

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action to be taken, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. You should also carefully consider the section entitled "Risk Factors" in Part II of this document before taking any action.

Application will be made for all of the New Ordinary Shares of the Company to be admitted to trading on AIM. It is expected that dealings in the New Ordinary Shares will commence on AIM on 23 September, 2005. The Ordinary Shares are not being listed on a recognised investment exchange and no application has been or is being made for the New Ordinary Shares to be admitted to trading on such an exchange.

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. 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 an independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this document.

The Directors, whose names are set out on page 4, accept responsibility for the information set out in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care 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.

MediaZest Plc

(Incorporated in England and Wales under the Companies Act 1985 with Registered number 5151799)

Circular to Shareholders

Proposed Acquisition of Touch

Placing of 4,705,883 Ordinary Shares of 10p each at 42.5p per Ordinary Share and

Notice of Extraordinary General Meeting

Nominated Adviser and Broker
City Financial Associates Limited

SHARE CAPITAL ON ADMISSION

<i>Authorised</i>			<i>Issued</i>	
<i>Amount</i>	<i>Number</i>		<i>Amount</i>	<i>Number</i>
£10,000,000	100,000,000	Ordinary Shares of 10p each	£2,282,532.70	22,825,327

City Financial Associates Limited, which is authorised and regulated by The Financial Services Authority, is the Company's Nominated Adviser for the purposes of the AIM Rules. Its responsibilities as the Company's Nominated Adviser under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or any Director. City Financial Associates Limited, which is a member of the London Stock Exchange and is acting as broker exclusively for the Company in connection with the Placing. City Financial Associates Limited will not be responsible to anyone other than the Company for providing the protections afforded to customers of City Financial Associates Limited or for advising any other person on the Placing and other arrangements described in this document.

In making any investment decision in respect of the Placing, no information or representation should be relied upon in relation to the Placing or in relation to the Placing Shares other than as contained in this document. No person has been authorised to give any information or make any representation other than that contained in this document and, if given or made, such information or representation must not be relied upon as having been authorised.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the offices of City Financial Associates Limited, Pountney Hill House, 6 Laurence Pountney Hill, London EC4R 0BL, from the date of this document and for a period of one month from Admission.

The New Ordinary Shares and Existing Ordinary Shares are not dealt in on any other investment exchange and no other such application has been made.

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Forward-looking Statements

This document contains forward-looking statements. These statements relate to the Company's future prospects, developments and business strategies. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These statements are primarily contained in Parts I and II of this document.

The forward-looking statements in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. Certain risks to and uncertainties for the Company are specifically described in Part II of this document headed "Risk Factors". If one or more of these risk factors or uncertainties materialises, or if the underlying assumptions prove incorrect, the Company's actual results may vary materially from those expected or estimated. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

These forward-looking statements speak only as at the date of this document. Neither the Directors nor the Company undertake any obligation to update forward-looking statements or risk factors other than as required by the AIM Rules or by the rules of any other securities regulatory authority, whether as a result of new information, future events or otherwise.

THE COMPANY

Legal Name	MediaZest Plc
ISIN	GB00B064NT52
Commercial Name	MediaZest
Domicile	United Kingdom
Legal Form	Public Limited Company
Applicable Legislation	The Companies Act 1985
Country of Incorporation	Incorporated in England and Wales
Registered Office	1st Floor, 46 Maddox Street, London W1S 1QA Telephone: 020 7499 8334
Principal Place of Business	19 Harcourt Street, Marylebone, London W1H 4HF Telephone: 020 7724 5680

DIRECTORS AND ADVISERS

Directors	John David Lovering, Non-Executive Chairman Anthony Roger Moore, Executive Vice-Chairman Sean Malachy Reel, Chief Executive Officer Nigel John Duxbury, Finance Director Christopher Lorne Dennis Jonathon Theis, Executive Director Lance Adrian Wingate O'Neill, Non-Executive Director All of 1st Floor, 46 Maddox Street, London W1S 1QA
Company Secretary	Nigel Duxbury
Nominated Adviser and Broker	City Financial Associates Limited, Pountney Hill House, 6 Laurence Pountney Hill, London EC4R 0BL
Reporting Accountants and Auditors	Nexia Audit Limited, 25 Moorgate, London EC2R 6AY Member of the Institute of Chartered Accountants in England and Wales
Tax Advisers	Smith & Williamson Limited, 25 Moorgate, London EC2R 6AY Member of the Institute of Chartered Accountants in England and Wales
Solicitors to the Company	Nabarro Nathanson, Lacon House, Theobald's Road, London WC1X 8RW
Solicitors to the Placing	Memery Crystal, 44 Southampton Buildings, London WC2A 1AP
Bankers	Lloyds TSB Bank Plc, 222 Strand, London WC2R 1BB
Registrars and Receiving Agent	Share Registrars Ltd, Craven House, West Street, Farnham, Surrey GU9 7EN

DEFINITIONS

The following terms apply in this document unless the context requires otherwise:

“Acquisition”	the proposed acquisition of the entire issued share capital of Touch
“Acquisition Agreement”	the conditional agreement dated 25 August 2005 and made between the Seller (1), the Guarantor (2) and the Company (3) relating to the Acquisition, details of which are set out in Part III
“Act”	the Companies Act 1985, as amended
“Admission”	admission of the New Ordinary Shares to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	a market operated by the London Stock Exchange
“AIM Rules”	the rules of the London Stock Exchange regulating Admission to and the operation of AIM
“Altium”	Altium Capital Limited
“Articles”	the articles of association of the Company
“Board” or “Directors”	the directors of the Company whose names are set out on page 4 of this document
“Combined Code”	the Combined Code on Corporate Governance issued by the Financial Reporting Council
“Company” or “MediaZest”	MediaZest Plc
“Completion”	completion of the Acquisition
“CFA”	City Financial Associates Limited
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by CRESTCo which facilitates the transfer of title to shares in uncertificated form
“CRESTCo”	CRESTCo Limited
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
“Enlarged Issued Share Capital”	the issued ordinary share capital of the Company immediately following completion of the Proposals
“Existing Ordinary Shares”	the 13,707,680 Ordinary Shares of 10p each in the capital of the Company immediately prior to the completion of the Proposals
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at 10.00 am on 19 September 2005, notice of which is set out at the end of this document
“Form of Proxy”	the form of proxy enclosed with this document for use by Shareholders in connection with the EGM
“FSA”	Financial Services Authority
“FSMA”	Financial Services and Markets Act 2000
“Guarantor”	Touch Group plc

“Group” or “MediaZest Group”	the Company and its subsidiaries and subsidiary undertakings from time to time
“Initial Admission”	the admission of MediaZest’s shares to trading on AIM on 22 February 2005
“Initial Consideration Shares”	the 4,411,764 new Ordinary Shares to be issued to the Seller as part of the consideration for the Acquisition
“ISIN”	International Security Identification Number
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the Placing Shares and the Initial Consideration Shares
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	the ordinary shares of 10p each in the capital of the Company
“Overseas Shareholders”	holders of Existing Ordinary Shares with registered addresses outside the UK or who are citizens of, incorporated in, registered in, or otherwise resident in, countries outside the UK
“Placees”	those persons subscribing for Placing Shares at the Placing Price
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 25 August 2005, and made between the Company (1), the Directors (2) and CFA (3) relating to the Placing, summary details of which are set out in paragraph 8.11 of Part VII of this document
“Placing Price”	42.5p per Placing Share
“Placing Shares”	4,705,883 new Ordinary Shares to be issued to Placees pursuant to the Placing
“Proposals”	the Acquisition, the Placing and Admission
“Resolutions”	the resolutions to be proposed at the Extraordinary General Meeting, set out in the notice of EGM contained in this document
“Seller”	Electronic Media Promotions Holdings Limited
“Shareholders”	holders of Existing Ordinary Shares
“Touch”	Touch Vision Limited
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UKLA or UK Listing Authority”	the FSA acting in its capacity as the competent authority for the purpose of Part VI of FSMA
“Uncertificated” or “in Uncertificated Form”	in uncertificated form in CREST, entitlement to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“VAT”	UK value added tax
“Warrants”	warrants to subscribe for Ordinary Shares

PLACING STATISTICS

Placing Price	42.5p
Number of Existing Ordinary Shares	13,707,680
Number of Initial Consideration Shares	4,411,764
Number of Placing Shares	4,705,883
Number of Ordinary Shares in issue immediately following the Placing and Admission	22,825,327
Percentage of Enlarged Issued Share Capital being issued pursuant to the Placing	20.62%
Gross Proceeds of the Placing	£2,000,000
Estimated net proceeds of the Placing to be received by the Company	£1,750,000
Market capitalisation of the Company following the Placing at the Placing Price	£9,700,764

EXPECTED TIMETABLE

	2005
Posting of this document	25 August
Latest time for receipt of Forms of Proxy for the EGM	10.00 am on 17 September
EGM of MediaZest Shareholders	10.00 am on 19 September
Completion of the Acquisition	23 September
Admission and dealings commence in the New Ordinary Shares on AIM	23 September
CREST accounts credited by	23 September
Dispatch of definitive share certificates (where applicable) by	3 October

PART I
LETTER FROM THE CHAIRMAN OF THE COMPANY

MediaZest Plc

(Registered in England No. 5151799)

Registered Office:
First Floor
46 Maddox Street
London W1S 1QA

Directors:

John David Lovering, Non-Executive Chairman
Anthony Roger Moore, Executive Vice-Chairman
Sean Malachy Reel, Chief Executive Officer
Nigel John Duxbury, Finance Director
Christopher Lorne Dennis Jonathon Theis, Executive Director
Lance Adrian Wingate O'Neill, Non-Executive Director

To MediaZest Shareholders and, for information only, to holders of warrants to subscribe for Ordinary Shares

Dear Shareholder

Proposed Acquisition of Touch
Proposed Placing of 4,705,883 New Ordinary Shares at 42.5p per share
Notice of Extraordinary General Meeting

Introduction

MediaZest and Touch Group Plc announced today that they had reached agreement on the proposed acquisition of Braille by the Company.

