, where ownership ranges from independents through to large symbol groups.

Revenue is earned primarily by the sale of airtime on NAR to advertisers. Immedia either markets airtime to media planning and buying agencies or directly to the advertiser. In view of the product range of a CTN, advertisers are typically newspaper and magazine groups and confectionary manufacturers and have included *Nestle, Coca-Cola, Cadbury's, Wrigley, the Mail Group*, *The Sun* and the *Daily Mirror*.

To date, Immedia has installed its NAR service in approximately 2,300 CTNs and convenience stores of which approximately 1,800 are independently owned and managed with the balance being symbol groups such as Texaco (which owns and manages approximately 330 petrol forecourt stores), *Mills* and *Star News*.

Immedia expects to roll out NAR to up to approximately 2,200 *Londis* franchisees following an agreement with Londis (Holdings) Limited to promote NAR to its franchisees.

Additionally, Immedia is in contract negotiations with another symbol group with the potential to deliver up to approximately a further 2,700 stores. It is anticipated that this symbol group will pay an annual fee for a branded service of NAR, whereby the NAR station will carry exclusive advertising for that retailer to promote its own products. This branded service will allow Immedia to earn additional revenues by offering a tailored product at low marginal cost.

The Directors are aiming to have the NAR station installed in at least 5,000 stores by the end of 2004 which, they believe, will give NAR the critical mass to deliver to advertisers a significant audience size and to Immedia increased advertising revenues.

Subscription stations

Typical features of this business model are set out below:

- Immedia agrees to provide a live radio station tailored to the retailer for three to five years;
- the retailer pays an annual subscription fee to receive the station;
- Immedia installs and maintains the required equipment;

- Immedia broadcasts the station in accordance with the agreed terms as to hours of broadcast, format etc;
- the retailer earns revenues from the sale of airtime to advertisers (usually suppliers to the retailer) out of which Immedia is entitled to a proportion (depending upon the level of airtime revenues); and
- Immedia offers production services to advertisers on the channel at extra cost.

Lloydspharmacy Live

A five year contract was signed with Lloyds Pharmacy in December 2002, with live broadcasting to Lloyds Pharmacy stores commencing in April 2003. To date, the station has been installed in approximately 1,260 of the approximately 1,360 Lloyds Pharmacy stores in the UK. The Directors expect to fit the remaining stores shortly.

The station is broadcast live for nine and a half hours a day, six days per week and includes news, music and features on products and professional services. The Directors believe that Lloyds Pharmacy views the radio station as an opportunity to communicate, *inter alia*, healthcare advice to its customers. It also uses the station to broadcast a half hour slot between 8.30 a.m. and 9.00 a.m. for staff training, communication and education.

Lloyds Pharmacy has sold airtime on the station to many of its suppliers including *Procter & Gamble*, *Astra Zeneca*, *Pfizer*, *GlaxoSmithkline* and *Kodak* and to the *NHS*.

New Pilot Station

A contract was signed on 1 December 2003, to provide a broadcast to a leading high street chain of retail stores. There is an initial trial period (for up to 50 stores) of up to three months, commencing 1 December 2003. At the end of the trial period, the retail chain has the option to roll out the service to its other stores. If roll out does not take place, the contract will terminate. If roll out takes place, the contract will continue unless terminated by either party on six months' notice such notice not to expire before the first anniversary of the roll out.

The station is broadcast twenty-four hours a day, seven days a week (with live transmissions during certain hours and pre-recorded transmission outside these hours) and includes news, music and advertisements.

Under the terms of the contract, the retail chain provides, installs and maintains the required in-store equipment.

Immedia has obtained a licence to operate this new radio station from the Radio Authority, further details of which are set out in paragraph 12.17 of Part VI of this document.

Vitus Live

Immedia has agreed terms in principle with Vitus to launch a Norwegian language station, to be called *Vitus Live* to be broadcast to over 100 Vitus pharmacies in Norway. The terms agreed accord with the subscription model referred to above save that Vitus will provide the necessary in-store hardware. The station is to be based in Newbury and is anticipated to commence broadcasting in April 2004.

Operations

Immedia operates and broadcasts from leased premises in Newbury at which there are five new broadcast studios. Currently each station is broadcast from its own dedicated studio at the Newbury premises. Within the building at Newbury there is capacity to build further studios.

Current Trading and Prospects

The financial results of Immedia for the eight months to 31 August 2003, are set out in Part V of this document. The Directors expect that the trading of Immedia for the full year to 31 December 2003 to be in line with their expectations.

On 1 December 2003, Immedia signed a contract with a leading high street retailer to provide a radio station for up to 50 of its stores for an initial trial period of three months.

Immedia is expecting to launch a pilot subscription-based radio station for a further leading national retailer within the next three months. Agreement has been reached with Vitus for the launch of a new subscription station to begin broadcasting in April 2004 and the Directors intend that NAR will be broadcast to at least 5,000 stores by the end of 2004.

In addition, Immedia is in discussions with a number of other national UK retail groups to launch further subscription stations. However, as the Vitus channel demonstrates, expansion is not limited to just UK retailers and in the medium term the Directors intend to exploit other opportunities in continental Europe. For these reasons, the Directors view the future with confidence.

Summary Financial Information

The Company is the holding company of the Group and apart from this has not traded. The following financial information has been extracted from the accountant's reports on Immedia for the three periods ended 31 December 2002 and for the eight months to 31 August 2003 contained in Parts IV and V of this document respectively and should be read in conjunction with the full text of this document. Investors should not rely solely on the summarised information.

	Period from 8 November to 31 December 2000	*12 months ended 31 December 2001*	*12 months ended 31 December 2002*	*8 months ended 31 August 2003*
	£	*£*	*£*	*£*
Turnover	155,278	143,729	983,242	1,234,274
EBITDA (before exceptionals)	(1,194,219)	(1,023,933)	(499,834)	99,188
Loss before taxation	(1,242,790)	(1,087,232)	(650,905)	(416,068)

The table above includes the last three periods trading history of Immedia but the financial results for the year ended 31 December 2002 and the eight months to 31 August 2003 are of most significance as they relate primarily to the ongoing retail radio station business. The financial results for the period to 31 December 2001 relate to primarily an internet radio station which ceased broadcasting in May 2001.

Further financial information on the Group is provided in Parts III, IV and V of this document.

Directors

The Board consists of four directors in respect of whom brief biographies are set out below. Details of service contracts, option schemes and pension arrangements relating to the Directors are set out in paragraphs 5.5 and 7 of Part VI of this document.

Geoff Howard-Spink, Non-Executive Chairman, aged 59

Geoff was a founding partner of advertising agency Lowe Howard-Spink in 1981. He is also the non-executive chairman of Jupiter Split Capital Trust plc, a non-executive director of Chrysalis Group plc and the New Star Investment Trust plc.

Trevor Neil (known as "Bruno") Brookes, Chief Executive Officer, aged 44

Bruno Brookes is the founder of Immedia. After a career as a radio and TV presenter, where he collected numerous awards for his work and spent 11 years with BBC Radio One, Bruno set up BBME which offered a number of related media services including, design, broadcast training, artist management and broadcast production. In November 1999, Bruno founded Immedia and has been Chief Executive Officer since that date.

Robert Glyn Parker, Finance Director, aged 37

Robert qualified as a qualified chartered accountant in 1993. Prior to joining Immedia in February 2002, Robert worked for National Grid plc in a strategic capacity, was Finance Director of Eircom (UK) Limited, a start-up operator in the UK telecommunications market, and was Head of Finance for Sumitomo Electric Europe Limited.

Peter Roy Teague, Non-Executive Director, aged 49

Peter qualified as a chartered accountant in 1979 and spent his early career principally in venture capital and corporate finance. Between 1987 and 1996 Peter worked in a variety of roles within AT&T and from 1998 to 2001 was Deputy CEO and Managing Director of the UK Region of BBC Worldwide, a commercial division of the BBC. Currently Peter is Chief Executive Officer of Anisa (UK) Limited, an IT services company backed by 3i plc.

Senior Employees

In addition to the Directors, details of the senior employees of Immedia are set out below:

Sara Haynes, Sales & Marketing Director, aged 30

Sara joined Immedia in 2002. Previously she was Head of Sales and Marketing at TMX Group, a telecoms distributor, and prior to that Director of Sales and Marketing at Tornado Group PLC where she devised and implemented the company's sales and marketing strategy in the UK and Europe.

James Bartholomew (known as "Neale James") Program Director, aged 36

Neale joined Immedia in 2000 and has been responsible for the development of programme and commercial production. Neale joined BBME in 1997 where he focused on broadcast training. Prior to that he was a radio presenter for BBC Radio One, GWR Group's 2-Ten FM and a freelancer for over twenty UK stations.

As at the date of this document, Immedia has approximately 17 full time employees and engages approximately 39 freelance presenters.

Employee Share Option Scheme

Immedia adopted a tax approved Enterprise Management Incentives ("EMI") share option scheme in January 2003 for the grant of options to employees. On the acquisition of Immedia by the Company, those options were rolled over into options over the Ordinary Shares. The Company has adopted an almost identical EMI scheme, which also provides for the grant of unapproved option and generally complies with the guidelines of the Association of British Insurers. Further details of both schemes can be found at paragraph 7 of Part VI below.

Immediately before Admission, there will be granted options over 170,000 Ordinary Shares (representing 1.45 per cent. of the Enlarged Share Capital) and the Directors will have the authority to grant further options over up to 370,000 Ordinary Shares (representing, together with the options referred to above, 4.61 per cent. of the Enlarged Share Capital in aggregate).

Terms of the Placing

Under the Placing the Sellers are selling 499,400 Sale Shares (representing approximately 4.27 per cent. of the Enlarged Share Capital) and the Company is issuing 4,090,910 New Ordinary Shares (representing approximately 34.94 per cent. of the Enlarged Share Capital). The Placing Shares represent approximately 39.21 per cent. of the Enlarged Share Capital. The Placing is conditional, amongst other things, on Admission. The Placing is not being underwritten. Further details of the Placing Agreement are set out in paragraph 8 of Part VI of this document.

Application has been made for the Ordinary Shares (including the Placing Shares) to be traded on AIM. Dealings on AIM in the Ordinary Shares are expected to commence on 12 December 2003.

The Directors' interests following Admission are set out in paragraph 5 of Part VI of this document. In aggregate, the Directors will be interested in 1,541,100 Ordinary Shares representing approximately 13.16 per cent. of the Company's Enlarged Share Capital.

Lock in arrangements

Under the terms of the Lock in Agreement, Bruno Brookes, Robert Parker, Sara Haynes, Neale James and BBME have undertaken that, subject to certain limited exceptions, they will not sell or otherwise dispose of, or agree to sell or dispose of, any of their interests in Ordinary Shares held by them respectively until the publication of the preliminary results of the Company for the period to 31 December 2004 and except in limited circumstances, will not sell or otherwise dispose of, or agree to sell or dispose of, any of their interests in Ordinary Shares held by them respectively without the prior written consent of Teather & Greenwood (or the Company if Teather & Greenwood shall cease to be the Nominated Adviser and Broker) until publication of the preliminary results of the Company for the period to 31 December 2005.

In addition, certain shareholders representing, in aggregate 22.2 per cent. of the Enlarged Share Capital, have undertaken to Teather & Greenwood that, subject to certain limited exceptions, they will not sell or otherwise dispose of, or agree to sell or dispose of, any of their respective interests in Ordinary Shares held by them for a period of three months from Admission.

Reasons for the Placing and Admission

The Company intends to raise approximately £3,770,000 (net of expenses) pursuant to the Placing. The net proceeds of the Placing will be used to fund the continued roll out of NAR, repay certain outstanding loans and debts, acquire a business and certain assets from BBME and provide working capital for the Group. It also intended to provide an opportunity for certain existing shareholders to realise part of the value of their shareholdings in the Company. The Directors believe that the profile of the Group will be significantly enhanced, as a company whose shares are traded on AIM. It will also act as a further incentive to management and employees through the provision of a market for their shares.

Corporate Governance

The Directors intend to comply with the Principles of Good Governance and Code of Best Practice (the "Combined Code") in such respects as are appropriate for a company of its size, nature and stage of development. The Board has established an audit committee, a remuneration committee and a nomination committee with formally delegated duties and responsibilities.

The audit committee will initially consist of Mr Howard-Spink and Mr Teague and will meet at least three times a year at appropriate times in the reporting and audit cycle. It will be responsible for ensuring that the financial performance of the Group is properly monitored and reported on, for meeting with the auditors and reviewing reports from the auditors relating to accounts and internal control systems. It will meet with the auditors once a year without the Finance Director being present.

The remuneration committee will consist of Mr Howard-Spink and Mr Teague. It will review the performance of executive Directors, set the scale and structure of their remuneration and review the basis of their service agreements with due regard to the interests of the shareholders. The remuneration committee will also make recommendations to the Directors concerning the allocation of share options to directors and employees. No Director is permitted to participate in discussions or decisions concerning his own remuneration. The remuneration and terms of appointment of non-executive directors will be set by the Board.

The nomination committee will consist of Mr Howard-Spink, Mr Teague and Mr Brookes and will meet at least twice a year. It will be responsible for reviewing the size, structure and composition of the board of directors, succession planning and identifying and nominating candidates to all vacancies. Appointments to the board of directors will be made by the board of directors.

Dividend Policy

In the short term the Directors' intention is to re-invest funds directly into the Group rather than fund the payment of dividends. Thereafter the payment of dividends will be subject to the availability of distributable reserves whilst maintaining an appropriate level of dividend cover and having regard to the need to retain sufficient funds to finance the development of the Group's activities.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission and CRESTCo Limited has agreed to such admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

Dealing Arrangements

Application has been made for the Enlarged Share Capital to be admitted to trading on AIM and it is anticipated that Admission will become effective and that dealings will commence on 12 December 2003.

Taxation

Your attention is drawn to paragraph 11 of Part VI of this document.

Further Information

Your attention is drawn to Parts II to VI of this document. You should read the whole of this document.

PART II

Risk Factors

If you are in any doubt about the action you should take, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities in the United Kingdom. In addition to the usual risks associated with an investment in a business at an early stage of its development, the Directors consider that the following risk factors are significant to potential investors and should be carefully considered together with all other information contained in this document, prior to investing in Ordinary Shares. The risks listed do not necessarily comprise all those associated with an investment in the Company.

- Prior to Admission, there has been no public market in the Ordinary Shares. Whilst the Company is applying for the admission of the Enlarged Share Capital to trading on AIM, there can be no assurance that an active trading market for the Ordinary Shares will develop or, if developed, that it will be maintained. AIM is a market for emerging or smaller growing companies and may not provide the liquidity normally associated with the Official List or other exchanges.
- The future success of AIM and liquidity in the market for the Ordinary Shares cannot be guaranteed. In particular, the market for the Ordinary Shares may be, or may become, relatively illiquid (particularly given the lock-in arrangements described in Part I of this document) and therefore the Ordinary Shares may be or may become difficult to sell.
- An investment in the Company may not be suitable for all recipients of this document. Accordingly investors are strongly advised to consult an independent financial adviser authorised for the purpose of FSMA who specialises in the acquisition of shares and other securities in the UK before making any decision to invest.
- The market price of the Ordinary Shares could be subject to significant fluctuations due to changes in investor sentiment regarding the Ordinary Shares or other securities related to the provision of radio services or in response to various facts and events, including variations in the Group's interim or full year operating results and business developments of the Group and/or competitors.
- The market price of the Ordinary Shares may not reflect the underlying value of the Group.
- Potential investors should be aware that the value of shares and the income from them can go down as well as up and that investment in a share which is traded on AIM might be less realisable and might carry a higher risk than a share quoted on the Official List.
- There may be a change in government regulation or policies which materially adversely affects the Group's activities.
- There can be no assurance that the Company will be able to achieve the level and rate of growth of sales and profits envisaged by the Directors.
- There can be no certainty that the Company will be able to implement successfully the strategy set out in this document.
- The Group's future growth is dependent on its ability to recruit, motivate and retain appropriately qualified personnel. There can be no assurance that the Group will be able to attract, motivate and retain such personnel, given the high degree of competition for such expertise throughout the radio sector. As a result, growth could be limited due to a lack of capacity to provide the Group's services.
- Loss of key management could have adverse consequences for the Group. While the Company has entered into service agreements with each of its executive directors, the retention of their services cannot be guaranteed.
- The ability of the Group to implement its strategy in a rapidly evolving market requires effective planning and management control systems. The Group's growth plans are expected to place a significant strain on the Group's managerial, operational, financial and human resources. Therefore the Group's future growth, if any, will depend on its ability to expand and improve operational, financial and management information and control systems. Failure to do so could have a material adverse effect on the Group's business, financial condition and results of operations.
- The Group's value may be substantially dependent upon the continuing growth and acceptance of radio as an appropriate advertising medium. The Group's value and profitability may be affected if the

audience or the number of retailers to which the Group broadcasts is reduced or if retailers are found to be breaching the terms of their agreements with the Group.

- The high operational gearing associated with the radio industry means that declines in advertising revenues (which are of a cyclical nature) may result in a decline in revenues.
- The market for advertising is intense and there can be no guarantee that the Group will attract advertising revenues for NAR to the extent expected by the Directors.
- The Group is currently dependent upon a number of key advertisers on the NAR station and the loss of any one of these key advertisers could result in significant loss of revenues for the Group.
- The pilot subscription-based stations expected to be launched for two national retailers within the next three months may not lead to full contracts with those retailers.
- The Group is dependent upon a sole independent contractor to install and maintain the in-store radio equipment and although the Directors believe that a replacement contractor could be appointed reasonably quickly, the Group does not have in place a term contract with its present contractor.
- The net cash proceeds of the Placing may be insufficient to cover any future acquisition costs proposed to be incurred, working capital or development costs associated with any future acquisitions. In such circumstances the Company might therefore need to raise additional funds in the future by a further issue of new Ordinary Shares.

PART III

Accountant's report on Immedia Broadcasting PLC

KPMG

KPMG Audit Plc

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The Directors
Immedia Broadcasting PLC
8-10 New Fetter Lane
London
EC4A 1RS

The Directors
Teather & Greenwood Limited
Beaufort House
15 St Botolph Street
London
EC3A 7QR

12 December 2003

Dear Sirs

Immedia Broadcasting PLC

We report on the financial information set out in paragraphs 1 to 2. This financial information has been prepared for inclusion in the Admission Document dated 12 December 2003 of Immedia Broadcasting PLC (''the Company'').

Basis of preparation

The financial information set out in paragraphs 1 to 2 is based on the unaudited financial statements of Immedia Broadcasting PLC from incorporation to 31 October 2003 prepared on the basis described in note 2.2 to which no adjustments were considered necessary.

Responsibility

The financial statements are the responsibility of the Directors of the Company who approved their issue.

The Directors of the Company are responsible for the contents of the Admission Document dated 12 December 2003 in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board of the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at 31 October 2003.

Consent

We consent to the inclusion in the Admission Document dated 12 December 2003 of this report and accept responsibility for this report for the purposes of paragraph 45 (8)(b) of Schedule 1 of the Public Offers of Securities Regulations 1995.

1. Balance sheet

	Note	At 31 October 2003 £
Current assets		
Debtors		—
		—
Aggregate shareholders' funds		—

2. Notes to the financial statements

The Company was incorporated on 30 October 2003. The Company has not yet commenced business, no audited financial statements have been made up and no dividends have been declared or paid since the date of incorporation.

2.2 Basis of preparation

The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards.

2.3 Share capital

	At 31 October 2003 £
Authorised	
30,000,000 ordinary shares of £0.10 each	3,000,000
Allocated and called up	
2 ordinary shares of £0.10 each	—

2.4 Post balance sheet event

On 20 November 2003 the Company entered into a share exchange agreement to acquire all of the shares in issue in Immedia Broadcast Limited in consideration of the issue of 7,616,998 Ordinary Shares.

Yours faithfully

KPMG Audit Plc

PART IV

Accountant's report on Immedia Broadcast Limited for the periods to 31 December 2002

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The Directors
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EC3A 7QR

12 December 2003

Dear Sirs

Immedia Broadcast Limited

We report on the financial information set out in paragraphs 1 to 4. This financial information has been prepared for inclusion in the Admission Document dated 12 December 2003 of Immedia Broadcasting PLC ("the Company").

Basis of preparation

The financial information set out in paragraphs 1 to 4 is based on the audited financial statements of Immedia Broadcast Limited and the unaudited financial statements of Immedia Broadcasting Trustees Limited (collectively referred to as the "Immedia Group") for the period from 8 November 1999 to 31 December 2000 and the two years ended 31 December 2002 prepared on the basis described in note 4.1 after making such adjustments as we consider necessary.

Responsibility

The financial statements are the responsibility of the Directors of Immedia Broadcast Limited and Immedia Broadcasting Trustees Limited respectively who approved their issue.

The Directors of the Company are responsible for the contents of the Admission Document dated 12 December 2003 in which this report is included.

It is our responsibility to compile the financial information set out in our report from the audited financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board of the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that recorded by the auditors who audited the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion the financial information gives, for the purposes of the Admission Document dated 12 December 2003, a true and fair view of the state of affairs of the Immedia Group as at the dates stated and of its losses and cash flows for the years then ended.

Consent

We consent to the inclusion in the Admission Document dated 12 December 2003 of this report and accept responsibility for this report for the purposes of paragraph 45 (1) (b) (iii) of Schedule 1 of the Public Offers of Securities Regulations 1995.

1. Consolidated profit and loss account

	Note	*For the period 8 November 1999 to 31 December 2000* £	*For the year ended 31 December* *2001* £	*2002* £
Turnover		155,278	143,729	983,242
Cost of sales	4.4	(448,554)	(283,861)	(399,612)
Gross (loss)/profit		(293,276)	(140,132)	583,630
Administrative expenses	4.4	(948,326)	(942,906)	(1,234,741)
Operating loss		(1,241,602)	(1,083,038)	(651,111)
Interest received		4,279	1,489	1,953
Interest payable and similar charges	4.5	(5,467)	(5,683)	(1,747)
Operating loss before depreciation and interest		(1,194,219)	(1,023,933)	(499,834)
Depreciation		(47,383)	(59,105)	(151,277)
Net interest (payable)/receivable		(1,188)	(4,194)	206
Loss on ordinary activities before taxation		(1,242,790)	(1,087,232)	(650,905)
Tax (charge)/credit on loss on ordinary activities	4.6	—	—	—
Loss on ordinary activities after taxation		(1,242,790)	(1,087,232)	(650,905)
Retained loss for the financial year	4.12	(1,242,790)	(1,087,232)	(650,905)

There are no recognised gains or losses other than the loss for the financial year. Accordingly, no statement of total recognised gains and losses is given.

2. Consolidated balance sheet

	Note	*As at 31 December* *2000* £	*2001* £	*2002* £
Fixed assets				
Tangible assets	4.7	149,971	85,043	616,162
Current assets				
Debtors	4.9	157,235	70,508	183,244
Cash at bank and in hand		211,303	71	45,867
		368,538	70,579	229,111
Creditors: amounts falling due within one year	4.10	(245,788)	(465,221)	(819,167)
Net current assets/(liabilities)		122,750	(394,642)	(590,056)
Total assets less current liabilities		272,721	(309,599)	26,106
Creditors: amounts falling due after more than one year	4.11	(268,757)	(628,390)	—
		3,964	(937,989)	26,106
Aggregate shareholders' funds	4.12	3,964	(937,989)	26,106

3. Consolidated cash flow statement

	Note	*For the period 8 November 1999 to 31 December 2000*	*For the year ended 31 December*	
			2001	*2002*
		£	£	£
Cash outflow from operating activities	4.14	(1,109,877)	(723,510)	(461,569)
Returns on investments and servicing of finance				
Interest paid		(5,467)	(5,683)	(1,747)
Interest received		4,279	1,489	1,953
Net cash outflow from returns on investments and servicing of finance		(1,188)	(4,194)	206
Taxation		—	—	—
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(197,355)	(6,722)	(687,335)
Sale of tangible fixed assets		—	800	2,228
Net cash outflow on capital expenditure and financial investment		(197,355)	(5,922)	(685,107)
Cash outflow before use of liquid resources and financing		(1,308,420)	(733,626)	(1,146,470)
Financing				
New loans advanced		250,000	365,000	100,000
Repayment of loans		—	—	(615,000)
Issue of ordinary share capital		1,246,754	145,279	1,615,000
Net cash inflow from financing		1,496,754	510,279	1,100,000
Increase/(decrease) in cash in the year		188,334	(223,347)	(46,470)

	Note	2000 £	2001 £	2002 £
Reconciliation of net cash flow to movement in net debt	4.15			
Increase/(decrease) in cash in the year		188,335	(223,347)	(46,470)
Cash inflow from increase in debt		(250,000)	(365,000)	(100,000)
Change in net debt resulting from cash flows		(61,665)	(588,347)	(146,470)
Other non-cash movements		—	—	615,000
		(61,665)	(588,347)	468,530
Net debt at 8 November/1 January		—	(61,665)	(650,012)
Net debt at 31 December		(61,665)	(650,012)	(181,482)

4. Notes to the financial statements

4.1 Basis of preparation

The financial information is based on the audited financial statements of Immedia Broadcast Limited and the unaudited financial statements of Immedia Broadcasting Trustees Limited for the period ended 31 December 2000 and the two years ended 31 December 2002. The financial information has been drawn up in accordance with applicable accounting standards.

The financial statements are prepared under the historical cost convention. James & Cowper of Phoenix House, Bartholomew Street, Newbury, have been auditors of Immedia Broadcast Limited (formerly known as Storm Digital Broadcasting Limited) throughout the period from 8 November 1999 to 31 December 2002.

4.2 Accounting policies

The principal accounting policies, which have been applied consistently throughout the period, are set out below.

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Tangible fixed assets

Depreciation of fixed assets is calculated to write off the cost of the assets in equal annual instalments over their estimated useful lives or, if held under a finance lease, over the lease term, whichever is the shorter:

Plant and machinery	33%
Fixtures and fittings	20% or 33%
Network equipment	20%
Motor vehicles	25%

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Leases

Assets acquired under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently secured fund. Contributions payable for the year are charged in the profit and loss account.

Car rental received

Rental income from an operating lease is recognised on a straight-line basis over the period of the lease. The car has been recorded as a fixed asset and is depreciated over its useful life.

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

4.3 Directors and employees

(a) Directors' emoluments	*2000* £	*2001* £	*2002* £
Emoluments (including pension contributions)	179,211	294,236	417,757
Remuneration of the highest paid director	78,047	99,000	112,500
Pension contribution for the highest paid director	1,500	1,500	—
Total emoluments of the highest paid director	79,547	100,500	112,500
No. of directors who are members of the defined contribution scheme	4	2	2

(b) Staff	*2000*	*2001*	*2002*
	Number of employees		
Average number of persons employed			
Administration	8	5	7

	£	£	£
Staff costs during the year			
Wages and salaries	200,241	139,121	133,749
Social Security costs	14,078	11,760	9,887
Other pension costs	—	—	—
	214,319	150,881	143,636

4.4 Operating loss

(a) Operating loss is stated after charging:	*2000* £	*2001* £	*2002* £
Auditors' remuneration			
Audit services	2,000	5,000	5,800
Depreciation of tangible fixed assets			
Owned	42,604	51,969	144,128
Hire purchase	4,779	7,136	7,149
Loss on disposal of fixed assets	—	11,745	2,711
Pension costs	6,000	3,000	—

4.5 Interest payable and similar charges

	2000 £	*2001* £	*2002* £
Interest on bank overdraft and loans	3,806	3,776	390
Finance charges payable in respect of finance leases and hire purchase contracts	1,661	1,907	1,357
	5,467	5,683	1,747

4.6 Tax charge on loss on ordinary activities

	2000 £	*2001* £	*2002* £
UK corporation tax			
Corporation tax at 30% for each year based on the loss for the year	—	—	—
Deferred tax			
Timing differences, origination and reversal — current year	—	—	—
	—	—	—

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (*2001: lower; 2000 lower*) than the small company rate of corporation tax in the UK (*19%; 2001: 20%; 2000: 20%*). The differences are explained below.

	2000	2001	2002
	£	£	£
Current tax reconciliation			
Loss on ordinary activities before tax	(1,242,790)	(1,087,232)	(650,905)
Loss on ordinary activities multiplied by the small company rate of UK corporation tax of 20%/20%/19%	(248,558)	(217,446)	(123,672)
Effects of:			
Expenses not deductible for tax purposes	2,888	4,303	8,318
Excess capital allowances over depreciation	9,477	14,170	(25,862)
Creation of tax losses	234,993	200,173	141,216
Movement in short term differences	1,200	(1,200)	—
Current tax charge/ (credit) for the year	—	—	—
	—	—	—

Factors which may affect future tax charges

No deferred tax asset has been recognised in respect of the cumulative losses to date, as there is insufficient evidence that the asset will be recoverable, although this will be reassessed each year. This amounts to £850,000.