Details of the Acquisition, and the reasons for and benefits of the Acquisition, together with further information on Touch, are set out below. After consultation with the London Stock Exchange the acquisition of Touch is not being treated a "Reverse take-over" as defined by the AIM Rules. However, due to the size of the transaction in relation to the Company, the Directors are seeking the approval of the acquisition by Shareholders at an EGM. The acquisition is conditional therefore, amongst other things, upon the approval of Shareholders.

The Company also announces that it proposes to raise £2,000,000 (before expenses) by means of a Placing of 4,705,883 Placing Shares at the Placing Price. The Placing is conditional, inter alia, on the passing of the Resolutions and on Admission.

This letter explains why the Board believes that the Acquisition and the Placing are in the best interests of the Company and its shareholders as a whole and recommends that you vote in favour of the Resolutions to be proposed at an Extraordinary General Meeting to be held on 19 September 2005. Each of the Directors has irrevocably undertaken to vote in favour of the resolutions at the EGM.

The Acquisition

MediaZest, the Seller and the Guarantor have entered into the Acquisition Agreement pursuant to which MediaZest will acquire Touch, a wholly owned subsidiary of the Guarantor for a total consideration of up to £3,000,000. The principal terms of the Acquisition Agreement are as follows:—

- MediaZest will pay the Seller an initial consideration of £2,575,000 to be satisfied as to £700,000 in cash and £1,875,000 by the allotment and issue of the Initial Consideration Shares.
- a further £50,000 is payable if the net assets of Touch at Completion are £200,000 or more; and

- Deferred consideration of up to £375,000, which will be satisfied as to $\frac{2}{3}$ in cash and $\frac{1}{3}$ by the issue of new Ordinary Shares at the Placing Price, is payable dependant on the level of pre-tax profit of Touch for the 12 months ending 31 December 2005.

The Acquisition Agreement is conditional, inter alia on the approval of Shareholders.

Further details of the Acquisition Agreement are set out in Part III of this document.

The Boards of both companies have unanimously approved the terms of the transaction.

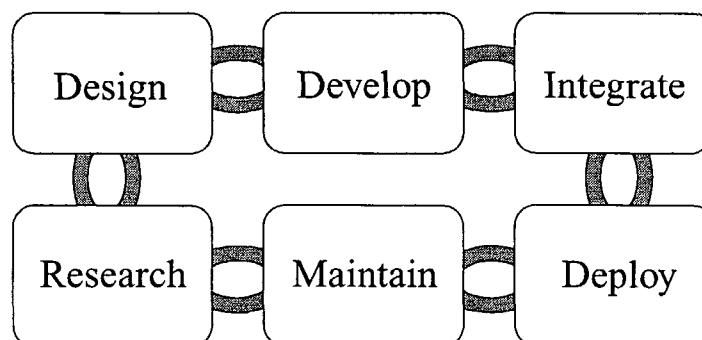
Background to and Reasons for the Acquisition

The Directors of MediaZest believe that the acquisition of Touch is complementary to the core business of MediaZest.

Touch operates within the fields of system design, project management, installation and maintenance, and provides MediaZest with additional important product and services delivery mechanisms. The Acquisition is in line with the strategy laid out by the MediaZest directors at the time of Initial Admission in February 2005 and is expected to give MediaZest meaningful capacity in implementation and maintenance at a time when trial and full-scale role-out activity is expected to increase.

Whilst Touch will operate as an independent subsidiary of MediaZest, it shall receive considerable executive attention and time. Touch provides a number of important elements to the value chain, enabling MediaZest to offer a complete end-to-end solution to its customers. As such, Touch fulfils an important part of the strategy outlined at the time of flotation in February 2005.

MediaZest Value Chain



INFORMATION ON MEDIAZEST PLC

Background

MediaZest Plc was admitted to AIM on 22 February 2005. MediaZest was formed with the strategy of making a number of equity investments and entering into commercial agreements to create a "one-stop" provider of in-store media solutions for retailers and brand owners. The Company currently has 8 employees (including the Directors).

Strategy

The Company's stated objective is to become a leading total solutions provider in the process of converting shoppers to customers by providing innovative audio, visual, aromatic, consumer interactive, delivery and content management solutions to retailers and brand owners.

Products, Services and Partnerships

MediaZest has established a portfolio of exclusive partnerships with technology providers. The breadth of this "tool kit" gives MediaZest an ability within the United Kingdom market to increase the commercial impact of its

installations by tailoring them closely to the environment in which they operate. The Directors regard this capability as a significant barrier to entry.

MediaZest has already signed a number of agreements in pursuit of its mission and enjoys exclusive rights to a range of complementary leading-edge technologies. These include:

- an exclusive licence agreement with FeONIC Plc to market the Whispering Window technology;
- a sales and marketing agreement with Immedia Broadcast Limited (“Immedia”), a leading provider of in store radio solutions;
- an exclusive UK distribution Agreement with ViZoo a.s for the use of its FreeFormat[®] and VideoLogo[®] technologies;
- an exclusive Memorandum of Understanding with Dynamic Digital Depth USA, Inc. for the use of its TriDef[®] hardware and software technologies; and
- a distribution Agreement with X3D Technologies Inc. for the use of its patented 3D technology.

The above agreements and additional supplier relationships enable MediaZest to offer technological and content solutions to its customers as detailed below:

- innovative display systems, which include plasma, LCD and 3D displays and technology that allows images to be projected in “thin air” and sophisticated software, which facilitates holographic images and real-time conversion of 2D images into a 3D format;
- in-store/outdoor kiosk and digital shelf-edge devices;
- leading-edge technology which turns a surface such as a store window into a sound radiator that is designed to ensure volume remains at a fixed level despite ambient noise pollution;
- advanced directional sound and sound masking technology;
- satellite and internet based delivery infrastructure. This enables content and brand messages to be varied on a real-time basis to reflect changing consumer demographics. This flexibility is particularly important in the retail sector where research has shown the majority of purchasing decisions are made in-store and that almost half of customers make unplanned purchases;
- in-store radio. This allows MediaZest to incorporate the provision of live radio stations within its proposition to major retailers on a country-by-country basis. This service facilitates improved engagement with customers and staff on a flexible, real-time basis.

These technologies can be used, either individually or in combination, to create innovative, tailored solutions which seek to boost brand awareness, allow dynamic communication with customers and most importantly enhance sales revenue. The Directors believe this proposition has the potential to generate demand across a range of sectors where competition makes effective product and service differentiation key. These sectors include retail, leisure, transport and property.

A number of trials of these technologies have shown significant increases in revenues and brand awareness. An installation of Whispering Window[™] at Peter Jones, Sloane Square, for example, found that passer-by interaction increased by 56%, and generated a 40% increase in sales of products across the featured department. Similarly, a trial by Lunn Poly, which used Whispering Window[™] and visual technology to convey music, spoken messages and projected sunshine to evoke the experiences of going on holiday, saw footfall increase by an average of 36% over a three-week period by comparison to the same period in the previous year. In comparison a store with no installations saw an average increase of 7% over the same period. MediaZest has also had its technology installed with other leading retail and branded goods companies including Marks & Spencer, The John Lewis Partnership and Chivas Regal.

MediaZest has also entered into a 50-site pilot of a screen-based display advertising proposition with Photo-Me International PLC.

Customers

MediaZest's technology has been installed in a number of high profile companies including the BBC, The John Lewis Partnership, Lunn Poly and Chivas Regal.

Business and Revenue Model

MediaZest operates a flexible approach that reflects its clients varying requirements. The commercial relationships can be executed as:-

- a customer purchasing the solution;
- one off project delivery; or
- shared revenue model.

International opportunities

MediaZest has had approaches from international distributors from a wide range of countries including USA, Australia, France, South Africa and Italy. As part of the agreement with FeONIC, MediaZest gained a number of international distributors.

A number of these relationships are being developed and may lead to future business. One of the distributors has visited to discuss their plan and has installed MediaZest licenced solutions into Armani and Louis Vuitton.

The management are focused on establishing operations in the UK and using this as the base for future expansion when appropriate.

Financial Information

The Financial Information on MediaZest is set out in Part IV and Part VI(A) of this document.

Current Trading and Prospects

MediaZest is currently engaged in a high level of business development activity and additional opportunities to pitch are expected in coming months. As part of its on-going strategy, the Group intends to enhance its product and service offering by securing the rights to additional third party technologies and by selectively acquiring elements of the value chain around its core focus of technology aggregation and technical development.

The Market

Within the United Kingdom a total of £11.9 billion per annum is spent by brand owners on traditional media in an attempt to both increase brand awareness and influence purchase decisions. Of that figure, some £3.7 billion is spent on television advertising, where empirical evidence suggests its influence is slight.

The UK Point-of-Purchase industry is worth approximately £1.2 billion per annum and growing, as brand owners are committing greater amounts of their advertising budgets to in-store media, recognizing that 76% of brand purchase decisions are made in-store.