4.7 Tangible fixed assets

	Property improvements	Plant and machinery	Fixtures and fittings	Network equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 8 November 1999	—	—	—	—	—	—
Period ended 31 December 2000						
Additions	16,090	112,682	39,907	—	28,675	197,354
At 31 December 2000	16,090	112,682	39,907	—	28,675	197,354
Year ended 31 December 2001						
Additions	—	6,722	—	—	—	6,722
Disposals	(16,090)	—	(940)	—	—	(17,030)
At 31 December 2001	—	119,404	38,967	—	28,675	187,046
Year ended 31 December 2002						
Additions	—	4,100	4,619	678,616	—	687,335
Disposals	—	—	(1,594)	—	(14,338)	(15,932)
At 31 December 2002	—	123,504	41,992	678,616	14,337	858,449
Accumulated depreciation						
At 8 November 1999	—	—	—	—	—	—
Period ended 31 December 2000						
Charge for the period	4,022	28,953	9,629	—	4,779	47,383
At 31 December 2000	4,022	28,953	9,629	—	4,779	47,383
Year ended 31 December 2001						
Charge for the year	—	38,777	13,192	—	7,136	59,105
Disposals	(4,022)	—	(463)	—	—	(4,485)
At 31 December 2001	—	67,730	22,358	—	11,915	102,003
Year ended 31 December 2002						
Charge for the year	—	40,143	14,002	89,983	7,149	151,277
Disposals	—	—	(1,461)	—	(9,532)	(10,993)
At 31 December 2002	—	107,873	34,899	89,983	9,532	242,287

	Property improve-ments	*Plant and machinery*	*Fixtures and fittings*	*Network equipment*	*Motor vehicles*	*Total*
	£	*£*	*£*	*£*	*£*	*£*
Net book value						
At 31 December 2000	12,068	83,729	30,278	—	23,896	149,971
At 31 December 2001	—	51,674	16,609	—	16,760	85,043
At 31 December 2002	—	15,631	7,093	588,633	4,805	616,162

Included in the total net book value of motor vehicles is £4,805 (*2001: £16,760; 2000: £23,896*) in respect of assets held under hire purchase contracts. Depreciation for the year on these assets was £7,149 (*2001: £7,136; 2000: £4,779*).

4.8 Subsidiary undertakings

Subsidiary name	*Holding*	*Proportion of shares held*	*Nature of principal business*
Acquired in year ended 31 December 2002			
Immedia Broadcasting Trustees Limited Registered in England and Wales	Ordinary	100%	Trustees of Immedia Employees' Benefit Trust

4.9 Debtors

	2000	*2001*	*2002*
	£	*£*	*£*
Amounts falling due within one year			
Trade debtors	62,074	15,046	148,407
VAT	29,516	7,973	—
Other debtors	2,920	—	—
Amounts due on shares issued	4,599	755	755
Prepayments and accrued income	58,126	46,734	34,082
	157,235	70,508	183,244

4.10 Creditors: amounts falling due within one year

	2000	*2001*	*2002*
	£	*£*	*£*
Bank loans and overdraft	22,968	35,083	127,349
Obligations under hire purchase contracts	6,166	6,166	12,000
Other loans	—	—	100,000
Trade creditors	167,456	261,455	273,444
Other taxation and social security	830	85,537	18,110
Other creditors	—	60,989	28,052
Accruals and deferred income	48,368	15,991	260,212
	245,788	465,221	819,167

4.11 Creditors: amounts falling due after more than one year

	2000	*2001*	*2002*
	£	*£*	*£*
Convertible shareholder loans	250,000	615,000	—
Obligations under hire purchase contracts	18,757	13,390	—
	268,757	628,390	—

Analysis of debt

	2000	2001	2002
	£	£	£
Convertible shareholder loans	250,000	615,000	—
Other loans	—	—	100,000
Bank overdraft	22,968	35,083	127,349
	272,968	650,083	227,349
Bank loans and overdrafts			
Repayable in one year or less or on demand[(a)]	22,968	35,083	127,349
Other loans and loan notes			
In one year or less or on demand[(b)]	—	—	100,000
In more than one year but not more than two years	—	250,000	—
In more than two years but not more than five years[(c)]	250,000	365,000	—
	272,968	650,083	227,349

(a) Bank overdraft

The bank overdraft is repayable on demand and subject to interest of 4 per cent. above base rate. The overdraft is secured by a debenture dated 20 August 2002 over all assets of the company.

(b) Loan notes

The interest payable on the loan note is 15 per cent. per annum, repayable in quarterly instalments. The loan is repayable on demand.

(c) Convertible shareholder loans

In February 2002 Mark Horrocks converted his convertible shareholder loan of £250,000 into 272 ordinary shares. The interest free convertible loan was entered into in October 2000, and repayable within three years.

In February 2002 Westbury Investments S.A. converted its convertible shareholder loan of £365,000 into 568 ordinary shares. An issue of shares relating to the £61,000 advance from Westbury Investments S.A. included in other creditors at 31 December 2001 was also made. During the year Westbury Investments S.A. transferred all its shares in the company to Mark Horrocks.

(d) Hire purchase obligations

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2000	2001	2002
	£	£	£
Within one year	8,009	8,009	12,000
In the second to fifth years	20,009	12,000	—
	28,018	20,009	12,000
Less future finance charges	(3,095)	(453)	—
	24,923	19,556	12,000

4.12 Aggregate shareholders' funds

	2000	2001	2002
	£	£	£
At 8 November/1 January	—	3,964	(937,989)
Retained loss for the year	(1,242,790)	(1,087,232)	(650,905)
Issue of shares	1,246,754	145,279	1,615,000
At 31 December	3,964	(937,989)	26,106

4.13 Commitments

(a) Capital commitments at the end of the financial year for which no provision has been made are as follows:

	2000 £	*2001* £	*2002* £
Contracted	—	56,106	53,936

(b) Immedia Broadcast Limited was committed to making the following payments during the next year in respect of other operating leases which expire:

	2000 £	*2001* £	*2002* £
Leases which expire			
Within one year	70,209	110,000	110,000
Between one and five years	10,505	2,209	2,209
	80,714	112,209	112,209

4.14 Reconciliation of operating loss to operating cash flows

	2000 £	*2001* £	*2002* £
Operating loss	(1,241,602)	(1,083,038)	(651,111)
Depreciation of tangible fixed assets	47,383	59,105	151,277
Loss on disposal of fixed assets	—	11,745	2,711
(Increase)/decrease in debtors	(157,235)	86,727	(112,736)
Increase in creditors	241,577	201,951	148,290
Net cash outflow from operating activities	(1,109,877)	(723,510)	(461,569)

4.15 Analysis of changes in net debt

	At 8 November 1999 £	*Cash flow* £	*Other non-cash changes* £	*At 31 December 2000* £
Cash in hand and at bank	—	211,303	—	211,303
Bank overdrafts	—	(22,968)	—	(22,968)
		188,335		
Debt due within one year	—	—	—	—
Debt due after one year	—	(250,000)	—	(250,000)
		(250,000)		
Net debt	—	(61,665)	—	(61,665)

	At 1 January 2001 £	*Cash flow* £	*Other non-cash changes* £	*At 31 December 2001* £
Cash in hand and at bank	211,303	(211,232)	—	71
Bank overdrafts	(22,968)	(12,115)	—	(35,083)
		(223,347)		
Debt due within one year	—	—	—	—
Debt due after one year	(250,000)	(365,000)	—	(615,000)
		(365,000)		
Net debt	(61,665)	(588,347)	—	(650,012)

	At 1 January 2002 £	Cash flow £	Other non-cash changes £	At 31 December 2002 £
Cash in hand and at bank	71	45,796	—	45,867
Bank overdrafts	(35,083)	(92,266)	—	(127,349)
		(46,470)		
Debt due within one year	—	(100,000)	—	(100,000)
Debt due after one year	(615,000)	—	615,000	—
		(100,000)		
Net debt	(650,012)	(146,470)	615,000	(181,482)

Other non-cash changes comprise a decrease in debt of £615,000 from issue of share capital

4.16 Related party disclosures

In February 2002 Mark Horrocks who at the balance sheet date owned 1,318 shares in Immedia converted his convertible shareholder loan of £250,000 into 272 ordinary shares. The interest free convertible loan was entered into in October 2000.

In February 2002 Westbury Investments S.A. converted its convertible shareholder loan of £365,000 into 568 ordinary shares. An issue of shares relating to the £61,000 advance from Westbury Investments S.A. included in other creditors at 31 December 2001 was also made. During the year Westbury Investments S.A. transferred all its shares in the company to Mark Horrocks.

BBME which owns 1,150,000 shares in the Company (*2001: 1,000 shares in Immedia*) provides facilities at its Newbury premises to Immedia. The total amount of the invoices issued was £130,364 (*2001: £116,975; 2000: £116,883*). The amount outstanding at the year end was £30,634 (*2001: £30,408; 2000: £3,585*).

BBME Creative was part of the BBME Group until June 2002. During this time Immedia purchased, from BBME Creative, printing and stationery with a value of £1,609 (*2001: £3,049; 2000: £4,469*), none of which was outstanding at the year end (*2001: £nil; 2000: £118*).

Immedia invoice BBME for administration, cleaning and electricity costs. The total amount invoiced in the period was £5,128 (*2001: £4,013; 2000: £1,116*) of which £2,283 (*2001: £2,433; 2000: £949*) was outstanding at the year end.

Clearview Marketing Limited, a company owned by James MacDonald, has invoiced Immedia Broadcast Limited £2,115 (*2001: £2,200*) in the year for a car allowance for James MacDonald.

4.17 Post balance sheet event

The loan note for £100,000 has been converted into a loan note of £250,000 on 8 January 2003, the consideration being in the form of (i) the deemed repayment of the debt of £100,000 and all interest thereon; (ii) cash of £141,317; and (iii) all other obligations of Immedia under the facility letter dated 19 December 2002 being satisfied.

A new lease for office premises has been taken out on 29 January 2003. There is a rent free period on this property till 14 October 2003 and following this the rent will be £16,400 per annum.

Yours faithfully

KPMG Audit Plc

PART V

Accountant's report on Immedia Broadcast Limited for the 8 months to 31 August 2003

KPMG

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The Directors
Immedia Broadcasting PLC
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EC4A 1RS

The Directors
Teather & Greenwood Limited
Beaufort House
15 St Botolph Street
London
EC3A 7QR

12 December 2003

Dear Sirs

Immedia Broadcast Limited

We report on the financial information set out in paragraphs 1 to 4. This financial information has been prepared for inclusion in the Admission Document dated 12 December 2003 of Immedia Broadcasting PLC ("the Company").

Basis of preparation

The financial information set out in paragraphs 1 to 4 is based on the unaudited consolidated financial statements of Immedia Broadcast Limited and its subsidiary undertaking Immedia Broadcasting Trustees Limited (collectively referred to as "the Immedia Group") for the 8 month period to 31 August 2003 prepared on the basis described in note 4.1 after making such adjustments as we consider necessary.

Responsibility

The consolidated financial statements are the responsibility of the directors of Immedia Broadcast Limited who approved their issue.

The Directors of the Company are responsible for the contents of the Admission Document dated 12 December 2003 in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board of the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Immedia Group as at the date stated and of its loss and cash flows for the period then ended.

Consent

We consent to the inclusion in the Admission Document dated 12 December 2003 of this report and accept responsibility for this report for the purposes of paragraph 45 (10)(b) of Schedule 1 of the Public Offers of Securities Regulations 1995.

1. Profit and loss account

	Notes	*For the eight month period to 31 August 2003* £
Turnover		1,234,274
Cost of sales	4.4	(540,526)
Gross profit		693,748
Administrative expenses	4.4	(1,076,675)
Operating loss		(382,927)
Interest received		207
Interest payable and similar charges	4.6	(33,348)
Operating profit before depreciation, exceptional items and interest		99,188
Depreciation		(179,260)
Exceptional items	4.5	(302,855)
Net interest (payable)	4.6	(33,141)
Loss on ordinary activities before taxation		(416,068)
Tax (charge)/credit on loss on ordinary activities	4.7	—
Loss on ordinary activities after taxation		(416,068)
Retained loss for the financial year	4.12	(416,068)

There are no recognised gains or losses other than the loss for the financial year. Accordingly, no statement of total recognised gains and losses is given.

2. Balance sheet

	Notes	*As at 31 August 2003* £
Fixed assets		
Tangible assets	4.8	1,067,818
Current assets		
Debtors	4.10	239,346
Cash at bank and in hand		106
		239,452
Creditors: amounts falling due within one year	4.11	(1,697,232)
Net current (liabilities)		(1,457,780)
Total assets less current liabilities		(389,962)
Creditors: amounts falling due after more than one year		—
		(389,962)
Aggregate shareholders' funds	4.12	(389,962)

3. Cash flow statement

	Note	*For the period ended 31 August 2003* £
Cash inflow from operating activities	4.14	524,759
Returns on investments and servicing of finance		
Interest paid		(22,975)
Interest received		207
Net cash outflow from returns on investments and servicing of finance		(22,768)
Taxation		—
Capital expenditure and financial investment		
Purchase of tangible fixed assets		(633,338)
Proceeds from sale of tangible fixed assets		4,000
Net cash outflow on capital expenditure and financial investment		(629,338)
Cash outflow before use of liquid resources and financing		(127,347)
Financing		
New loans advanced		150,000
Repayment of loans		—
Issue of ordinary share capital		—
Net cash inflow from financing		150,000
Increase in cash in the year		22,653
Reconciliation of net cash flow to movement in net debt	4.15	
Increase in cash in the year		22,653
Cash inflow from increase in debt		(150,000)
Change in net debt resulting from cash flows		(127,347)
Other non-cash movements		—
		(127,347)
Net debt at 1 January		(181,482)
Net debt at 31 August		(308,829)

4. Notes to the financial statements

4.1 Basis of preparation

The financial information is based on the financial statements of Immedia Broadcast Limited and Immedia Broadcasting Trustees Limited for the 8 month period ended 31 August 2003. The financial information has been drawn up in accordance with applicable accounting standards.

The financial statements are prepared under the historical cost convention.

4.2 Accounting policies

The principal accounting policies, which have been applied consistently throughout the period, are set out below.

Turnover

Turnover represents net invoiced sales of services, excluding value added tax. Turnover is net of any amounts payable under commission agreements. Turnover for the period under review is net of the amounts payable to Unipharm Ventures Limited under a commission agreement dated January 2003 commencing in April 2003 relating to the "Lloydspharmacy Live" station.

Tangible fixed assets

Depreciation of fixed assets is calculated to write off the cost of the assets in equal annual instalments over their estimated useful lives or, if held under a finance lease, over the lease term, whichever is the shorter:

Plant and machinery	33%
Fixtures and fittings	20% or 33%
Network equipment	20%
Motor vehicles	25%

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Leases

Assets acquired under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Operating lease rentals are charged to the profit and loss account on a straightline basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently secured fund. Contributions payable for the year are charged in the profit and loss account

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

4.3 Directors and employees

(a) Directors' emoluments	*2003* £
Emoluments (including pension contributions)	291,181
Remuneration of the highest paid director	87,000
Pension contribution for the highest paid director	—
Total emoluments of the highest paid director	87,000
No. of directors who are members of the defined contribution scheme	2

(b) Staff	*2003 No of employees*
Average number of persons employed	
Production	2
Customer care	5
Management and administration	3
	10

	£
Staff costs during the year	
Wages and salaries	171,883
Social Security costs	16,787
Other pension costs	—
	188,670

4.4 Operating loss

(a) Operating loss is stated after charging/(crediting):	*2003 £*
Auditors' remuneration	
Audit services	15,000
Non audit services	3,000
Depreciation of tangible fixed assets	
Owned	176,878
Hire purchase	2,383
Profit on disposal of fixed assets	(1,579)

4.5 Exceptional items

Exceptional items relate to the legal fees associated with aborted investment and other funding in 2003 (£152,500) and contract drafting (£72,000), included within administrative expenses.

In addition within cost of sales there is an exceptional item relating to the re-point of all Newsagent Radio satellites, amounting to £78,355.

4.6 Interest payable and similar charges

	2003 £
Interest on bank overdraft and loans	956
Interest on loan notes	32,292
Finance charges payable in respect of finance leases and hire purchase contracts	100
	33,348

4.7 Tax charge on loss on ordinary activities

	2003 £
UK corporation tax	
Corporation tax at 30% for each year based on the loss for the period	—
Total current tax	—
Deferred tax	
Timing differences, origination and reversal — current period	—
	—

Factors affecting the tax charge for the current period

The current tax change for the period is lower than the small company rate of corporation tax in the UK (19 per cent.). The differences are explained below.

	2003 £
Current tax reconciliation	
Loss on ordinary activities before tax	(416,068)
Loss on ordinary activities multiplied by the standard rate of UK corporation tax of 19%	(79,053)
Effects of:	
Expenses not deductible for tax purposes	1,330
Excess capital allowances over depreciation	(34,020)
Creation of tax losses not recognised	111,743
Current tax charge for the period	—

Factors which may affect future tax charges

No deferred tax asset has been recognised in respect of the cumulative losses to date, as there is insufficient evidence that the asset will be recoverable, although this will be reassessed each year. The unrecognised asset amounts to £1,032,000 (*2002: £850,000*).

4.8 Tangible fixed assets

	Property improvements £	*Plant and machinery* £	*Fixtures and fittings* £	*Network equipment* £	*Motor vehicles* £	*Total* £
Cost						
At 1 January 2003	—	123,504	41,992	678,616	14,337	858,449
Period ended 31 August 2003						
Additions	—	163,627	67,639	402,072	—	633,338
Disposals	—	—	—	—	(14,337)	(14,337)
At 31 August 2003	—	287,131	109,631	1,080,688	—	1,477,450
Accumulated depreciation						
At 1 January 2003	—	107,873	34,899	89,983	9,532	242,287
Period ended 31 August 2003						
Charge for the period	—	40,259	14,780	121,838	2,383	179,260
Disposals	—	—	—	—	(11,915)	(11,915)
At 31 August 2003	—	148,132	49,679	211,821	—	409,632
Net book value						
At 31 December 2002	—	15,631	7,093	588,633	4,805	616,162
At 31 August 2003	—	138,999	59,952	868,867	—	1,067,818

Included in the total net book value of motor vehicles is £nil in respect of assets held under hire purchase contracts. Depreciation for the period on these assets was £2,383.

4.9 Subsidiary undertakings

Subsidiary name	*Holding*	*Proportion of shares held*	*Nature of principal business*
As at 31 August 2003			
Immedia Broadcasting Trustees Limited	Ordinary	100%	Trustees of Immedia Employees' Benefit Trust

The company is registered in England and Wales

4.10 Debtors

	2003 £
Amounts falling due within one year	
Trade debtors	200,225
Other debtors	105
Amounts due on shares issued	755
Prepayments and accrued income	38,261
	239,346

4.11 Creditors: amounts falling due within one year

	2003 £
Bank loans and overdraft	58,935
Other loans	250,000
Trade creditors	697,622
Other taxation and social security	109,049
Other creditors	—
Accruals and deferred income	581,626
	1,697,232

Analysis of debt

	2003 £
Other loans	250,000
Bank overdraft	58,935
	308,935
Bank loans and overdrafts	
In one year or less or on demand[(a)]	58,935
Other loans and loan notes	
In one year or less or on demand[(b)]	250,000
In more than one year but not more than two years	—
In more than two years but not more than five years	—
	308,935

(a) Bank overdraft

The bank overdraft is repayable on demand and subject to interest of 4 per cent. above base rate. The overdraft is secured by a debenture dated 20 August 2002 over all assets of the company.

(b) Other loans

The interest payable on the loan note is 15 per cent. per annum for the first interest period; 20 per cent. for the second interest period; 25 per cent. for the third interest period; and 30 per cent. per annum for any subsequent interest period. The loan is wholly repayable on 7 January 2004. Interest is repayable in quarterly instalments

4.12 Aggregate shareholders' funds

	2003 £
At 1 January	26,106
Retained profit for the period	(416,068)
Issue of shares	—
At 31 August	(389,962)

4.13 Commitments

(a) Capital commitments at the end of the period for which no provision has been made are as follows:

	2003
	£
Contracted	—

(b) Immedia Broadcast Limited was committed to making the following payments during the next year in respect of other operating leases which expire:

	2003
	£
Leases which expire	
Within one year	23,850
Between one and five years	2,209
	26,059

4.14 Reconciliation of operating loss to operating cash flows

	2003
	£
Operating loss	(382,720)
Depreciation of tangible fixed assets	179,261
Profit on disposal of fixed assets	(1,579)
(Increase) in debtors	(56,102)
Increase in creditors	785,899
Net cash inflow from operating activities	524,759

4.15 Analysis of changes in net debt

	At 1 January 2003	*Cash flow*	*Other non-cash changes*	*At 31 August 2003*
	£	*£*	*£*	*£*
Cash in hand and at bank	45,867	(45,761)	—	106
Bank overdrafts	(127,349)	68,414	—	(58,935)
		22,653		
Debt due within one year	(100,000)	(150,000)	—	(250,000)
Debt due after one year	—	—	—	
		(150,000)		
Net debt	(181,482)	(127,347)	—	(308,829)

4.16 Related party disclosures

BBME which owns 1,150,000 in the Company provides facilities at the Newbury premises to Immedia. The total amount of the invoices issued was £61,909 . The amount outstanding at the period end was £51,579 .

James MacDonald Consulting has invoiced Immedia Broadcast Limited £900 in the period to 31 August 2003 in respect of public relations work on two contracts.

4.17 Post balance sheet event

Three unsecured convertible loan facilities aggregating £250,000 were granted on 30 September 2003. The loan facilities are wholly repayable on 19 September 2006 or may be converted into an aggregate of 238,031 fully paid ordinary shares. Interest will be payable at 8 per cent. per annum.

Three unsecured convertible loan facilities aggregating £250,000 were granted on 24 October 2003. Subject to the earlier satisfaction of the Loan Note issued to EPIC on 8 January 2003, the loan facilities are wholly repayable on or before 23 October 2006 or may be converted at the option of the lender on 1 March 2004 or by Immedia at any time into an aggregate of 357,050 fully paid Ordinary Shares. Interest will be payable at the rate of 15 per cent. per annum up to and including 31 December 2003, 20 per cent. per annum from 1 January 2004 up to and including 29 February 2004 and 8 per cent. per annum thereafter.

On 11 December 2003 the Immedia Group entered into a contract with BBME (a related party) to acquire a business and assets for consideration of £145,000.

Yours faithfully

KPMG Audit Plc

PART VI

Additional Information

1. The Company

1.1 The Company is registered in England and Wales, having been incorporated on 30 October 2003 under the Act with company registration number 4947859 as a public limited company with the name Nubor PLC. On 6 November 2003, the Company changed its name from Nubor PLC to Immedia Broadcasting PLC.

1.2 The principal legislation under which the Company operates is the Act and the regulations made thereunder.

1.3 The registered office of the Company is at 8-10 New Fetter Lane, London EC4A 1RS.

1.4 The principal place of business of the Company is 7-9 The Broadway, Newbury, Berkshire RG14 1AS.

1.5 The liability of the members of the Company is limited.

1.6 The Company received a Certificate of Entitlement to do business and borrow under Section 117(1) of the Act on 20 November 2003.

2. The Subsidiaries

2.1 The Company acts as the holding company of the Group. The Company has the following subsidiaries, which are private limited companies, wholly-owned and incorporated in England and Wales:

Name	*Field of activity*
Immedia Broadcast Limited[1]	Provision of radio services to retail outlets
Immedia Broadcasting Trustees Limited[2]	Trustee for Immedia Employee Benefit Trust

1. Pursuant to a resolution dated 25 November 2003, the name of Storm Digital Broadcasting Limited was changed to Immedia Broadcast Limited.
2. Pursuant to a resolution dated 25 November 2003, the name of Storm Digital Trustees Limited was changed to Immedia Broadcasting Trustees Limited.

3. Share Capital

3.1 The authorised share capital of the Company on incorporation was £3,000,000 divided into 30,000,000 Ordinary Shares of 10p each of which two shares were issued fully paid at par to the subscribers of the memorandum of association of the Company.

3.2 The authorised and issued share capital of the Company at the date of this document and immediately following Admission is and will be as follows:

	Ordinary Shares Authorised		*Ordinary Shares issued and fully paid*	
	£ (nominal value)	*Number*	*£ (nominal value)*	*Number*
At Present	£3,600,000	36,000,000	£761,700	7,617,000
Following Admission	£3,600,000	36,000,000	£1,170,791	11,707,910

3.3 At the date hereof:

(a) the Directors are generally and unconditionally authorised pursuant to section 80 of the Act to exercise all powers of the Company to allot relevant securities (as defined in section 80(2) of the Act) of the Company up to an aggregate nominal amount equal to £1,647,455.10 to expire (unless previously renewed, varied or revoked by the Company in general meeting) on 31 December 2004 or on the holding of the Company's Annual General Meeting in 2004, whichever is the sooner except that the Company may, at any time prior to the expiry of the authority, make an offer or enter into an agreement which would or might require relevant securities to be allotted after expiry of the authority and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired;

(b) the Directors have been given power pursuant to section 95 of the Act to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the authority under section 80 of the Act referred to in paragraph (a) above as if section 89(1) of the Act did not apply to the allotment (otherwise than pursuant to the foregoing paragraph) of equity securities up to an aggregate nominal amount of £1,319,633.60 (representing approximately 11.27 per cent. of the issued ordinary share capital of the Company after the Placing assuming subscription in full) to expire (unless previously renewed, varied or revoked by the Company in general meeting) on 31 December 2004 or at the conclusion of the next annual general meeting of the Company in 2004, whichever is the earlier, provided that the Company may before the expiry of the power make an offer or enter into an agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

3.4 Following the Placing 23,397,666 Ordinary Shares will remain authorised and unreserved for issue which represents approximately 200 per cent. of the Enlarged Share Capital.

3.5 Pursuant to a share exchange agreement entered into on 20 November 2003 between the Company and the Vendors (as therein defined), the Company acquired the entire issued share capital of Immedia for a consideration which was satisfied by the issue and allotment to the Vendors of an aggregate of 7,616,998 Ordinary Shares, each of which was credited as fully paid.

3.6 Save in connection with the Placing and as disclosed in this Part VI:

(a) no share or loan capital of the Company or any member of the Group has been issued or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;

(b) no share or loan capital of the Company or any member of the Group is under option or is agreed conditionally or unconditionally to be put under option; and

(c) no commission, discount, brokerage or other special term has been granted by the Company or any member of the Group or is now proposed in connection with the issue or sale of any part of the share or loan capital of the Company or any member of the Group.

4. Memorandum and Articles of Association

4.1 *Memorandum of Association*

The Memorandum of Association of the Company provides that the Company's principal objects, are to act as a general commercial company and a holding company. The objects of the Company are set out in full in Clause 4 of its Memorandum of Association.

4.2 *Articles of Association*

The following is a description of the rights attaching to the Ordinary Shares based on the Company's Articles of Association which have been adopted, conditionally upon Admission (the "Articles") and English law. This description does not purport to be complete and is qualified in its entirety by the full terms of the Articles.

4.2.1 *Rights attaching to Ordinary Shares*

(a) *Voting*

Subject to disenfranchisement in the event of (1) non-payment of calls or other monies due and payable in respect of Ordinary Shares or (2) non-compliance with a statutory notice requiring disclosure as to beneficial ownership of Ordinary Shares, and, without prejudice to any special rights previously conferred and subject to any special terms as to voting upon which any shares may be issued or may for the time being be held and to any other provisions of the Articles, on a show of hands every shareholder who is present in person at a general meeting of the Company shall have one vote, and on a poll every shareholder who is present in person or by proxy shall have one vote for every share held.

(b) *Dividends*

Subject to the Statutes (as defined in the Articles), the Company at a general meeting may declare dividends to be paid to shareholders according to their rights and interests in the profits available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board. Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide, all dividends shall be declared according to the amounts paid-up on the Ordinary Shares and apportioned and paid *pro rata* according to the amounts paid-up on the Ordinary Shares during any portion or portions of the period in respect of which the dividend is paid. The Board may from time to time pay to the shareholders such interim dividends as appear to the Board to be justified by the position of the Company. Any dividend unclaimed after a period of 12 years from the date it became due for payment shall be forfeited and shall revert to the Company.