The Competitive Environment

The Directors believe that the in-store and captive audience marketplace is highly fragmented with a number of small companies, typically offering one product. The Directors believe that MediaZest is the only company with a complete offering to the marketplace and the ability to respond to market demands. The Company's product offering is state-of-the-art and has been shown to deliver sales increases within retail environments. MediaZest has a range of technologies that it seeks to license and the Directors continue to seek out new opportunities.

INFORMATION ON TOUCH

Background

Braille is a subsidiary of the Guarantor, an AIM quoted company with a market capitalisation of £9.0m as at 17 August 2005. Touch is a stand-alone business operating in the interactive and display solutions market.

Overview

Touch has 26 staff based in Farnham, Surrey.

Touch has the expertise, product range and capability to deliver display screen solutions from a single screen to a large-scale digital screen network.

Touch's products incorporate media technology enabling the display of the latest MPEG video formats, streaming media, flash animations and graphics. It provides a range of services such as system design, project management and installation.

Product, Services and Partnerships

Touch is an authorised distributor for manufacturers including, Sony, Panasonic, JVC and Sanyo and provides its clients with presentation products in any area where audio and video capability is required.

Touch's in-house duplication and video production department caters for all major current video formats. It can convert MPEG real time footage onto CD as well as being able to encode and author DVD compliant media.

The product portfolio includes plasma displays, room control systems, MPEG 2/4 display servers and TFT screens and high brightness LCD projectors. The range of play-back devices and interactive units incorporate media playback technology enabling display of MPEG video, Flash animations, graphics, scrolling text and live video inputs. Its approach aims to ensure that the display achieves a high impact and engages the target audience.

Touch has the capability and currently provides nationwide support contracts for a number of UK customers including next day and 48 hour call out. Touch has a range of corporate and institutional clients to whom it provides support. Touch tailors its support contracts to meet clients' business requirements and budgets.

Touch provides a full event installation service for exhibition displays, conferences and product launches.

Business and Revenue Model

MediaZest is developing a one-stop-shop for retail media solutions. As part of this solution Touch provides a number of key components including interactive devices, touch and kiosk solutions, display and audio systems, system design and installation and a breadth of experience beyond retail.

As an established business with a strong track record of attracting major blue chip clients Touch has built a portfolio of proven solutions. In addition ongoing client support and maintenance provides a recurring revenue stream.

Customers

Touch has a number of long running client relationships across the retail, education and corporate sectors. Key clients include HMV, Waterstone's, London South Bank University, Electronic Arts and London Eye where installed products include screens and listening posts.

Historic Financial Information

The financial information on Touch is set out in Part V and Part VI(B) of this document.

Current Trading and Prospects

Touch has traditionally seen more business towards its second half, with an emphasis towards the period September to November in each year. This traditional seasonality is for two reasons: the pre-Christmas promotional drive for the retail sector and the entering of the new budgetary period for the education sector from September.

Existing contracts are performing to plan and margin levels are being maintained at similar levels to the first 6 months of the year.

Directors

John Lovering (age 55) – Non-Executive Chairman.

John D. Lovering is currently Chairman of Debenhams Ltd and Fitness First Ltd and recently resigned as Chairman of Laurel High Street Estate Pubs Ltd. His previous roles include the Chairmanship of Homebase Ltd, Odeon Cinemas Ltd, The Peacock Group plc, Birthdays Group Ltd and Fired Earth Ltd. His earlier career was spent in a number of financial and operational roles with retailer and consumer groups such as Grand Metropolitan, Sears and Tarmac. He also currently sits on Advisory Councils for a number of organizations.

Anthony Moore (age 59) – Executive Vice-Chairman

Anthony Moore is Co-Chairman and Co-Chief Executive Officer of Moore Clayton & Co ("MCC"), a global private equity solutions firm represented by 75 people located worldwide. His experience covers private banking,

asset management, stockbroking and international investment banking. He is also a director of Media Archway, Inc as well as holding a number of other board positions. Prior to co-founding MCC with Sharon Clayton, he was President and CEO of Los Angeles-based New Energy Technologies, a subsidiary of New Energy Inc., the largest deregulated energy services provider in the United States. He previously served as Chairman of Corporate Finance at Barclays de ZoeteWadd in London, where he also held the position of CEO of Global Investment Banking Services and was a member of the board of Bankers Trust International. From 1982 to 1991, he held various senior positions with Goldman Sachs: Head of Investment Banking in Tokyo, Managing Director of Goldman Sachs Asia in Hong Kong and Executive Director responsible for large corporate clients in London. Throughout his career, he has built an extensive network of senior level contacts with governments, financial institutions and companies around the world.

Sean Reel (age 41) – Chief Executive Officer

Sean Reel has held a number of board positions in media companies. He was the sales director for Marketforce (IPC Media) during its management buy-out and subsequent sale to AOL/Time Warner for £1.1 Billion. During this period he was responsible for sales and trade marketing for a portfolio of titles worth over £500 million. Recently as a director at Haymarket Consumer Publishing he managed the sales, subscriptions, and trade marketing for consumer titles such as Autocar, Stuff, What Car? and Classic FM. He has been an investor in the in-store media sector since 2001 and has provided business development support to a number of businesses in the sector. He held a number of senior posts in Boots Plc Group including head of trade marketing and head of sales for Crookes Healthcare. During his time with the Boots Group, Sean was responsible for the set up of the J. Sainsbury in-store Pharmacy.

Nigel Duxbury (age 46) – Non-Executive Director

Nigel Duxbury is currently a director of Camelot Capital Plc, Alba Mineral Resources Plc, EP&F Capital Plc and Ragusa Capital Plc, all quoted on AIM, and has extensive experience both as a Finance Director and Senior Executive in small and large quoted and unquoted companies within Europe, Asia and the USA. He has a background in finance and accountancy, having qualified as a chartered accountant (ACA) with Touche Ross, London.

Christopher Theis (age 45) – Executive Director

Christopher Theis is an experienced investment banker, corporate financier and entrepreneur. He trained in the capital and equity markets in both New York and London. He has led City teams, including Smith New Court and Hoare Govett Ltd in the origination, structuring and placement of flotation and secondary market transactions of numerous successful companies. He has extensive experience in the valuation, purchase and sale of businesses, both in the UK and abroad. He co-founded U4EA Limited, a leading networking solutions business, and Athanor Capital Partners, a FSA registered corporate finance firm.

Lance O'Neill (age 49) – Non-Executive Director

Lance O'Neill is a London-based director of DFB (Australia) Pty. Ltd, a Sydney based investment adviser. He is also chairman of Alba Mineral Resources Plc, EP&F Capital Plc and Ragusa Capital Plc, all quoted on AIM. He has worked in international securities and investment markets since 1981. During this time, he spent over ten years based in London and Sydney with periodic work in the United States and the Far East, principally with Prudential-Bache Securities Inc., Societe Generale (Australia) Securities and Rivkin Securities Limited, working in institutional equity and fixed income sales/trading as well as in corporate finance. He is a director of, and investor in, a number of private and public companies in the UK, USA and Australia. He holds a BSc (Econ) Hons in Accountancy and Law from the University of Wales and is an affiliate member of the Securities Institute of Australia.

There is no intention to make any changes to the MediaZest Board as a result of the proposed Acquisition.

Principal Terms and Reasons for the Placing

The Company proposes to issue 4,705,883 Placing Shares at the Placing Price, which will raise in aggregate approximately £2,000,000 for the Company (before expenses). The net proceeds of the Placing will be used to satisfy part of the consideration for the Acquisition and to provide working capital for the enlarged Group.

Altium has undertaken to seek to identify and introduce investors to the Company, details of their engagement terms are outlined in paragraph 8.12 of Part VII of this document.

Pursuant to the Placing Agreement, CFA has conditionally placed firm 4,705,883 Placing Shares at the Placing Price, although it has not underwritten the Placing.

The Placing Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares of the Company and will, once allotted, rank in full for all dividends and other distributions declared, made or paid on the share capital of the Company in respect of the period after such allotment.

The Placing is conditional, *inter alia*, on both the passing of the Resolutions to be proposed at the EGM and Admission. It is expected that dealings in the New Ordinary Shares will commence on AIM on 23 September 2005 (or such later date as shall be determined by CFA and the Company, being not later than 31 October 2005). If Admission has not so occurred by such later date, application monies will be returned to Placees without interest as soon thereafter as is practicable and in any event by 7 November 2005.

Warrants

The Company intends to issue Warrants over an aggregate of 300,000 Ordinary Shares at the Placing Price to Altium as outlined in paragraph 8.12 of Part VII of this document.

Employee Share Options

In order to incentivise the management of the Company and current and future senior employees, the Directors intend to adopt a share option scheme in due course.

Corporate Governance

The Directors recognise the importance of sound corporate governance, whilst taking into account the size and nature of the Group. As the Company grows the Directors intend to comply with the main provisions of the Combined Code, in so far as is practicable given the Group's size and the constitution of the Board.

The Directors will comply with Rule 21 of the AIM Rules relating to Directors' dealings and will also take reasonable steps to ensure compliance by the Company's applicable employees.

Dividend policy

It is the intention of the Directors to aim for capital growth. It is inappropriate at this time to give an indication of the likely level of future dividends.

Taxation

The attention of investors is drawn to the information regarding taxation in relation to the Admission that is set out in paragraph 7 of Part VII of this document. These details are, however, intended only as a general guide to the current tax position under UK taxation law. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers.