(c) *Distribution of assets on liquidation*

On a winding-up, the liquidator may, with the sanction of an extraordinary resolution of the Company and subject to and in accordance with the Statutes, divide among the shareholders *in specie* or kind the whole or any part of the assets of the Company, subject to the rights of any shares which may be issued with special rights or privileges.

4.2.2 *Transferability of Ordinary Shares*

All transfers of Ordinary Shares which are in certificated form may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Board. The instrument of transfer shall be executed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. All transfers of Ordinary Shares which are in uncertificated form may be effected by means of a relevant system (as defined in the Articles).

The Directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason therefor refuse to register any transfer of shares (not being fully-paid shares), provided that any such refusal does not prevent dealings in partly-paid shares from taking place on an open and proper basis. In addition, the Directors may refuse to register a transfer of shares (whether fully-paid or not) in favour of more than four persons jointly or made to or by an infant or patient within the meaning of the Mental Health Act 1983.

The Directors may decline to recognise any instrument of transfer relating to shares in certificated form unless the instrument of transfer is duly stamped, is in respect of only one class of share and is lodged at the Transfer Office (as defined in the Articles) accompanied by the relevant share certificates or such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

4.2.3 *Variation of rights*

Subject to the Statutes, the special rights attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound-up) be altered or abrogated either with the written consent of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of the holders of that class at which a quorum of two or more persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class (or in the case of an adjourned meeting any holder of shares of the class present in person or by proxy shall be a quorum). The special rights conferred upon the holders of any shares or class of share shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking *pari passu* therewith or by the purchase by the Company of any of its own shares.

4.2.4 *Changes in capital*

Subject to the provisions of the Statutes and to any special rights previously conferred on the holders of any shares or class of shares, the Company may issue redeemable shares. Subject to the provisions of the Statutes and to any special rights previously conferred on the holders of any existing shares, any share may be issued with such special rights or such restrictions as the Company may determine by ordinary resolution. The Company may by ordinary resolution increase its share capital, consolidate and divide its share capital into shares of a larger amount, sub-divide its share capital into shares of a smaller amount (subject to the provisions of the Statutes) and cancel any shares which have not been taken or agreed to be taken by any person and diminish the amount of its authorised share capital by the amount of the shares so cancelled.

Subject to the provisions of the Statutes, the Company may reduce its share capital, any capital redemption reserve and any share premium account in any manner. The Company may also, subject to the requirements of the Statutes, purchase its own shares.

4.2.5 *Untraced Shareholders*

Subject to various notice requirements, the Company may sell any shares of a member or person entitled thereto who is untraceable, if during a period of 12 years, at least three dividends in respect of the shares in question have become payable and the cheques or warrants for all amounts payable to such member or person in respect of his shares have remained uncashed or mandated dividend payments have failed and the Company has received no indication of the existence of such member or person. The net proceeds of sale shall belong to the Company but the member or person who had been entitled to the shares shall become a creditor of the Company in respect of those proceeds.

If on two consecutive occasions notices or other communications (including dividend payments) have been sent through the post to any holder of shares to his registered or other specified address but returned undelivered or mandated divided payments have failed, or following one such occasion and enquiries by the Company fail to establish a new address or account, the Company may cease to send such notices or other such communications or mandated payments until the person entitled thereto otherwise requires.

4.2.6 *Non-UK Shareholders*

There are no limitation in the Memorandum or Articles on the rights of non-UK shareholders to hold, or exercise voting rights attaching to, Ordinary Shares. However, no shareholder is entitled to receive notices from the Company, including notices of general meetings, unless he has given an address in the UK to the Company to which such notices may be sent.

4.2.7 *Sanctions on Shareholders*

A holder of Ordinary Shares loses his rights to vote in respect of Ordinary Shares if and for so long as he or any other person appearing to be interested in those Ordinary Shares fails to comply with a request by the Company under the Act requiring him to give particulars of any interest in those Ordinary Shares within 14 days in the case of shareholdings representing 0.25 per cent. or more, in nominal amount, of the share capital of the Company then in issue, or any class thereof; the sanctions which may be applied by the Company include not only disenfranchisement but also the withholding of the right to receive payment of dividends and other monies payable on, and restrictions on transfers of, the Ordinary Shares concerned.

4.2.8 *Directors*

The Directors (other than those holding executive office with the Company or any subsidiary of the Company) shall be paid by way of fees for their services at such rate and in such proportion as the Board may resolve, a sum not exceeding an aggregate of £75,000 per annum or such larger amount as the Company may by ordinary resolution determine or, in the case of such Directors who are resident outside the UK, such extra remuneration as the Board may determine. Any Director who holds an executive office or who performs duties outside the ordinary duties of a Director, may be paid such remuneration or extra remuneration by way of salary, commission or otherwise as the Board may determine.

The Directors shall also be paid all expenses properly incurred by them in attending meetings of the Company or of the Board or otherwise in connection with the business of the Company.

A Director who is in any way, whether directly or indirectly, interested in any contract or proposed contract with the Company shall declare the nature of his interest in accordance with the Statutes.

A Director shall not vote, and shall not be counted in a quorum, in respect of any contract, arrangement or proposal in which he has an interest which (together with any interest of any person connected with him) is to his knowledge a material interest (otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise through the Company), except that this prohibition shall not apply to:

(a) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiaries;

(b) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(c) any contract or arrangement by a Director to participate in the underwriting or sub-underwriting of any offer of shares, debentures or other securities of the Company or any of its subsidiaries for subscription purchase or exchange;

(d) any contract or arrangement concerning any other company in which the Director and any persons connected with him do not to his knowledge hold an interest in shares (as that term is used in sections 198 to 211 of the Act) representing one per cent. or more of either any class of the equity share capital, or the voting rights, in such company. For the purpose of this paragraph, there shall be disregarded any shares held by a Director as bare or custodian trustee and in which he has no beneficial interest, any shares comprised in a trust in which the Director's interest is in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director is interested only as a unit holder;

(e) any arrangement for the benefit of employees of the Company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;

(f) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for or for the benefit of *inter alia* any Directors of the Company.

Subject to the provisions of the Statutes, and provided that he had disclosed to the Board the nature and extent of any material interest he may have, a Director notwithstanding his office may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested, may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested and shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit. Any Director may act by himself or by his firm in any professional capacity (other than auditor) for the Company and he or his firm shall be entitled to remuneration as if he were not a Director.

The provisions of Section 293 of the Act as to the retirement of Directors on reaching 70 apply to the Company.

The Directors are not required to hold qualification shares.

At each annual general meeting of the Company one-third (or the nearest number to one-third) of the Directors shall retire from office by rotation. The Directors to retire every year shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. In addition, any Director who would not otherwise be required to retire shall retire by rotation at every third annual general meeting after his last appointment or re-appointment. A retiring Director shall be eligible for re-election. The Company may from time to time by ordinary resolution appoint any person to be a Director. The Directors may also from time to time appoint one or more Directors and any Director so appointed shall retire at or at the end of the next annual general meeting of the Company but shall then be eligible for re-election and any Director who so retires shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

The Board may from time to time appoint one or more Directors to be the holder of any executive office for such period and on such terms as it decides.

4.2.9 *Borrowing Powers*

The Articles provide that the aggregate principal amount from time to time remaining undischarged of all moneys borrowed by the Company (exclusive of intra-group borrowings) shall not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to the higher of £5,000,000 and an amount equal to four times the aggregate of the issued share capital and reserves of the Company adjusted in the manner set out in the Articles.

5. Directors and their Interests

5.1 *Directors' Interests*

The interests (all of which are beneficial unless stated otherwise) of the Directors and their immediate families and the persons connected with them (within the meaning of Section 346 of the Act) which have been notified to the Company pursuant to Sections 324 or 328 of the Act or are required to be disclosed in the Register of Directors' interests pursuant to Section 325 of the Act in the issued share capital of the Company and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director as at the date of this document and as expected to be immediately following the Placing (assuming full subscription under the Placing) are as follows:

	At the date of this document			*Immediately following the Placing*		
Name	*Number of Ordinary Shares*	*% of issued share capital*	*Number of Ordinary Shares over which options granted*	*Number of Ordinary Shares*	*% of Enlarged Share Capital*	*Number of Ordinary Shares over which options granted*
Trevor Neil Brookes*	1,694,000	22.2	280,000[1]	1,505,600	12.9	280,000
Robert Glyn Parker	55,000	0.7	220,000[2]	35,500	0.3	220,000
Geoff Howard-Spink	0	0	0	0	0	0
Peter Teague	0	0	0	0	0	0

* The Ordinary Shares in which Mr Brookes is interested include 1,150,000 Ordinary Shares held by BBME, a company connected with him.

1. Of these options, 90,000 options were granted on 11 December 2003 such that they will lapse if Admission does not take place by 31 January 2004.
2. Of these options, 80,000 options were granted on 11 December 2003 such that they will lapse if Admission does not take place by 31 January 2004.

Further details of the Directors' options are set out in paragraph 7 below.

5.2 Save as disclosed above, none of the Directors (or persons connected with the Directors within the meaning of Section 346 of the Act) has any interest, whether beneficial or non-beneficial, in any share or loan capital of the Company.

5.3 There are no outstanding loans granted or guarantees provided by the Company or any member of the Group to or for the benefit of any of the Directors.

5.4 Save as disclosed above and otherwise in this document no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or unperformed.

5.5 *Directors' service agreements and letters of appointment*

The terms of the Directors' service contracts or letters of appointment are as follows:

(a) Bruno Brookes entered into a conditional agreement with the Company to act as Chief Executive on 11 December 2003 with effect from Admission. His period of continuous employment commenced on 1 December 2000. This agreement is terminable on 3 months' notice by the Company and on 6 months' notice by Mr Brookes. Mr Brookes will receive an annual salary of £115,500, payable by equal monthly instalments in arrears. His salary will be reviewed annually. He will also receive a bonus of up to 10 per cent. of basic salary per annum, subject to meeting such performance targets as the Board may determine and a bonus of 15 per cent. of basic salary per annum in relation to each new station with which the Group enters into a contract of one year or more. He will receive a car allowance of £833.33 per month. He will be entitled to private medical cover for himself and his close family and life assurance cover at 4 times annual salary. He will be reimbursed in respect of reasonable business expenses, including petrol costs of travel on company business and all mobile phone bills. He will be entitled to 20 days' holiday per annum. The agreement contains detailed provisions regarding confidentiality, intellectual property and other matters and post-termination restrictive covenants applicable for 6 months after the termination (less any period of garden leave).

(b) Robert Parker entered into a conditional agreement with the Company to act as Finance Director on 11 December 2003 with effect from Admission. His period of continuous employment commenced on 1 April 2002. The agreement is terminable on 3 months' notice by the Company and on 6 months' notice by Mr Parker. Mr Parker will receive an annual salary of £97,500, payable by equal monthly instalments in arrears. His salary will be reviewed annually. He will also receive a bonus of up to 25 per cent. of basic salary per annum, subject to meeting such performance targets as the Board may determine. He will receive a car allowance of £625 per month. He will be entitled to private medical cover for himself and his close family and life assurance cover at 4 times annual salary. He will be reimbursed in respect of reasonable business expenses, including petrol costs of travel on company business and all mobile phone bills. He will be entitled to 20 days' holiday per annum. The agreement contains detailed provisions regarding confidentiality, intellectual property and other matters and post-termination restrictive covenants applicable for 6 months after the termination (less any period of garden leave).

(c) Geoff Howard-Spink entered into an agreement with the Company to act as a Non-Executive Chairman on 11 December. The agreement is terminable on one month's written notice by the Company or on three months' written notice by Mr Howard-Spink, the expiry of a term of 3 years, or in accordance with the Articles. Mr Howard-Spink will receive an annual fee of £35,000 payable in quarterly instalments in arrears. This fee will be reviewed annually and any increase will be entirely at the discretion of the Company. He will also be paid at a daily rate of £1,200 in respect of additional days spent on specific projects outside his normal duties. He will be reimbursed for all reasonable out of pocket expenses incurred in providing services to the Company. He is subject to confidentiality obligations and provisions relating to conflicts of interest. He will not be entitled to compensation for loss of office if the appointment is terminated in accordance with the provisions of the agreement.

(d) Peter Teague entered into an agreement with the Company to act as a Non-Executive Director on 11 December 2003. The agreement is terminable on one month's written notice by the Company or on three months' written notice by Mr Teague, the expiry of a term of 3 years, or in accordance with the Articles. Mr Teague will receive an annual fee of £17,500 payable in quarterly instalments in arrears. This fee will be reviewed annually and any increase will be entirely at the discretion of the Company. He will also be paid at a daily rate of £1,000 in respect of additional days spent on specific projects outside his normal duties. He will be reimbursed for all reasonable out of pocket expenses incurred in providing services to the Company. He is subject to confidentiality obligations and provisions relating to conflicts of interest. He will not be entitled to compensation for loss of office if the appointment is terminated in accordance with the provisions of the agreement.

Save as disclosed in paragraph 5.5 above, there are no service contracts, existing or proposed, between any Director and any member of the Group.

5.6 There is no arrangement under which any Director has agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

5.7 The aggregate remuneration, including benefits in kind, of the Directors of the Company for the year ended 31 December 2002 amounted to £Nil (Group £174,125). It is estimated that under the arrangements currently in force, the aggregate remuneration and benefits in kind to be paid to the Directors for the financial period from incorporation and ending on 31 December 2004 will be approximately £300,000.

5.8 *Additional Information on the Directors*

(a) In addition to the directorships in the Group the Directors hold or have held the following directorships or partnerships within the five years immediately prior to the date of this document:

Director	*Current Directorships/Partnerships*	*Past Directorships/Partnerships*
Trevor Neil Brookes	BBME Media Group Limited Manic Moonsters Trading Limited Manic Moonsters Limited Light Deepdale Limited	Unipharm Ventures Limited Vivid Designs Limited BBME Interactive Limited Horseworld Limited Newbury Broadcasting Company Limited Reading FM Limited Bruno Brookes Media and Entertainment Limited
Robert Glyn Parker	None	Unipharm Ventures Limited

Director	*Current Directorships/Partnerships*	*Past Directorships/Partnerships*
Geoffrey Howard-Spink	Jupiter Split Trust Plc JST Securities Limited Bricklow Limited Chrysalis Group plc New Star Investment Trust Plc JIT Securities Limited De Facto 477 Limited	Thrup Bloodstock Limited Cliptill Limited Grovewish Limited Electronic Fieldforce Limited North American Gas Investment Trust Plc Taiwan Investment Trust Securities Limited Taiwan Investment Trust Plc James Bellini Associates Limited The National Stud Owner-Breeders' Club Limited The National Stud Breeders' Club Limited The Lowe Group Limited Lowe & Partners Limited Lowe International Limited
Peter Roy Teague	Anisa (UK) Limited Frog Consulting Limited Open Business Solutions Limited New Technology Cadcam Limited	Unicorn Music and Dance Limited Newincco 133 Limited Galleon Limited Broadcasting Dataservices Limited Periodical Publishers Association Limited BBC Haymarket Exhibitions Limited BBC World Service Television Limited BBC Worldwide Investments Limited BBC Worldwide Limited European Channel Management Limited European Channel Broadcasting Limited Wildlife Publications Limited Woodlands Publishing Limited Woodlands Publishing (Magazines) Limited Motion Gallery Limited Worldwide Channel Investments (Europe) Limited Worldwide Channel Investments Limited UK Programme Distribution Limited UK Gold Broadcasting Limited UK Gold Services Limited UK Gold Television Limited UKTV Interactive Limited UKTV New Ventures Limited UK Channel Management Limited UK Gold Holdings Limited

(b) Save as disclosed, none of the Directors has:

   (i) any unspent convictions in relation to indictable offences; or

   (ii) had any bankruptcy order made against him or entered into any voluntary arrangements; or

   (iii) been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director in that company; or

   (iv) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership; or

   (v) owned, or been a partner in a partnership which owned, any asset which while he owned that asset, or while he was a partner or within 12 months after his ceasing to be a partner in the partnership which owned that asset, entered into receivership; or

   (vi) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

   (vii) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of affairs of a company.

(c) Geoffrey Howard-Spink was a director of Andrea Galer Limited (company number 2596339) which was placed into creditors voluntary liquidation in November 1994. The deficiency as regards creditors and contributories was in the sum of £195,187.

6. Substantial Shareholders

As at the date of this document and immediately following the Placing other than the interests disclosed in paragraph 5.1 above, the Directors are aware of or expect directly or indirectly the following holdings which represent an interest within the meaning of Part VI of the Act directly or indirectly in 3 per cent. or more of the Company's issued share capital:

	At the date of this document		*Immediately following the Placing*	
	Number of Ordinary Shares	*% of issued Share Capital*	*Number of Ordinary Shares*	*% of Enlarged Share Capital*
Mark Ian Horrocks	1,338,000	17.6	1,388,000	11.9
BBME	1,150,000	15.1	1,150,000	9.8
Equity Partnership Investment Company plc*	759,000	10.0	759,000	6.5
Ian James Watson	591,000	7.8	591,000	5.0
Trevor Neil Brookes	544,000	7.1	355,600	3.0
Allan Cockell	539,000	7.1	539,000	4.6
Immedia Broadcasting Trustees Limited**	485,000	6.4	485,000	4.1
Intrinsic Value plc	458,000	6.0	458,000	3.9
John Gildersleeve	455,000	6.0	455,000	3.9

* Barclays Nominees (Branches) Limited holds 20,000 Ordinary Shares as nominee for Equity Partnership Investment Company plc.

** Immedia Broadcasting Trustees Limited holds these shares as trustee of the Immedia Broadcasting Employees Benefit Trust.

Save as disclosed in this paragraph 6 and paragraph 5.1 the Directors are not aware of any person or persons who directly or indirectly, jointly or severally, at the date of this document, or immediately following Admission can exercise, will exercise or could exercise control over the Company.

7. Share Option Schemes and other options

7.1 *The Storm Digital Broadcasting Enterprise Management Incentives Share Option Scheme ("the Immedia EMI Scheme")*

7.1.1 *Background*

Immedia adopted the Immedia EMI Scheme on 13 January 2003 for the grant of options to key employees and Directors in order to recruit and retain them. On 22 October 2003 the Immedia EMI Scheme was amended taking into account the changes in legislation introduced by the Income Tax (Earnings and Pensions) Act 2003 ("ITEPA"). Each option under the Immedia EMI Scheme is granted by a separate agreement ("EMI Agreement"). On 2 December 2003 all options granted under the Immedia EMI Scheme were exchanged for options over the Ordinary Shares subject to the terms of the Immedia EMI Scheme.

The summary that follows is of a model EMI agreement which forms part of the Immedia EMI Scheme and outlines the principal terms of the Immedia EMI Scheme. EMI agreements for different employees may contain different terms but it is intended that, save for the exercise price of options and the number of Ordinary Shares the subject of options, the EMI agreements should be identical except in exceptional circumstances. Changes may be required to be made to EMI agreements in order to ensure their compliance with ITEPA and Inland Revenue practice.

7.1.2 *Participation*

Options under the Immedia EMI Scheme ("EMI options") can only be granted to employees or Directors of Immedia or any subsidiary who at all material times are required to work for at least 25 hours per week for Immedia or any subsidiary or work for at least 75 per cent. of their total working time for Immedia or any subsidiary. Each option holder is required to warrant that he satisfies these criteria.

7.1.3 *Grant of EMI Options*

EMI Options may be granted over issued or unissued Ordinary Shares of Immedia. No consideration will be payable for the grant of an Option. All Options granted under the Immedia EMI Scheme to date have been granted by Immedia Broadcasting Trustees Limited ("the Trustee"), as trustee of the Storm Digital Broadcasting Employees' Benefit Trust ("the EBT") over shares held by the Trustee. Where options are granted by the Trustee, the Trustee instead of the Board, acts upon it at its discretion, where appropriate, in consultation with the Board. References to the acts of the Board should be read accordingly.

Each EMI Option is personal to the option holder and any transfer, assignment, charge, pledge or other disposal of or dealing with the option will cause it to lapse.

EMI Options may be granted when the Board resolves that circumstances exist which justify the grant of options.

The Immedia EMI Scheme provides a vesting scale whereby Options vest equally over a maximum period of four years. A number of Options granted to date are subject to such vesting scale commencing from the date an employee commenced employment.

EMI Options may be granted such that their exercise is subject to performance conditions being satisfied. To date, general options granted under the Immedia EMI Scheme have not been granted subject to performance conditions.

7.1.4 *Exercise Price*

The Board determines the exercise price of EMI Options before they are granted. It is intended that EMI Options should be granted at the prevailing market price agreed with the Inland Revenue and that has been the practice to date.

7.1.5 *Personal Limits*

The maximum number of Ordinary Shares in respect of which an option holder can hold EMI Options is limited to the number of Ordinary Shares having an aggregate market value of £100,000 at the date of grant after taking account of any other EMI Options or options granted under a discretionary approved share scheme that may be held by that employee.

7.1.6 *Immedia EMI Scheme Limits*

The aggregate market value of Ordinary Shares which may be acquired under all EMI Options granted by Immedia on or before the date of grant must not exceed the maximum overall statutory limit (currently £3 million).

The percentage of Share Capital that can be used for the EMI Options granted under the Immedia EMI Scheme and any other share scheme adopted by Immedia is limited to 10 per cent. of the ordinary share capital of the Company in any 10 year period preceding the date of grant.

7.1.7 *Exercise of Options*

Generally, EMI Options can be exercised when the Board determines at the time of grant. In any event an EMI Option will not be exercisable after the tenth anniversary of its grant.

The right to exercise the Option terminates immediately upon the Option holder ceasing to be an Eligible Employee. However, where the option holder dies, his personal representatives may exercise any vested option within a period of 12 months after the date of death. Where the option holder ceases to be an employee by reason of injury, disability, pregnancy, redundancy, retirement after the contractual retirement age, the transfer of the business or in any other circumstances determined by the Board in its absolute discretion within 30 days of termination of employment, a vested option may be exercised within 40 days of the date of termination.

On the exercise of an EMI Option Ordinary Shares will be allotted and/or transferred within 30 days and where Ordinary Shares are issued, they will rank *pari passu* in all respects with other Ordinary Shares then in issue.

No Option is capable of being quoted or dealt in on any investment exchange. Should the option holder cease to be an eligible participant (for whatever reason) he is not entitled to any compensation whatsoever. Rights granted under the Immedia EMI Scheme do not affect the pension rights of participants.

7.1.8 *Take-overs and Liquidations*

In the event of a take-over, scheme of arrangement, change of control or voluntary winding up of Immedia, Options become immediately exercisable whether or not vested in full. In the event of an initial public offering, including Admission, options can be exercised on or after the first date on which members of the Board ceases to be prevented from selling Ordinary Shares in the market. There is a provision allowing the roll-over of Options provided that such roll-over satisfies the conditions of ITEPA. Rolled over options can be exercised on the second anniversary of the take-over, etc, although the Board may allow earlier exercise.

7.1.9 *Variation of Capital*

In the event of a rights or capitalisation issue or any sub-division, consolidation, reduction or other variation of Immedia's (the Company's in the case of rolled over options) share capital, the exercise price and the number of Ordinary Shares over which an Option exists shall be adjusted in such manner as the Board shall determine, subject to certification in writing (except in the case of a capitalisation) by Immedia's auditors that the adjustment is in their opinion fair and reasonable. Any variation must be approved by the Inland Revenue and must satisfy the conditions of ITEPA.

7.1.10 *Taxation*

Where a tax liability arises on the exercise of an Option, Immedia may make deductions from payments due to the option holder to meet such liability. If such payments are insufficient, the option holder must pay Immedia the balance of the liability before Ordinary Shares are allotted or transferred to him. Alternatively, the Board may sell as many of the option holder's Ordinary Shares as are necessary to cover the liability. The option holder will bear 50 per cent. of the cost (or other proportion that may be specified) of any secondary National Insurance Contributions.

7.1.11 *Amendment and Assignability*

An EMI agreement cannot be assigned by the option holder and any rights under it are personal only to him. An EMI agreement can only be substantially amended by the agreement of the parties. It is intended that the EMI agreements should comply with provisions of ITEPA and to the extent that any provision does not so comply, it does not have any effect, but the parties can make amendments to ensure that the relevant provision does comply with the provisions of the ITEPA.

7.1.12 *Termination*

Immedia in general meeting or the Board can terminate the Immedia EMI Scheme, but any subsisting options granted before such termination are not affected. It is not intended that any further options should be granted under the Immedia EMI Scheme.

7.2 *Immedia Broadcasting PLC Share Option Scheme ("the Immedia PLC Scheme")*

The Immedia PLC Scheme is almost identical to the Immedia EMI Scheme except as follows:

7.2.1 Options granted after Admission cannot be granted at an exercise below the higher of the nominal value of an Ordinary Share and the market value of an Ordinary Share at the date of grant;

7.2.2 Options can only be granted within 42 days after the announcement of full or interim results save in exceptional circumstances determined by the Remuneration Committee;

7.2.3 The 10 per cent. limit referred to at paragraph 7.1.6 will also include options granted over existing Ordinary Shares held by the Trustee of the EBT.

7.2.4 The options cannot be exercised before the third anniversary of grant save in exceptional circumstances determined by the Remuneration Committee;

7.2.5 Options granted after Admission must be granted subject to objective performance conditions determined by the Remuneration Committee which are linked to the achievement of material financial performance of Immedia over a period of not less than three years commencing with the date of grant or an earlier date beginning with the start of the accounting period of the Company current at the date of grant;

7.2.6 The Scheme cannot be amended to the advantage of participants without prior approval of the shareholders of Immedia except for minor amendments to benefit the administration of the Immedia PLC Scheme, or to comply with or take account of proposed or existing legislation or law or to obtain or maintain favourable tax or regulatory treatment; and

7.2.7 The Immedia PLC Scheme also provides for the grant of unapproved options as well as EMI options. In the case of unapproved options, provisions included in the Immedia PLC Scheme to comply with ITEPA in relation to EMI options are disapplied including, in particular, the £100,000 individual limited referred to at paragraph 7.1.5 and the £3 million limit referred to at paragraph 7.1.6 above.

7.3 As at 11 December 2003, options over Immedia Broadcasting PLC Ordinary Shares granted under the Share Option Schemes were outstanding as follows:

Name of Employee	Date of Grant	No. of issued Shares comprised in the Option granted by the EBT	Exercise Price per Share	Expiry Date
Trevor Brookes	27.01.2003*	170,000	3.75p	27.01.2013
Robert Parker	27.01.2003*	120,000	3.75p	27.01.2013
James Bartholomew	27.01.2003*	80,000	3.75p	27.01.2013
Sara Louise Haynes	27.01.2003*	40,000	3.75p	27.01.2013
Kate de Ban	27.01.2003*	10,000	3.75p	27.01.2013
Andrew Dene	27.01.2003*	10,000	3.75p	27.01.2013
Stephen Barr-Caldwell	29.10.2003*	15,000	20.00p	29.10.2013
Trevor Brookes	29.10.2003*	20,000	20.00p	29.10.2013
Robert Parker	29.10.2003*	20,000	20.00p	29.10.2013
James Bartholomew	11.12.2003	40,000	110p	11.12.2013
Sara Louise Haynes	11.12.2003	40,000	110p	11.12.2013

* The date of grant was the date of the grant of options under the Immedia EMI Share Option Scheme. On 2 December 2003, these were rolled over into options over shares in Immedia Broadcasting PLC, subject to the rules of the Immedia EMI Share Option Scheme.

Name of Employee	Date of Grant	No. of unissued Shares comprised in the Option granted by the Company	Exercise Price per Share	Expiry Date
Trevor Brookes	11.12.2003	90,000	110p	11.12.2013
Robert Parker	11.12.2003	80,000	110p	11.12.2013

All options to 29 October 2003 were granted for nil consideration under the Immedia (previously Storm Digital Broadcasting) Enterprise Management Incentives Share Option Scheme. Subsequent options were granted for nil consideration under the Immedia Broadcasting PLC Share Option Scheme. The options may, in certain circumstances, be exercised earlier than the dates given above. A description of the Enterprise Management Incentives Share Option Schemes appears above.

7.4 The Trustee (as trustee of the EBT) entered into call option agreements with each of Ian Watson dated 2 December 2003, Peter Donnelly dated 4 December 2003 and John Gildersleeve dated 2 December 2003 (each the "Grantor") for various number of shares in the capital the Company. The terms and conditions of each call option agreement are identical (save as disclosed below) and are summarised below:

The Grantor agreed to grant to the EBT the right to purchase the number of shares in the capital of the Company specified below (the "Option Shares") in consideration of the sum of £1 paid by the EBT. The Option is exercisable over all (and not some only) of the Option Shares at a purchase price of 50 pence per Option Share.