Extraordinary General Meeting

You will find set out at the end of this document a notice convening the EGM to be held at 10.00 am on 19 September 2005 at Lacon House, Theobald's Road, London WC1X 8RW, at which the Resolutions will be proposed for the purposes of:

- approving the Acquisition;
- authorising the Directors pursuant to section 80 of the Act to allot up to 30,000,000 Ordinary Shares;
- disapplying the statutory pre-emption rights of Shareholders in accordance with section 95 of the Act in relation to the issue of the Placing Shares, the issue of Warrants to Altium, in relation to pre-emptive offers and otherwise in relation to the allotment of up to 4,705,883 Ordinary Shares.

Admission, settlement and dealings

As the Acquisition is conditional upon approval of the Resolutions by Shareholders, the Company will apply for the New Ordinary Shares to be admitted to trading on AIM as soon as the Resolutions have been passed. It is expected that Admission will take place, and that dealings in the New Ordinary Shares will commence on 23 September 2005.

No temporary documents of title will be issued. All documents sent by or to a Placee, or at his direction, will be sent through the post at the Placee's risk. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

The Ordinary Shares are in registered form and are capable of being held and transferred in uncertificated form through CREST. Accordingly, settlement of transactions in the New Ordinary Shares following Admission may take place within the CREST system if the relevant Shareholder so wishes.

CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

Additional Information

Your attention is drawn to the Risk Factors in Part II of this document and the Details of the Acquisition, the Financial Information, and the Additional Information sections contained in Parts III to VII of this document.

Action to be Taken

You will find enclosed with this document a reply-paid Form of Proxy for use at the Extraordinary General Meeting. In case you are unable to be present at the Extraordinary General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed on it and return it to the Company's Registrars, Share Registrars Limited, Craven House, West Street, Farnham, Surrey, GU9 7EN as soon as possible, but in any event so as to be received not later than 10.00 am on 17 September 2005. The return of the completed Form of Proxy will not prevent you from attending the Extraordinary General Meeting and voting in person, should you so wish.

Recommendation

The Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting, as they have irrevocably undertaken to do in respect of their own beneficial holdings amounting in aggregate to 6,829,895 Ordinary Shares, representing 49.8% of the existing issued share capital of MediaZest.

Yours faithfully
John Lovering
Chairman

PART II

RISK FACTORS

Investment in the Placing Shares involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document before investing in the Placing Shares. The Directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Group's business.

If any of the following risks actually occur, the Group's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the price of the Ordinary Shares could decline and investors may lose all or part of the value of their investment.

Business and Industry Risks

1. The Company is operating in a competitive industry where the commercial risks are high. Customer reaction and loyalty and market acceptance for the Company's products and services cannot be predicted with certainty. Accordingly, an investment in the Company is speculative and investors may not get back the amount of their original investment.
2. There can be no assurance that competition in MediaZest's market sector will not increase, which may have a material adverse effect on the Company's business, results of operations and financial condition. There can be no assurance that such competitors are not currently developing or will not in the future develop technologies and products that are equally as effective as those offered by the Company or which would render the Company's products and services obsolete.
3. The nature of the Company and its business model creates reliance upon a relatively small number of Directors and key personnel and the loss of any key Director or any key member of management could affect the Company's performance and continuing ability to compete effectively.
4. The Company will rely on its continuing ability to maintain current, and to secure additional, contracts with customers to generate its revenue. Investors should note that there can be no assurance that its existing customers will continue to conduct the same level of business with it in the future. The loss of certain key customers may materially affect the financial condition of the Company.
5. There is no certainty that the Company will be able to successfully penetrate some or all or any of its target markets or that unanticipated expenses or problems or technical difficulties will not occur which would result in material delays in its implementation or even deviation from its original plans.
6. There is no certainty that the anticipated growth of the Company will be successfully managed. The Company would have to engage the services of additional technical, scientific, sales and marketing and administrative personnel to handle any material growth in its business. Prior to any such additional personnel being engaged, the additional demands placed on the Company's existing resources may impair its ability to maintain its service to its customers.
7. The continued development and commercialisation of the Company's products and services may be reliant upon the performance of third parties whose performance is not assured. If such non-performance were to occur then the Company would be obliged to make alternative arrangements and there can be no assurance that such alternative arrangements would be available or that no adverse disruption to the Company's business would occur.
8. Changes in government or government policy could affect the return on an investors' investment in the Company and may also result in adverse changes in tax rates and reliefs.

Liquidity of the Ordinary Shares and the AIM Market Generally

It may be more difficult for an investor to realize his or her investment on AIM than to realise an investment in a company whose shares and other securities are quoted on the Official List. An investment in shares that are traded on AIM is likely to carry a higher risk than in shares quoted on the Official List. AIM has been in existence since June 1995 but its future success and future in the market for the Ordinary Shares cannot be guaranteed. The share price of publicly traded emerging companies can be highly volatile.

The price at which the Ordinary Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Group and its operations and some that may affect quoted companies generally. Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares. The market for shares in smaller public companies, including the Company's, is less liquid than for larger public companies. The Group is aiming to achieve capital growth and, therefore, Ordinary Shares may not be suitable for a short-term investment. Consequently, the share price may be subject to greater fluctuation on small volumes of shares, and thus the Ordinary Shares may be difficult to sell at a particular price. The market price of the Ordinary Shares may not reflect the underlying value of the Group's net assets.

Requirement for Further Funds

In the opinion of the Directors, having made due and careful enquiry and taking into account the net proceeds of the Placing, the working capital available to the Company will be sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

However, it is likely that the Company will need to raise further funds in the future either to complete a proposed acquisition or investment or to raise further working or development capital for such an acquisition or investment. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the same price as the Placing Price or higher.

Attraction and Retention of Key Executives

The Company's success will depend, inter alia, on its current and future management team. Whilst it has entered into contractual arrangements with the aim of securing the services of the Directors, the retention of their services or the services of its management team cannot be guaranteed.

Acceptability of Ordinary Shares as Consideration

Although it is the Company's intention to issue Ordinary Shares to satisfy all or part of any consideration payable on an acquisition, vendors of suitable companies or businesses may not be prepared to accept shares traded on AIM or may not be prepared to accept Ordinary Shares at the quoted market price.

PART III

DETAILS OF THE ACQUISITION

Summary of the Acquisition Agreement

By the Acquisition Agreement dated 25 August 2005 and made between the Seller, the Company and the Guarantor, the Company has agreed to acquire the entire issued share capital of Touch for a total consideration of up to £3,000,000.

Under the terms of the Acquisition Agreement, MediaZest will pay to the Seller an initial consideration of £2,575,000 to be satisfied as to £700,000 in cash and £1,875,000 by the allotment and issue of the Initial Consideration Shares on Completion. A further £50,000 will be payable to the Seller out of the joint account in the event that the net assets of Touch at Completion are £200,000 or more. In the event that the net assets of Touch are less than £200,000, the payment of £50,000 will be reduced pound for pound to the extent that the net assets are less than £200,000.

Deferred consideration of up to £375,000, which will be satisfied as to $\frac{2}{3}$ cash (payable out of the joint account) and $\frac{1}{3}$ by the issue of further new Ordinary Shares at the Placing Price, is payable dependent on the level of pre-tax profits of Touch as shown in the audited accounts for the 12 months ending 31 December 2005.

The deferred consideration shall be an amount equal to £2 for every £1 of pre-tax profits of Touch up to £125,000 plus £1 for every £1 of pre-tax profits of Touch greater than £125,000, up to a maximum amount of deferred consideration of £375,000.

The Company will pay £300,000 on Completion into a joint account in the names of the Seller's and the Company's solicitors as security for the net asset consideration and the deferred consideration.

The Acquisition Agreement is conditional upon:

1. the Resolutions being duly passed at the EGM without amendment;
2. the Placing Agreement not being terminated and becoming unconditional in all respects in accordance with its terms (save for any condition relating to the allotment of the Placing Shares and the Acquisition Agreement becoming unconditional or being completed); and
3. Admission occurring by 23 September 2005 (or such later date as the Company and the Seller may agree being not later than 31 October 2005).

The Seller has given general and tax warranties up to the aggregate of the cash element of the consideration and the sale proceeds or value of the consideration shares allotted to the Seller. The warranties given by the Seller are subject to an individual minimum amount of £5,000 and an aggregate minimum liability of £50,000 and the warranties may be enforced by the Company within 24 months of Completion in the case of the general warranties and prior to 31 December 2011 in the case of the tax warranties.

The Seller has also agreed to enter into a tax deed containing a covenant to indemnify the Company against pre-completion tax liabilities of Touch, which may be enforced by the Company prior to 31 December 2011.

The Company has a right to rescind the Acquisition Agreement in the event that warranty breaches are discovered before Completion of the Acquisition Agreement which would have a material adverse effect of the business of Touch.

The Acquisition Agreement contains restrictive covenants from the Seller not to, inter alia, compete with the business or the Company and not to solicit any employees of Touch or solicit or deal with any supplier, distributor or agent of Touch for a period of three years from Completion.

The Seller has also undertaken in the Acquisition Agreement that it will not dispose of any interest in any consideration shares for a period of 18 months from Completion unless either of Sean Reel or Christopher Theis serve notice to resign as a director or cease to be a director of the Company or are not otherwise actually included in the operation of its business (in such case the period will reduce to 12 months) without the prior written consent of the Company. The restrictions referred to above do not apply to a general offer for the issued share capital of the Company or a disposal by the Seller as may be required to enable the Seller to satisfy any liability on its part under the warranties in the Acquisition Agreement or under the Tax Deed.

PART IV
ACCOUNTANTS' REPORT

25 August 2005

The Directors
MediaZest Plc
First Floor
46 Maddox Street
London W1S 1QA

The Directors
City Financial Associates Limited
6 Laurence Pountney Hill
London EC4R 0BL

Dear Sirs

MediaZest Plc

We report on the financial information set out on pages 20 to 28 of this document. This financial information has been prepared for inclusion in the Circular dated 25 August 2005 of MediaZest Plc on the basis of the accounting policies set out on page 23.

Responsibilities

The Directors of MediaZest Plc are responsible for preparing the financial information on the basis of preparation set out on page 23 of the financial information and in accordance with UP GAAP.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Circular, and to report our opinion to you.

This report is given for the purposes of this Circular only, to the fullest extent permitted by law we do not accept or assume responsibility to anyone for any other purpose for our work, this report or the opinions we have formed.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included an assessment of significant estimates and judgements made by those responsible for the preparation of 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 Circular dated 25 August 2005, a true and fair view of the state of affairs of MediaZest Plc as at the dates stated and of its loss and changes in equity for the periods then ended in accordance with the basis of preparation set out on page 23 and in accordance with UK GAAP.

Declaration

We declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

		<i>Period ended 31 December 2004</i>
	<i>Note</i>	<i>£</i>
Turnover from continuing operations		–
Cost of sales		–
		<hr/>
Gross profit		–
Administrative expenses		
Acquisitions		(10,000)
Other continuing operations		(34,651)
		<hr/>
		(44,651)
Operating Loss	2	(44,651)
Interest receivable	3	1,167
		<hr/>
Loss on ordinary activities before taxation		(43,484)
Tax on loss on ordinary activities	4	–
		<hr/>
Loss for the year	12	(43,484)
		<hr/>
Loss per ordinary share		
– basic	5	£0.09
– diluted	5	£0.09

There are no recognised gains and losses for the period, other than the loss for the period.

CONSOLIDATED BALANCE SHEET

		<i>As at 31 December 2004 £</i>
	<i>Note</i>	
INTANGIBLE FIXED ASSETS		
Goodwill	6	116,567
CURRENT ASSETS		
Debtors	8	18,958
Cash at bank and in hand		528,251
		<u>547,209</u>
CREDITORS: Amounts falling due within one year	9	<u>(40,593)</u>
NET CURRENT ASSETS		<u>506,616</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>623,183</u>
CAPITAL AND RESERVES		
Called up share capital	10	416,667
Share premium account	11	250,000
Profit and loss account	11	<u>(43,484)</u>
EQUITY SHAREHOLDERS' FUNDS	11	<u>623,183</u>

CONSOLIDATED CASH FLOW STATEMENT

		<i>Period ended 31 December 2004</i>
	<i>Note</i>	<i>£</i>
Net cash outflow from operating activities	12	(23,016)
Returns on investments		
Interest received		1,167
Acquisitions		
Net cash acquired with subsidiary		100
Purchase of subsidiary undertaking		(116,667)
		<u>(116,567)</u>
Financing		
Issue of ordinary share capital net of costs		<u>666,667</u>
Increase in cash in the period	14	<u>528,251</u>

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The financial information has been prepared in accordance with applicable accounting standards under the historical cost convention. It deals with the transactions of the Group from the incorporation of MediaZest Plc as ShellCo (No.) 2998 Limited on 11 June 2004. The Company was re-registered as a public limited company with the name MediaZest Plc on 26 October 2004. The principal accounting policies of the Company and the Group are set out below.

Basis of Consolidation

The consolidated financial information consolidates that of the Company and of the subsidiary company drawn up to 31 December 2004, using the acquisition method of accounting.

Deferred Taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Intangible Assets – Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and will be written off on a straight line basis from the date of Initial Admission of the ordinary shares of the company to AIM over its useful economic life, which is 20 years. Provision is made for any impairment.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment, which is deemed to be permanent.

2. OPERATING LOSS

	2004
	£
This is stated after charging/(crediting):	
Auditors' remuneration	
– audit services (including £750 relating to the audit of the company)	1,000
– non audit services	1,000
	<hr/>
The directors, also were the only employees, received no remuneration during the period	

3. INTEREST RECEIVABLE

	2004
	£
Bank interest receivable	<hr/> 1,167

4. TAX CHARGE ON LOSS ON ORDINARY ACTIVITIES UPDATE

	2004
	£
United Kingdom corporation tax at 30%	—
Deferred taxation	—
	<u>—</u>

Factors affecting the tax charge for the period:

	2004
	£
Loss on ordinary activities before tax	(43,484)
Expected tax credit at 30%	(13,045)
Effects of:	
Expenses not deductible	8,447
Losses carried forward	<u>(4,598)</u>

The Group has unrelieved tax losses at 31 December 2004 of £4,598 (£15,327 @ 30%). The Group has not recognised a deferred tax asset in respect of these losses as the timing and extent of recovery is sufficiently uncertain.

5. LOSS PER ORDINARY SHARE

Basic loss per share is calculated by dividing the loss attributed to ordinary shareholders by the weighted average number of shares during the period. Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all dilutive potential ordinary shares.

	2004
Weighted average number of shares:	
Basic	482,033
Dilutive effect of warrants (see note 10)	18,382
Weighted average number of shares diluted	<u>500,415</u>

6. INTANGIBLE FIXED ASSETS - GOODWILL

Group

	<i>Positive Goodwill £</i>	<i>Total £</i>
Cost		
On incorporation	—	—
Additions	116,567	116,567
At 31 December 2004	116,567	116,567
Net Book Value		
On incorporation	—	—
At 31 December 2004	116,567	116,567

The addition to goodwill arose on the acquisition of MediaZest Ventures Limited (see note 7) on 13 October 2004.

	<i>Assets and liabilities acquired £</i>
Cash at bank	90
Debtors	10
Goodwill	116,567
Satisfied by issue of shares	116,667

The purchase was satisfied by the issue of 116,667 shares to the value of £116,667 as stated above.

7. FIXED ASSET INVESTMENTS

At 31 December 2004 the Company held the following interest in subsidiary undertakings which is included within the consolidated accounts and is unlisted. In the accounts of the Company the investment is held at cost of £116,667.

<i>Name of company</i>	<i>Country of incorporation</i>	<i>Proportion held</i>	<i>Business</i>
MediaZest Ventures Limited	UK	100%	Media

8. DEBTORS

	<i>The Group 2004 £</i>
Amounts owed by group undertakings	–
Other taxes and social security	7,198
Other debtors	10
Prepayments and accrued income	11,750
	<u>18,958</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>The Group 2004 £</i>
Trade creditors	36,593
Other creditors	500
Accruals and deferred income	3,500
	<u>40,593</u>

10. CALLED UP SHARE CAPITAL

	<i>2004 Number of shares</i>	<i>2004 £</i>
Authorised		
Ordinary shares of 10 pence	100,000,000	10,000,000
Allotted, called up and fully paid		
Ordinary shares of 10 pence	4,166,670	416,667

The Company was incorporated with an authorised share capital of £1,000 divided into 1,000 ordinary shares of £1 each.

On 11 October 2004, the authorised share capital was increased to £50,000 by the creation of 49,000 £1 shares. The 49,000 shares of £1 each were issued at a subscription price of £1 per share.

On 13 October 2004, the share capital was increased to £200,000 by the creation of 150,000 ordinary shares of £1.

On 13 October 2004, 116,667 ordinary shares were allotted at par to the shareholders in MediaZest Ventures Limited in consideration for the transfer to the company of the entire issued share capital of MediaZest Ventures Limited.

On 25 October 2004, the authorised share capital was increased to £10m by the creation of 9.8m ordinary shares. The 10m ordinary shares were then divided into ten shares each of 10p.

A mezzanine fund raising commenced at the end of October 2004. 2,500,000 10p shares at a price of 20p per share were allotted on 29 December 2004.

At the period end the Company had created 1,500,000 warrants to subscribe for ordinary shares in the Company at 20p per share, such warrants to be exercisable at any time between the date falling seven days after the announcement of the Company's preliminary results for the year ending 31 December 2005 and 22 February 2015.

11. RECONCILIATION OF SHAREHOLDERS FUNDS AND MOVEMENT ON RESERVES

Group

	<i>Share capital</i>	<i>Share premium</i>	<i>Profit and loss</i>	<i>Total</i>
	£	£	£	£
Loss for the period	—	—	(43,484)	(43,484)
Shares issued net of costs	416,667	250,000	—	666,667
Balance at 31 December 2004	416,667	250,000	(43,484)	623,183

12. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	<i>2004</i>
	£
Operating loss	(44,651)
Increase in creditors	40,593
Increase in debtors	(18,958)
Net cash outflow from operating activities	(23,016)

13. ANALYSIS OF CHANGES IN NET FUNDS

	<i>At 11 June 2004</i>	<i>Cashflows</i>	<i>At 31 December 2004</i>
	£	£	£
Cash at bank	—	528,251	528,251

14. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET CASH

	<i>Period ended 31 December 2004</i>
	£
On incorporation	—
Increase in cash in the period	528,251
Cash at bank and in hand at 31 December 2004	528,251

15. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2004.

16. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2004.

17. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash at bank and various items such as trade debtors and creditors that arise directly from its operations. The main purpose of these instruments is to provide finance for operations. The Group has not entered into derivative transactions nor does it trade financial instruments as a matter of policy.

Interest rate risk profile of financial assets

The only financial assets (other than short term debtors) are cash at bank and in hand, which comprise inter bank deposits, money at call, and one month and two month rates.