The right to purchase the Option Shares (the "Option") is exercisable by the EBT serving notice in writing of its wish to do so (the "Exercise Notice") at any time during the period commencing on the date of which the Grantor acquires shares in the capital of the Company and ending on the earlier of (i) Admission and (ii) 31 December 2003.

Each of the Grantors granted option over the following Option Shares:

Grantor	*Option Shares*
Ian Watson	41,000
Peter Donnelly	14,000
John Gildersleeve	25,000

8. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or its subsidiaries during the two years immediately preceding the date of this document and are or may be material:

(a) On 19 December 2002 Immedia entered into a facility letter with The Equity Partnership Investment Company plc ("EPIC") under which EPIC agreed to lend £100,000 to Immedia to be used by Immedia for its working capital purposes repayable immediately on demand together with interest at 15 per cent. per annum.

The facility letter also contains an indemnity, representations and warranties and a covenant from Immedia to EPIC.

(b) Pursuant to an unsecured loan note instrument dated 8 January 2003, Immedia issued a £250,000 unsecured loan note dated 8 January 2003 to The Equity Partnership Investment Company plc ("EPIC") repayable on 7 January 2004. The unsecured loan note is subject to interest at a rate of 15 per cent. per annum, 20 per cent. per annum, and 25 per cent. per annum for the first three successive 3 month periods from the date of the note. Thereafter interest is payable at 30 per cent. per annum for any subsequent three month period until repayment. Interest is payable in arrears on the last day of each such 3 month period. The unsecured loan note is subject to customary provisions related, *inter alia*, to winding up or liquidation as a result of which the unsecured loan note would be subject to immediate redemption. Pursuant to the terms of its loan note, Immedia shall not, amongst other things, make any distribution of a capital nature or repurchase or redeem any of its shares or options or warrants for shares, incur Group indebtedness in excess of an aggregate for the Group of £50,000, incur any capital expenditure for the Group on any one item or series of related items in excess of

£170,000 or deal with its material assets, revenues or undertakings (other than in the ordinary course of trading) without the prior written consent of EPIC.

Part of the consideration for the issue of the loan note included the deemed repayment of the £100,000 loan (including interest) from EPIC as further described in paragraph 8(a) above.

The loan note also contains representations, warranties and covenants from Immedia to EPIC.

(c) On 2 December 2003, the Company granted a warrant to Mark Horrocks over 125,000 Ordinary Shares of £0.10 each in the capital of the Company for no consideration. The warrant is exercisable in whole from the date of issue up to and including 30 October 2005. The exercise price at which Mr Horrocks is entitled to subscribe for the shares is £0.91912 per share. Under the terms of the warrant, the Company must keep sufficient authorised but unissued share capital free from pre-emptive rights to satisfy in full the exercise of the warrant. The shares issued to Mr Horrocks pursuant to the exercise of the warrant shall rank *pari passu* with the remaining issued ordinary shares in the capital of the Company.

(d) Pursuant to the novation by the Company of an unsecured convertible loan facility dated 30 September 2003 with Immedia on 4 December 2003, Horrocks Guardian Limited agreed to lend the sum of £50,000 to the Company. Once repaid, the sum cannot be re-advanced to the Company. Interest is payable on the amount of the loan outstanding at the rate of 8 per cent. per annum. The loan is to be repaid on or before 19 September 2006, although it is subject to customary provisions related, *inter alia*, to winding up or liquidation of the Company as a result of which the unsecured loan is subject to immediate redemption on notice by Horrocks Guardian Limited.

Horrocks Guardian Limited may, by 14 days' notice in writing to the Company, at any time during the term of the loan facility require the Company to issue and allot such number of fully paid ordinary shares of £0.10 each in the capital of the Company in exchange for and in full satisfaction of the loan. The conversion of the loan is at the rate of 1 ordinary share of £0.10 each for each £1.05028 of the outstanding loan amount and as such Horrocks Guardian Limited is entitled to exercise its conversion rights over a maximum 47,606 ordinary shares.

The Company may satisfy its obligation to repay the loan either on 19 September 2006 (or prior to that date if the right to demand immediate repayment arises) by issuing and allotting such number of shares as Horrocks Guardian Limited would have been entitled to had it served a conversion notice.

(e) Pursuant to the novation by the Company of an unsecured convertible loan facility dated 30 September 2003 with Immedia on 4 December 2003, The Equity Partnership Investment Company plc ("EPIC") agreed to lend the sum of £50,000 to the Company. The terms of the unsecured loan facility with EPIC are identical to the terms of the unsecured loan facility with Horrocks Guardian Limited (see (d) above).

(f) Pursuant to the novation by the Company of an unsecured convertible loan facility dated 30 September 2003 with Immedia on 2 December 2003, Intrinsic Value Plc ("Intrinsic") agreed to lend the sum of £150,000 to the Company. The terms of the unsecured loan facility with Intrinsic are identical to the terms of the unsecured loan facility with Horrocks Guardian Limited (see (d) above) save that Intrinsic is entitled to exercise its conversion rights over, and the Company is entitled to satisfy its repayment obligations by issuing and allotting, a maximum of 142,819 ordinary shares.

(g) Pursuant to the novation by the Company of an unsecured convertible loan facility dated 2 December 2003 with Immedia on 3 December 2003, Intrinsic agreed to lend the sum of £120,000 to the Company on or before 24 October 2003. Interest is payable on the amount of the loan outstanding at the rate of 15 per cent. per annum up to and including 31 December 2003, 20 per cent. per annum from 1 January 2004 up to and including 29 February 2004 and 8 per cent. per annum thereafter until repayment of the loan.

The Company may repay the loan in whole or in part at any time after the later of 7 January 2004 or the date on which the loan note with EPIC referred to in paragraph (b) above is repaid without penalty. The loan must be repaid on or before 23 October 2006, although it is subject to customary provisions related, *inter alia*, to winding up or liquidation of the Company as a result of which the unsecured loan is subject to immediate redemption on notice by Intrinsic.

Intrinsic may, by 14 days' notice in writing to the Company, at any time from 1 March 2004 until the date of repayment of the loan facility require the Company to issue and allot such number of fully paid ordinary shares of £0.10 each in the capital of the Company in exchange for and in full satisfaction of the loan. The conversion of the loan is at the rate of 1 ordinary share of £0.10 each for each £0.70018 of the outstanding loan amount and as such Intrinsic is entitled to exercise its conversion rights over a maximum 171,384 ordinary shares.

The Company may satisfy its obligation to repay the loan either on 23 October 2006 (or prior to that date if the right to demand immediate repayment arises) by issuing and allotting such number of shares as Intrinsic would have been entitled to had it served a conversion notice.

(h) Pursuant to the novation by the Company of an unsecured loan facility dated 24 October 2003 with Immedia on 4 December 2003, EPIC agreed to lend the sum of £100,000 to the Company. The terms of the unsecured loan facility with EPIC are identical to the terms of the unsecured loan facility with Intrinsic (see (g) above) save that EPIC is entitled to exercise its conversion rights over, and the Company is entitled to satisfy its repayment obligations by issuing and allotting, a maximum of 142,820 ordinary shares.

(i) Pursuant to the novation by the Company of an unsecured loan facility dated 4 December 2003 with Immedia on 4 December 2003, Dewscope Limited ("Dewscope") agreed to lend the sum of £30,000 to the Company on or before 24 October 2003. The terms of the unsecured loan facility with Dewscope are identical to the terms of the unsecured loan facility with Intrinsic (see (g) above) save that Dewscope is entitled to exercise its conversion rights over, and the Company is entitled to satisfy its repayment obligations by issuing and allotting, a maximum of 42,846 ordinary shares.

(j) On 21 November 2003, Immedia entered into an inter-creditor Agreement with Dewscope, EPIC, Horrocks Guardian Limited and Intrinsic.

In the event that any resolution is passed or order is made for the winding-up of Immedia, the net proceeds available for distribution to the parties to the Inter-creditor Agreement will be applied in the following order:

firstly, in payment of the Unsecured Loan Note of £250,000 issued to EPIC by Storm dated 8 January 2003 as further described above in paragraph (b) ("Unsecured Loan Note");

secondly, in payment of the Unsecured Convertible Loans granted by each of Intrinsic, Horrocks Guardian Limited and EPIC which have been novated by the Company as further described above in paragraphs (d), (e) and (f); and

thirdly, in payment of the Unsecured Convertible Loans granted by each of Intrinsic, Dewscope and EPIC which have been novated by the Company as further described above in paragraphs (g), (h) and (i) (all of the unsecured convertible loans together being the "Unsecured Convertible Loans").

Under the terms of the Inter-creditor Agreement, EPIC confirms pursuant to the terms of the Unsecured Loan Note that it consents to Immedia and the Company incurring the liabilities under the Unsecured Convertible Loans.

The terms of the Inter-creditor Agreement will terminate on the repayment of the Unsecured Loan Note.

(k) A share exchange agreement dated 20 November 2003 made between the Vendors (as therein defined) and the Company whereby the Vendors agreed to sell to the Company, in exchange for shares in the Company, the entire issued share capital of Immedia.

(l) A lock-in agreement dated 12 December 2003 between the Company, Bruno Brookes, Robert Parker, Sara Haynes, Neale James, BBME and Teather & Greenwood, whereby, Bruno Brookes, Robert Parker, Sara Haynes, Neale James and BBME have undertaken save in specified circumstances to Teather & Greenwood, not to sell or otherwise dispose of, or agree to sell or dispose of, any of their interests in the Ordinary Shares held by them respectively until the publication of the preliminary results of the Company for the period 31 December 2004 and not to sell or otherwise dispose of, or agree to sell or dispose of, any of their interests in Ordinary Shares held by them respectively without the prior written consent of Teather & Greenwood (or the Company if Teather & Greenwood cease to be the Nominated Adviser and Broker) until publication of the preliminary results of the Company for the period to 31 December 2005.

(m) A placing agreement dated 12 December 2003 between the Company, the Directors, and Teather & Greenwood whereby Teather & Greenwood was appointed as the agent of the Company for the purpose of managing the Placing. Pursuant to the Placing Agreement, the Company and its Directors have given certain warranties and indemnities to Teather & Greenwood regarding, *inter alia*, the accuracy of information in this document. The Placing is not underwritten. The Placing Agreement is conditional, *inter alia*, on Admission taking place no later than 1 January 2004 and the Company and the Directors complying with certain obligations under the Placing Agreement. Under the Placing Agreement, the Company has agreed to pay to Teather & Greenwood a Corporate Finance fee of £225,000 and a commission of 4 per cent. of the aggregate value of the New Ordinary Shares at the Placing Price subscribed pursuant to the Placing, together with all costs and expenses and VAT thereon, where appropriate.

Teather & Greenwood is entitled, in certain limited circumstances, to terminate the Placing Agreement prior to Admission and to a payment of up to £40,000 on such termination.

(n) A nominated adviser and broker agreement dated 12 December 2003 between the Company, the Directors and Teather & Greenwood pursuant to which the Company has appointed Teather & Greenwood to act as nominated adviser and broker to the Company for the purposes of AIM. The Company has agreed to pay Teather & Greenwood an annual fee of £40,000 for its services as a nominated adviser and broker. The agreement contains certain undertakings by the Company and the Directors and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable and regulations. The agreement continues for an indefinite period from the date of the agreement and is subject to termination, *inter alia*, by either the Company or Teather & Greenwood on the giving of not less than three months' prior written notice to expire on or after an initial period of twelve months.

(o) On 11 December 2003, Immedia entered into an agreement with BBME and Bruno Brookes, whereby BBME agreed to sell to Immedia with full title guarantee and free from all encumbrances the business and assets of the Radio and TV School (the "Business" and "Business Assets" respectively) and certain other assets of BBME (the "BBME Assets") for an aggregate consideration of £145,000 payable in cash upon Completion. The consideration was stated exclusive of VAT. Risk in and title to the Business Assets and the BBME Assets will pass to Immedia on Completion.

Under the terms of the Agreement, BBME undertook to Immedia that during the period from the date of the Agreement until Completion the Business would be carried on in the ordinary and normal course.

Completion will take place on 19 December 2003 or such other date as the parties may agree in writing.

Immedia does not assume liability for any of the liabilities of BBME or any creditors of BBME, and BBME will indemnify and keep Immedia fully indemnified against all such liabilities and creditors.

The parties to the Agreement agreed to co-operate with each other to use all reasonable endeavours to ensure that the transfer of the Business and the Business Assets is a transfer as a going concern pursuant to the provisions of Value Added Tax (Special Provisions) Order 1995. If not withstanding this, VAT is payable on any part of the consideration in relation to the Business or the Business Assets, Immedia will pay to BBME VAT at the appropriate rate. Immedia will also pay VAT on the consideration for the BBME Assets as they were not being sold as part of a going concern.

BBME provides various warranties and representations to Immedia in relation to, amongst other things, title to the Business Assets and the BBME Assets, that there are not encumbrances over the Business Assets and the BBME Assets and that there are no employees of the Business. BBME's aggregate liability under the warranties is limited to £145,000 and there is a *de minimis* of £5,000 below which warranty claims cannot be brought.

Each of Mr Brookes and BBME agreed that neither Mr Brookes nor BBME nor any of its Associates Companies will:

1. for a period of eighteen months following Completion directly or indirectly solicit, interfere with, seek to do business with or deal with or endeavour to entice away from the Immedia any person who is immediately prior to Completion or has, during the two years preceding Completion, been an employee of BBME in relation to the Business;

2. for a period of eighteen months following Completion directly or indirectly engage in the UK in any activity which is substantially the same as the Business or any material part thereof as it is carried on at Completion without Immedia's prior written consent; and

3. for a period of eighteen months following Completion adopt or use a business or company name which is identical to or substantially the same as "Radio and TV School".

Each of the Company and Immedia passed a resolution in general meeting on 11 December 2003 in respect of the Company and 2 December 2003 in respect of Immedia to approve the acquisition as required by section 320 of the Act.

Save as set out in this paragraph 8, there are no contracts (not being in the ordinary course of business) entered into by any member of the Group which are or may be material.

9. Working Capital

The Directors are of the opinion that, having made due and careful enquiry, and taking into account the net proceeds of the Placing or existing available facilities the working capital available to the Group will be sufficient for its present requirements, that is, for at least the next twelve months from the date of Admission.