18. POST BALANCE SHEET EVENTS

On 22 February 2005 the Company successfully placed 2,874,330 ordinary shares at a placing price of 50p per share together with 1 warrant to subscribe for ordinary shares at 50p per ordinary share for every 2 new ordinary shares placed. The gross proceeds of the placing were £1,437,165 and the ordinary shares and warrants were admitted to trading on AIM on 22 February 2005.

Yours faithfully
Nexia Audit Limited
Chartered Accountants
25 Moorgate
London EC2R 6AY

Nexia Audit Limited

PART V
ACCOUNTANTS' REPORT

25 August 2005

The Directors
Mediazest Plc
First Floor
46 Maddox Street
London W1S 1QA

The Directors
City Financial Associates Limited
6 Laurence Pountney Hill
London EC4R 0BL

Dear Sirs

Touch

We report on the financial information set out on pages 30 to 38 of this document. This financial information has been prepared for inclusion in the Circular dated 25 August 2005 of Mediazest Plc on the basis of the accounting policies set out on page 33.

Responsibilities

The financial records and historic financial statements are the responsibility of the directors of Touch. The directors of the Company are responsible for the content of the circular in which this report is included.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Circular, and to report our opinion to you.

This report is given for the purposes of this Circular only, to the fullest extent permitted by law we do not accept or assume responsibility to anyone for any other purpose for our work, this report or the opinions we have formed.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in 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 Deloitte & Touche LLP, who audited the financial statements for the three periods ended 31 January 2003, 31 December 2003 and 31 December 2004. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of 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 Circular dated 25 August 2005, a true and fair view of the state of affairs of Touch as at the dates stated and of its results for the periods then ended in accordance with the basis of preparation set out on page 33 and in accordance with UK GAAP.

Declaration

We declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

PROFIT AND LOSS ACCOUNT

		<i>Year to 31 January 2003 £'000</i>	<i>11 months to 31 December 2003 £'000</i>	<i>Year to 31 December 2004 £'000</i>
	<i>Note</i>			
Turnover	1	2,584	3,123	3,322
Cost of sales		<u>(1,454)</u>	<u>(2,040)</u>	<u>(1,940)</u>
Gross profit		1,130	1,083	1,382
Administrative expenses		<u>(1,114)</u>	<u>(1,137)</u>	<u>(1,386)</u>
Operating Profit/(loss)	2	16	(54)	(4)
Interest payable and similar charges		<u>(14)</u>	<u>(13)</u>	<u>—</u>
Profit/(Loss) on ordinary activities before taxation		2	(67)	(4)
Tax on profit/(loss) on ordinary activities	5	<u>—</u>	<u>—</u>	<u>—</u>
Retained profit/(loss) for the year		<u>2</u>	<u>(67)</u>	<u>(4)</u>

All activities are classed as continuing.

BALANCE SHEET

		<i>As at</i> <i>31 January</i> <i>2003</i> <i>£'000</i>	<i>As at</i> <i>31 December</i> <i>2003</i> <i>£'000</i>	<i>As at</i> <i>31 December</i> <i>2004</i> <i>£'000</i>
	<i>Note</i>			
Fixed Assets				
Tangible assets	6	<u>404</u>	<u>223</u>	<u>149</u>
Current Assets				
Stocks	7	98	120	100
Debtors: amounts falling due within one year	8	350	538	489
Debtors: amounts falling due after more than one year	8	160	106	—
Cash at bank and in hand		—	—	379
		<u>608</u>	<u>764</u>	<u>968</u>
Creditors – Amounts falling due within one year	9	<u>(603)</u>	<u>(645)</u>	<u>(779)</u>
Net current assets		<u>5</u>	<u>119</u>	<u>189</u>
Net Assets		<u>409</u>	<u>342</u>	<u>338</u>
Capital And Reserves				
Called up share capital	10	171	171	171
Share premium account		1,577	1,577	1,577
Capital redemption reserve		25	25	25
Profit and loss account		<u>(1,364)</u>	<u>(1,431)</u>	<u>(1,435)</u>
Equity Shareholders' Funds		<u>409</u>	<u>342</u>	<u>338</u>

CASH FLOW STATEMENT

		<i>Year ended</i> <i>31 January</i> <i>2003</i> <i>£'000</i>	<i>11 months</i> <i>ended</i> <i>31 December</i> <i>2003</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2004</i> <i>£'000</i>
Net cash inflow from operating activities	<i>Note</i> 14	<u>40</u>	<u>186</u>	<u>496</u>
Returns on investments and servicing of finance				
Interest paid		<u>(14)</u>	<u>(13)</u>	<u>—</u>
Net cash outflow from returns on investments and servicing of finance		<u>(14)</u>	<u>(13)</u>	<u>—</u>
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		(40)	(51)	(79)
Receipts from sales of tangible fixed assets		<u>157</u>	<u>14</u>	<u>—</u>
Net cash inflow/(outflow) for capital expenditure and financial investment		<u>117</u>	<u>(37)</u>	<u>(79)</u>
Increase in cash in the year	15	<u>143</u>	<u>136</u>	<u>417</u>

STATEMENT OF ACCOUNTING POLICIES

Basis of preparation

The financial information have been prepared under the historical cost convention.

The financial information has been prepared in accordance with applicable United Kingdom accounting standards. The principle accounting policies are summarised below. They have all been applied consistently throughout the current year and the preceding year except as stated below.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Leasehold land and buildings	– lease term
Plant, vehicles and equipment	– 3 to 7 years

Stocks

Finished goods represent stocks held for resale stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Operating lease rentals receivable

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Pension scheme

The company has historically operated a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. No contributions were payable by the company to the scheme during the period (December 2003: £nil, January 2003: £nil).

NOTES TO THE FINANCIAL STATEMENTS

1. TURNOVER

Turnover represents the invoiced amount of goods sold and services provided, stated net of value added tax.

All turnover is generated by one class of business and in one geographic area, the United Kingdom.

2. OPERATING PROFIT/(LOSS)

This is stated after charging/(crediting)

	<i>11 months</i>		
	<i>Year ended</i>	<i>ended</i>	<i>Year ended</i>
	<i>31 January</i>	<i>31 December</i>	<i>31 December</i>
	<i>2003</i>	<i>2003</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Directors' emoluments	—	—	—
Auditors' remuneration – audit services	5	5	6
Depreciation of owned assets	159	162	153
Operating leased rentals paid			
– land and buildings	82	97	98
– other	10	10	12
Loss on disposal of tangible fixed assets	—	4	—
Rentals receivable under operating leases	(16)	(18)	(18)

3. STAFF COSTS

	<i>11 months</i>		
	<i>Year ended</i>	<i>ended</i>	<i>Year ended</i>
	<i>31 January</i>	<i>31 December</i>	<i>31 December</i>
	<i>2003</i>	<i>2003</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Staff Costs during the period (including directors)			
Wages and salaries	515	584	733
Social security costs	62	66	83
Other pension costs	—	—	—
	<u>577</u>	<u>650</u>	<u>816</u>
 Average number of employees (excluding directors)			
Total	<u>25</u>	<u>23</u>	<u>26</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>11 months</i>		
	<i>Year ended</i>	<i>ended</i>	<i>Year ended</i>
	<i>31 January</i>	<i>31 December</i>	<i>31 December</i>
	<i>2003</i>	<i>2003</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Interest on loans and overdrafts wholly repayable within five years	<u>14</u>	<u>13</u>	<u>—</u>

5. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

There was no UK tax charge for the periods ending December 2004, December 2003, January 2003, due to losses made. At the tax rate of 30% the accumulated tax loss give rise to a potential deferred tax asset of £363,000 (December 2003: £379,000 and January 2003: £359,000), which for prudence has not been recognised. The directors expect that the tax losses will be available to be utilised against future taxable profits when they arise.

	<i>11 months</i>		
	<i>Year ended</i>	<i>ended</i>	<i>Year ended</i>
	<i>31 January</i>	<i>31 December</i>	<i>31 December</i>
	<i>2003</i>	<i>2003</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Loss on ordinary activities before tax	2	(67)	(4)
Tax on ordinary activities at the standard rate	(1)	20	1
<i>Factors affecting the charge for the period:</i>			
Permanent differences	–	(2)	(2)
Capital allowances in excess of depreciation	–	(13)	(45)
Tax losses not utilised	1	(5)	46
Total actual amounts of current tax	–	–	–

6. TANGIBLE FIXED ASSETS

	<i>Leasehold</i>	<i>Plant,</i>	
	<i>land and</i>	<i>vehicles and</i>	
	<i>buildings</i>	<i>equipment</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
COST			
At 1 February 2002	277	1,408	1,685
Additions	–	40	40
Disposals	(147)	(24)	(171)
At 31 January 2003	130	1,424	1,554
Additions	–	51	51
Disposals	–	(52)	(52)
Transfers	–	(192)	(192)
At 31 December 2003	130	1,231	1,361
Additions	–	79	79
Disposals	–	(25)	(25)
At 31 December 2004	130	1,285	1,415
DEPRECIATION			
At 1 February 2002	84	921	1,005
Provided during the year	9	150	159
Disposals	–	(14)	(14)
At 31 January 2003	93	1,057	1,150
Provided during the year	10	152	162
Disposals	–	(34)	(34)
Transfers	–	(140)	(140)
At 31 December 2003	103	1,035	1,138
Provided during the year	10	143	153
Disposals	–	(25)	(25)
At 31 December 2004	113	1,153	1,266
NET BOOK VALUE			
At 31 January 2003	37	367	404
At 31 December 2003	27	196	223
At 31 December 2004	17	132	149

7. STOCKS

	<i>At</i> <i>31 January</i> <i>2003</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2003</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2004</i> <i>£'000</i>
Finished goods	98	120	100

There is no material difference between the value of stock and their replacement cost.

8. DEBTORS

	<i>At</i> <i>31 January</i> <i>2003</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2003</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2004</i> <i>£'000</i>
Amounts falling due within one year			
Trade debtors	290	435	426
Other debtors	—	2	4
Prepayments and accrued income	60	101	59
	<u>350</u>	<u>538</u>	<u>489</u>
Amounts falling due after more than one year			
Amounts owed by group undertakings	160	106	—

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>At</i> <i>31 January</i> <i>2003</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2003</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2004</i> <i>£'000</i>
Amounts owed to group undertakings	—	—	279
Overdraft	174	38	—
Trade creditors	154	299	231
Other taxes and social security	34	34	26
Accruals and deferred income	241	274	243
	<u>603</u>	<u>645</u>	<u>779</u>

The company has a bank overdraft facility of £200,000, which is secured by way of a fixed and floating charge over the leasehold premises and the assets of the company.

10. CALLED-UP SHARE CAPITAL

	<i>At</i> <i>31 January</i> <i>2003</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2003</i> <i>£'000</i>	<i>At</i> <i>31 December</i> <i>2004</i> <i>£'000</i>
<i>Authorised:</i>			
800,000 ordinary shares of 25p each	200	200	200
<i>Allotted called up and fully paid:</i>			
685,143 ordinary shares of 25p each	171	171	171

11. OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	At 31 January 2003		At 31 December 2003		At 31 December 2004	
	Land and Buildings	Other	Land and Buildings	Other	Land and Buildings	Other
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Leases which expire</i>						
Within one year	–	–	75	–	75	–
Within two to five years	75	10	–	10	–	–
After five years	22	–	22	–	22	–
	<u>97</u>	<u>10</u>	<u>97</u>	<u>10</u>	<u>97</u>	<u>–</u>

12. RELATED PARTY TRANSACTIONS

Touch Group plc has provided some management services to the Company. During the year ended 31 December 2004 Seller provided services to the value of £nil (31 December 2003: £22,000, 31 January 2003: £132,000) for which no fee was charged (31 December 2003: £nil, 31 January 2003: £nil).

The company has paid for and utilised the services of employees contracted to Ambient plc (now Touch Group plc). During the year ended 31 December 2004 the cost of these services was £144,000 (31 December 2003: £95,000, 31 January 2003: £nil).

Balances with group companies at each period end are shown in notes 8 and 9.

13. ULTIMATE PARENT COMPANY

The smallest group in which the results of Touch (formerly Electronic Media Promotions Limited) are consolidated is that headed by Electronic Media Promotions Holdings Limited, being the company's immediate parent, which is incorporated in Great Britain. The largest group in which the results of Touch (formerly Electronic Media Promotions Limited) are consolidated is that headed by Touch Group plc (formerly Ambient plc), being the company's ultimate parent and controlling company, which is incorporated in Great Britain. The financial statements of Touch Group plc (formerly Ambient plc) can be obtained from that company's registered office, which is Cardinal Tower, 12 Farringdon Road, London, EC1M 3NN.

14. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	11 months		
	Year ended 31 January 2003	ended 31 December 2003	Year ended 31 December 2004
	£'000	£'000	£'000
Operating profit/ (loss)	16	(54)	(4)
Depreciation	159	162	153
Loss on sale of tangible fixed assets	–	4	–
(Increase)/decrease in stocks	(20)	(22)	20
(Increase)/decrease in debtors*	(11)	(82)	155
(Decrease)/increase in creditors*	(104)	178	172
Net cash inflow from operating activities	<u>40</u>	<u>186</u>	<u>496</u>

* Including group balances

15. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	11 months		
	Year ended	ended	Year ended
	31 January	31 December	31 December
	2003	2003	2004
	£'000	£'000	£'000
Increase in cash in the year	88	136	379
Cash inflow from increase in debt	55	-	38
Change in net debt resulting from cash flows	143	136	417
Movement in net debt in the year	143	136	417
Net debt at beginning of period	(317)	(174)	(38)
Net (debt) / funds	(174)	(38)	379

16. ANALYSIS OF (NET DEBT)/FUNDS

	At		At
	1 February		31 January
	2002	Cash flow	2003
	£'000	£'000	£'000
Cash in hand and at bank	-	-	-
Overdrafts	(262)	88	(174)
Debt due within 1 year	(55)	55	-
Total	(317)	143	(174)

	At		At
	1 February		31 December
	2003	Cash flow	2003
	£'000	£'000	£'000
Cash in hand and at bank	-	-	-
Overdrafts	(174)	136	(38)
Total	(174)	136	(38)

	At		At
	1 January		31 December
	2004	Cash flow	2004
	£'000	£'000	£'000
Cash in hand and at bank	-	379	379
Overdrafts	(38)	38	-
Total	(38)	417	379

Yours faithfully

Nexia Audit Limited
Nexia Audit Limited
Chartered Accountants
25 Moorgate
London EC2R 6AY

PART VI (A)

UNAUDITED FINANCIAL INFORMATION ON MEDIAZEST PLC FOR 6 MONTHS TO 30 JUNE 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Unaudited Six months ended 30 June 2005 £</i>
Turnover	29,500
Cost of sales	(23,787)
Gross profit	5,713
Administrative expenses	(333,506)
Operating loss	(327,793)
Interest receivable and investment income	23,100
Loss on ordinary activities before taxation	(304,693)
Tax on ordinary activities (note 2)	—
Retained loss for the period	(304,693)
Loss per ordinary 10p share (note 3)	
— basic	3 pence
— diluted	3 pence

CONSOLIDATED BALANCE SHEET

	<i>Unaudited</i> <i>30 June</i> <i>2005</i> <i>£</i>
Fixed assets	
Intangible assets	115,110
Tangible assets	<u>7,508</u>
	<u>122,618</u>
Current assets	
Stock	89,400
Debtors	137,159
Cash at bank and in hand	<u>1,105,433</u>
	<u>1,331,992</u>
Creditors: amounts falling due within one year	<u>(133,137)</u>
Net current assets	<u>1,198,855</u>
Total assets less current liabilities	<u>1,321,473</u>
Capital and reserves	
Called up share capital	1,370,768
Share premium account	298,882
Profit and loss account	<u>(348,177)</u>
	<u>1,321,473</u>

CONSOLIDATED CASH FLOW STATEMENT

	<i>Unaudited Six months ended 30 June 2005 £</i>
Net cash outflow from continuing operating activities	(440,215)
Returns on investments	
Interest received	23,100
Capital expenditure	
Purchase of tangible assets	(8,686)
Acquisitions	
Net cash acquired with subsidiary	—
Purchase of subsidiary undertaking	—
Net cash outflow before financing	<u>(425,801)</u>
Financing	
Issue of shares net of costs	1,002,983
Increase in cash in the period	<u>577,182</u>
Reconciliation of operating loss to net cash outflow from operating activities	
Operating loss	(327,793)
Depreciation and amortisation	2,635
Increase in stocks	(89,400)
Increase in debtors	(118,201)
Increase in creditors	92,544
Net cash outflow from operating activities	<u>(440,215)</u>

NOTES

1. Basis of preparation

The financial information for the six month period to 30 June 2005 is unaudited and does not constitute statutory accounts within the meaning of section 240 of the Act. It has been prepared under the historical cost convention and on a basis consistent with the accounting policies for the period ended 31 December 2004.

2. Taxation

No charge for corporation tax for the period has been made due to the expected tax losses available.

3. Loss per share

Basic and diluted earnings per share are presented in accordance with FRS14 "Earnings per share" based on the loss for the period of £304,693 and the following weighted average number of ordinary shares.

	<i>Unaudited period ended 30 June 2005 £</i>
Weighted average number of shares:	
Basic	10,966,616
Dilutive effect of warrants	833,333
Weighted average number of shares – diluted	<u>11,799,949</u>

PART VI (B)

UNAUDITED FINANCIAL INFORMATION ON TOUCH FOR 6 MONTHS TO 30 JUNE 2005

PROFIT AND LOSS ACCOUNT

	<i>Unaudited six months ended 30 June 2005 £'000</i>	<i>Unaudited six months ended 30 June 2004 £'000</i>
Turnover	1,300	1,313
Cost of sales	(797)	(688)
Gross profit	503	625
Administrative expenses	(671)	(637)
Operating loss	(168)	(12)
Interest payable and similar charges	(1)	(1)
Loss on ordinary activities before taxation	(169)	(13)
Tax on ordinary activities (note 2)	—	—
Retained loss for the period	(169)	(13)

BALANCE SHEET

	<i>Unaudited 30 June 2005 £'000</i>	<i>Unaudited 30 June 2004 £'000</i>
Fixed assets		
Tangible assets	146	182
	<u>146</u>	<u>182</u>
Current assets		
Stock	135	196
Debtors	525	611
Cash at bank and in hand	—	—
	<u>660</u>	<u>807</u>
Creditors: amounts falling due within one year	<u>(637)</u>	<u>(660)</u>
Net current assets	<u>23</u>	<u>147</u>
Total assets less current liabilities	<u>169</u>	<u>329</u>
Capital and reserves		
Called up share capital	171	171
Share premium account	1,577	1,577
Capital redemption reserve	25	25
Profit and loss account	<u>(1,604)</u>	<u>(1,444)</u>
	<u>169</u>	<u>329</u>

CASH FLOW STATEMENT

	<i>Unaudited six months ended 30 June 2005 £'000</i>	<i>Unaudited six months ended 30 June 2004 £'000</i>
Net cash (outflow)/inflow from operating activities	(445)	24
Returns on investments		
Interest paid	(1)	(1)
Capital expenditure		
Purchase of tangible assets	(40)	(38)
Net cash (outflow)/inflow before financing	(486)	(15)
Financing		
Issue of shares net of costs	—	—
(Decrease)/Increase in cash in the period	(486)	(15)
Reconciliation of operating loss to net cash outflow/(inflow) from operating activities		
Operating loss	(168)	(12)
Depreciation and amortisation	43	79
(Increase)/decrease in stocks	(35)	(76)
(Increase)/decrease in debtors	(36)	33
(Decrease)/increase in creditors	(249)	—
Net cash (outflow)/inflow from operating activities	(445)	24

NOTES

1. Basis of preparation

The financial information for the six month period to 30 June 2005 and the company's figures to 30 June 2004 are unaudited and does not constitute statutory accounts within the meaning of section 240 of the Act. It has been prepared under the historical cost convention and on a basis consistent with the accounting policies for the period ended 31 December 2004.