10. Litigation

There are no legal or arbitration proceedings (including, to the knowledge of the Directors, any such proceedings which are pending or threatened or being brought by or against any member of the Group) which may have or have had during the 12 months immediately preceding the date of this document a significant effect on the financial position of the Company.

11. United Kingdom Taxation

The comments in this section are intended as a general guide for the benefit of holders of shares as to their tax position under United Kingdom law and Inland Revenue practice as at the date of this document. Any shareholder who has any doubt as to his or her tax position or who is subject to tax in a jurisdiction other than the United Kingdom should consult a professional adviser without delay.

Taxation of Dividends

Under current United Kingdom legislation, no tax is required to be withheld from dividend payments by the Company. A Shareholder (other than a company) receiving a dividend from the Company also receives a tax credit in respect of the dividend of an amount equal to one ninth of the amount of the dividend which is 10 per cent. of the sum of the dividend and the tax credit. Generally, the liability to United Kingdom income tax is calculated on the sum of the dividend and the tax credit (“the dividend income”). Individual Shareholders whose income is within the starting rate or basic rate tax bands will be subject to income tax at the rate of 10 per cent. on their dividend income, so that such Shareholders will have no further liability to income tax on that dividend income. The higher rate of income tax is 32.5 per cent. in respect of dividend income. A higher rate tax payer may set the tax credit against his liability to income tax on the dividend income and will have further tax to pay of 22.5 per cent. of the dividend income. A Shareholder who is not liable to income tax on the dividend income (or any part of it) may not claim payment of the tax credit (or part of it) from the Inland Revenue, save where the dividend is paid on or before 5 April 2004 in respect of shares held in an “individual savings account” or Personal Equity Plan.

A United Kingdom resident corporate Shareholder is not normally liable to United Kingdom taxation on any dividend received. United Kingdom resident Shareholders (including authorised unit trusts and open-ended investment companies) and pension funds are not entitled to payment in cash of the tax credit.

Whether Shareholders who are resident for tax purposes in countries other than the United Kingdom are entitled to a payment from the Inland Revenue of a proportion of the tax credit in respect of dividends on their Shares depends in general upon the provisions of any double taxation convention or agreement which exists between such countries and the United Kingdom. In addition, individual Shareholders who are resident in countries other than the United Kingdom but who are Commonwealth citizens, nationals of member states of the European Economic Area or fall within certain other categories of person within Section 278 of the Income and Corporation Taxes Act 1988 are entitled to the entire tax credit which they may set against their total United Kingdom income tax liability or, in appropriate cases, reclaim in cash. Non-United Kingdom resident Shareholders should consult their own tax advisers on the possible application of such provisions and the procedure for claiming any relief or credit in respect of such tax credit in their own jurisdictions. However, in general, no cash payment will be recoverable from the Inland Revenue in respect of the tax credit.

Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

No stamp duty or SDRT will be payable on the issue of shares save that special rules apply to persons operating clearance services or depository receipt services.

A transfer or sale of shares will generally be subject to *ad valorem* stamp duty at the rate of 0.5 per cent. rounded up to the nearest multiple of £5 on the amount or value of the consideration paid by the purchaser. If an unconditional agreement for the transfer of such Shares is not completed by a duly stamped transfer to the transferee by the seventh day of the month following the month in which the agreement becomes unconditional, SDRT will be payable on the agreement at the rate of 0.5 per cent. of the amount or value of consideration paid. Liability to SDRT is generally that of the transferee. Where a purchaser or transfer is effected through a member of the London Stock Exchange or a qualified dealer, the said member or dealer will normally account for the SDRT.

When Shares are transferred to a CREST member who holds those shares in uncertificated form as a nominee for the transferor, no stamp duty or SDRT will generally be payable.

When Shares are transferred by a CREST member to the beneficial owner (on whose behalf it has held them as nominee), no stamp duty or SDRT will generally be payable.

Where a change in beneficial ownership of shares held in uncertificated form occurs and such change is for consideration in money or money's worth (whether the transferee will hold those shares in certificated or uncertificated form) a liability to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration will arise. This will generally be met by the new beneficial owner.

Enterprise Investment Scheme ("EIS")

The Company's current structure and activities should enable it to meet the requirements of a qualifying company under EIS, which will enable eligible investors to obtain certain tax reliefs. The shares are likely to be treated as not being "listed" or "quoted" for relevant tax purposes provided that the Company's shares are not quoted on a recognised Stock Exchange which does not include AIM.

The Company has obtained advance assurance from the Inland Revenue of its qualification under EIS. The Company expects to satisfy the relevant conditions, but no undertaking is given, by the Company or its Directors, that the Company will conduct its activities in such a way as to qualify for or preserve this relief.

Where individual investors are eligible for EIS relief, they will be entitled to claim 20 per cent. income tax relief on the Placing Shares subscribed for, up to a maximum subscription of £150,000. Relief is not available for investments of less than £500 made in any company in any tax year.

Where shares are issued between 6 April and 5 October in any tax year, the investor may be able to carry back part of the EIS subscription so that it is treated as though it was made in the previous tax year. The amount carried back cannot exceed the lower of:

- 50 per cent. of the investment
- £25,000, and
- the unused balance of the EIS limit for the previous year.

Provided the Company and individual investor continue to qualify for EIS relief for the relevant period, broadly three years from the share issue, a profit made by an individual investor on the disposal of the shares after three years will be free of capital gain tax.

Individuals and certain Trustees subscribing for Placing Shares may be entitled to claim deferral of tax on capital gains realised on assets disposed of within three years before, and up to one year after, the investment. This relief enables a shareholder to defer part or all of a gain made on a disposal that would normally be charged to tax. The amount of gain which can be deferred is restricted to the amount of the re-investment and the deferred gain comes back into charge when the re-invested shares are disposed of.

Upon conclusion of the Placing and obtaining authority from the Inland Revenue, the relevant tax certificates (EIS 3), which are needed for claiming tax relief, will be issued to eligible investors who request them.

Section 574 Relief

Section 574 of the Income and Corporation Taxes Act 1988 permits a loss on investment incurred by an individual in ordinary shares subscribed for in a qualifying trading company to be relieved against an individual investor's taxable income as an alternative to setting the loss against capital gains. Upon making the appropriate claim, relief is given against income on the tax year in which the loss arises, or the preceding year.

Inheritance Tax ("IHT") Relief

Unquoted ordinary shares in companies such as the Company qualify for 100 per cent. IHT Business Property Relief provided that they have been held for two years prior to an event giving rise to a potential charge of IHT. Any shareholder who has any doubts as to his IHT position should consult a professional adviser, especially before making any gift or transfer of shares.

Venture Capital Trust ("VCT") Investors

The Company's current structure and activities should enable it to meet the requirements of a qualifying company under VCT legislation. The Company has obtained advance assurances from the Inland Revenue that it fulfils the requirements for investments by VCT companies.

12. General

12.1 Save as disclosed in this document, there has been no significant change in the financial or trading position of the Company or Immedia since 30 October 2003 and 31 August 2003 respectively, being the dates to which the financial information contained in the accountants' reports in Parts III and V and have been prepared.

12.2 The total costs and expenses payable by the Company in connection with or incidental to the Placing and Admission including registration and London Stock Exchange fees, printing, advertising and distribution costs, legal and accounting fees and expenses, are estimated to amount to approximately £730,000 (excluding VAT). The gross proceeds of the Placing of New Ordinary Shares are expected to be £4,500,000 and the net cash proceeds to the Company of the Placing are expected to be approximately £3,770,000.

The commissions and expenses payable by the Company in connection with or incidental of the Placing are estimated to amount to approximately £730,000 (excluding VAT).

12.3 The period within which placing participations may be accepted pursuant to the Placing and arrangements for the payment and holding of subscription monies pending Admission are set out in the Placing Agreement and in the placing letters sent to prospective Placees ("Placing letters").

12.4 The Placing Shares are not being offered generally and no applications have or will be accepted other than under the terms of the Placing Agreement and the Placing letters. All the Placing Shares have been conditionally placed. The Placing is not being guaranteed or underwritten by any person.

12.5 KPMG Audit Plc have consented to the inclusion in the Admission Document dated 12 December 2003 of their reports and accept responsibility for their reports for the purposes of the Public Offers of Securities Regulations 1995.

12.6 Teather & Greenwood Limited has given and has not withdrawn its written consent to the issue of this document with the references to its name in the form and context in which such references are included.

12.7 The Ordinary Shares in issue at the date of this document are, and the New Ordinary Shares to be in issue following Admission will be, in registered form.

12.8 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

12.8.1 received, directly or indirectly, from the Group within 12 months preceding the Company's application for Admission; or

12.8.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Group on or after Admission any of the following:

(a) fees totalling £10,000 or more; or

(b) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or

(c) any other benefit with a value of £10,000 or more at the date of Admission.

12.9 The Company is placing 4,090,910 Ordinary Shares pursuant to the Placing. The Placing Price represents a premium of 100p over the nominal value of 10p per Ordinary Share. The value of the Placing Shares at the Placing Price is £5,049,341.

12.10 Save as disclosed in this document, no payment (including commissions) or other benefit has been or is to be paid or given to any promoter of the Company.

12.11 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding and transfer of shares under CREST. The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted, and accordingly enabled for settlement in CREST.

12.12 The minimum amount, which in the opinion of the Directors must be raised by the Placing in order to provide the sums required to be provided pursuant to paragraph 21 (a) to Schedule 1 of the POS Regulations, is £4,000,000 which will be applied as follows:

(a)	purchase price of property	nil
(b)	commissions and expenses of the issue	£730,000
(c)	repayment of borrowings	£500,000
(d)	working capital	£2,770,000

12.13 Other than the proposed application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made, and there is not intended to be made any other arrangements for dealings in the Ordinary Shares on any such exchange.

12.14 The financial information set out in this document relating to the Company does not constitute statutory accounts within the meaning of Section 240 of the Act. The statutory accounts of Immedia for the periods ended 31 December 2000, 2001, and 2002 have been delivered to the Registrar of Companies in England and Wales. In respect of each of such accounts, the auditors gave unqualified reports and no statement under Section 237(2) or (3) of the Act was made.

12.15 Teather & Greenwood Limited has been appointed nominated adviser and broker to the Company and is registered in England with the number 3019293 and its registered office is 16 Old Bailey, London EC4M 7EG. Teather & Greenwood Limited is regulated in the UK by the Financial Services Authority.

12.16 The Company's accounting reference date is 31 December.

12.17 Save as disclosed below, there are no patents or other intellectual property rights, licences or particular contracts which are, or may be, of fundamental importance to the business of the Group.

(a) Immedia is in final negotiations for a non-exclusive licence by Phonographic Performance Limited ("PPL") to include any sound recordings, the ownership or control of the relevant copyright in which is vested in the PPL (but excluding sound tracks of films) in the provision of Immedia's radio services whether transmitted by satellite or by cable to members of the public at commercial sites. The licence is for a period of one year from the date of grant.

Pursuant to the terms of the licence, Immedia will pay to PPL an annual non-returnable advance of £21,438.24. In addition, Immedia will also pay a royalty in respect of each subscriber to the service amounting to the greater of:

(i) 15 per cent. of the airtime revenue received by Immedia and the subscriber (less allowable deductions); or

(ii) for each commercial site receiving the service, a fee set out in PPL's tariff for narrowcasting for commercial sites.

There are various restrictions and warranties given by Immedia in the PPL licence.

(b) On 1 May 2003, the Performing Rights Society ("PRS") granted Immedia a non-exclusive licence to broadcast and to perform in public the PRS Repertoire (as defined in the licence). Pursuant to the terms of the licence, Immedia pays an annual royalty of between 1 per cent. and 5.25 per cent. of the net broadcasting revenue which it receives, depending on the percentage of the broadcast hours which consists of the PRS Repertoire and the total net broadcast revenue received by Immedia. There is a minimum royalty payment of £500 to PRS for each licence year.

(c) Immedia has a Mechanical Copyright Protection Society ("MCPS") licence as a member of the Commercial Radio Companies Association and as such does not need to apply for a MCPS licence separately.

(d) On 21 November 2003, the Radio Authority granted Immedia a licence to provide a satellite service under Part III of the Broadcasting Act 1990 for the provision of a non-encrypted, free-to-air satellite service, for a period of five years from 1 December 2003. Pursuant to the terms of the licence, Immedia are obliged to pay an annual fee of approximately £1,320 to the Radio Authority.

The Radio Authority satellite service licence will automatically become a radio licensable content service licence pursuant to the Communications Act 2003 on the radio transfer date, which is expected to be 29 December 2003. On this date the Radio Authority will cease to exist, and its regulatory functions will be taken over by the Office of Communications (Ofcom). Ofcom completed a public consultation on varying the terms of all Broadcasting Act 1990 satellite service licences on 27 October 2003. Formal variation notices under the Broadcasting Act 1990 are expected shortly to amend Immedia's and all other satellite services licences so that they will conform in all material respects with the standard form radio licensable content service licence with effect from the radio transfer date. The main impact of the variation notice will be to amend Immedia's licence so that it has an indefinite term, remaining in force until surrendered by Immedia or terminated pursuant to enforcement action by Ofcom. Immedia will continue to be liable for annual licence fees under the varied licence.

12.18 Save as disclosed in this document, there are no investments by the Group in progress which are significant.

12.19 Save as disclosed in this document, the Directors are not aware of any exceptional factors which have influenced the Group's recent activities.

13. Documents Available for Inspection

Copies of the following documents may be inspected at the offices of Charles Russell, 8-10 New Fetter Lane, London, EC4A 1RS during usual business hours on any weekday (Saturdays and public holidays excepted) for a period of 14 days following the date of this document:

13.1 the current Memorandum and Articles of Association of the Company;

13.2 the Articles of Association of the Company adopted on 20 November 2003 with effect from Completion;

13.3 the audited accounts of Immedia for the three periods ended 31 December 2002;

13.4 the reports and letters set out in Parts III, IV and V;

13.5 the service agreements and letters of appointment referred to in paragraph 5.5 above;

13.6 the rules of the Share Option Schemes referred to in paragraph 7 above;

13.7 the material contracts referred to in paragraph 8 above;

13.8 the written consents referred to in paragraph 12 above; and

13.9 this document

14. Availability of Admission Document

Copies of this document will be available to the public during normal business hours on any weekday (Saturdays and public holidays excepted) free of charge from the offices of Charles Russell at 8-10 New Fetter Lane, London EC4A 1RS and shall remain available for at least one month after the date of Admission.

Dated 12 December 2003

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