2. Taxation

No charge for corporation tax for the period has been made due to the expected tax losses available.

PART VII

ADDITIONAL INFORMATION

1. THE COMPANY

- 1.1 The Company was incorporated and registered in England and Wales under the Companies Act 1985 with registered number 5151799 on 11 June 2004 as a private company limited by shares with the name of Shelfco (No. 2998) Limited.
- 1.2 On 26 October 2004 the Company was re-registered as a public limited company with the name MediaZest Plc.
- 1.3 The Company operates under the Act and the liability of its members is limited.

2. DIRECTORS AND SIGNIFICANT SHAREHOLDERS

- 2.1 The interests (all of which are beneficial) of the Directors and their immediate families (and, so far is known to the Directors or could with reasonable diligence be ascertained by them, persons connected with them (within the meaning of section 346 of the Act) which if the connected person were a Director would otherwise be disclosed pursuant to this paragraph), in the share capital of the Company as at the date of this document and on Admission, which are or will be required to be notified to the Company pursuant to sections 324 and 328 of the Act (or to be entered in the register maintained pursuant to section 325 of the Act), are or are expected to be as follows:

Existing

<i>Director</i>	<i>Ordinary Shares</i>	<i>% of issued Share Capital</i>	<i>Warrants at 20p exercise price</i>	<i>Warrants at 50p exercise price</i>
John Lovering	444,000	3.2%	—	—
Anthony Moore	1,210,000	8.8%	250,000	10,000
Sean Reel	1,945,050	14.2%	250,000	260,000
Nigel Duxbury	1,025,000	7.5%	250,000	10,000
Christopher Theis	1,113,345	8.1%	250,000	285,000
Lance O'Neill	1,092,500	8.0%	250,000	20,000

Following Admission

<i>Director</i>	<i>Ordinary Shares</i>	<i>% of Enlarged Issued Share Capital</i>	<i>Warrants at 20p exercise price</i>	<i>Warrants at 50p exercise price</i>
John Lovering	444,000	1.9%	—	—
Anthony Moore	1,210,000	5.3%	250,000	10,000
Sean Reel	1,945,050	8.5%	250,000	260,000
Nigel Duxbury	1,025,000	4.5%	250,000	10,000
Christopher Theis	1,113,345	4.9%	250,000	285,000
Lance O'Neill	1,092,500	4.8%	250,000	20,000

- 2.2 Details of the Warrants are set out in paragraph 8 of this Part VII.
- 2.3 Save as set out in paragraph 2.1, following the Placing no Director will, and no person connected with a Director is expected to, have any interest in the share capital of the Company or in any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares.

- 2.4 As at 25 August 2005 (being the latest practicable date prior to publication of this document) in so far as is known to the Company the following persons, (other than those set out in paragraph 2.1 of this Part VII) are interested or, immediately following Admission, will be interested, directly or indirectly, in 3 per cent or more of the capital of the Company.

<i>Shareholder</i>	<i>Existing</i>			<i>Following Admission</i>		
	<i>Number of Ordinary Shares</i>	<i>% of issued Share Capital</i>	<i>Warrants at 50p exercise price</i>	<i>Number of Ordinary Shares</i>	<i>% of Enlarged Issued Share Capital</i>	<i>Warrants at 50p exercise price</i>
Gary Wyatt	715,955	5.2%	444,444	715,955	3.1%	444,444
Grahame Cook	530,000	3.9%	15,000	530,000	2.3%	15,000
OM Group (UK) Limited	625,000	4.6%	–	625,000	2.7%	–

- 2.5 The Company's major shareholders do not have different voting rights.
- 2.6 The Company is not aware of any person or persons who, directly or indirectly, at the date of this document, or following Admission, owns or controls the Company.
- 2.7 Save as disclosed in this document there are no arrangements, of which the Company is aware, the operation of which may at a subsequent date result in a change of control of the Company.

3. SHARE CAPITAL

- 3.1 The Company was incorporated with an authorised share capital of £1,000 divided into 1,000 ordinary shares of £1.00 each of which one was issued nil paid to the subscriber to the memorandum of association. On 11 October 2004 one subscriber share was transferred to Lance O'Neill and was paid up in full.
- 3.2 By a written resolution passed on 11 October 2004 the authorised share capital was increased from £1,000 to £50,000 by the creation of 49,000 new ordinary shares of £1.00 each in the capital of the Company.
- 3.3 On 11 October 2004 the Company issued an aggregate of 49,999 ordinary shares of £1.00 each at a subscription price of £1.00 per share.
- 3.4 By a written resolution passed on 13 October 2004 the authorised share capital was increased to £200,000 by the creation of 150,000 ordinary shares of £1.00 each in the capital of the Company
- 3.5 On 13 October 2004 116,667 ordinary share of £1 each were allotted at par to the shareholders in MediaZest Ventures Limited in consideration for the transfer to the Company of the entire issued share capital of MediaZest Ventures Limited.
- 3.6 By a written resolution passed on 25 October 2004 resolutions were passed:
- 3.6.1 to increase the authorised share capital to £10,000,000 by the creation of 9,800,000 ordinary shares of £1.00 each;
- 3.6.2 to subdivide each of the then existing 10,000,000 ordinary shares of £1.00 each into ten Ordinary Shares of 10p each.
- 3.7 On 29 December 2004 the Company issued an aggregate of 2,500,000 Ordinary Shares at a subscription price of 20p per share.
- 3.8 On 22 February 2005 the Company issued an aggregate of 2,874,330 Ordinary Shares at a subscription price of 50p per share pursuant to a placing in connection with the application for Initial Admission.
- 3.9 On 22 February 2005 the Company capitalised the sum of £666,668 from the Company's share premium account arising from the placing referred to in paragraph 3.8 above to pay up in full at par 6,666,680 Ordinary Shares and to allot and distribute the shares to the holders of Ordinary Shares at the close of business on 25 October 2004 on the basis of 4 unissued Ordinary Shares for every Ordinary Share held by such person which were allotted as follows: Anthony Moore (952,000), Sean Reel (1,540,040), Nigel

Duxbury (800,000), Christopher Theis (746,676), Lance O'Neill (800,000), Gary Wyatt (1,072,764), Grahame Cook (400,000) and others (355,200).

3.10 At the EGM, resolutions will be proposed, inter alia:

3.10.1 to authorise the Directors to allot relevant securities (as defined in section 80 of the Act) in the Company up to an aggregate nominal amount of £3,000,000, such authority to expire on the earlier of the next annual general meeting of the Company and [•] December 2006;

3.10.2 to empower the Directors to allot equity securities (as defined in section 94 of the Act) for cash as if section 89(1) of the Act did not apply to any such allotment, such power limited to (a) the allotment of 4,000,000 Ordinary Shares in connection with the Placing; (b) the grant of warrants to subscribe for Ordinary Shares to Altium; (c) otherwise in relation to rights issues and other pre-emptive issues in favour of ordinary shareholders; and (d) otherwise up to an aggregate nominal amount of £400,000; such power to expire on the earlier of the next annual general meeting of the Company or [•] December 2006.

3.11 As at the date of this document, and following the Placing, the Company's authorised and issued share capital is, and will be, as follows:

	<i>Existing</i>		<i>Following Admission</i>	
	<i>Nominal Value</i>	<i>Number of Ordinary Shares</i>	<i>Nominal Value</i>	<i>Number of Ordinary Shares</i>
Authorised	£10,000,000	100,000,000	£10,000,000	100,000,000
Issued and fully paid	£1,370,768	13,707,680	£2,282,532.70	22,825,327

3.12 As at 30 June 2005, being the date of the most recent balance sheet included in the financial information on the Company in Part IV and as at 25 August 2005, being the latest practicable date prior to the publication of this document:

3.12.1 there were no shares in the Company held by or on behalf of the Company by itself or by subsidiaries of the Company;

3.12.2 there were no convertible securities, exchangeable securities or securities with warrants (other than the Warrants referred to in paragraphs 8.2-8.5 of this Part VII);

3.12.3 no capital of any member of the Group was under option or agreed, conditionally or unconditionally, to be put under option (other than pursuant to the Warrants referred to in paragraphs 8.2-8.5 of this Part VII).

3.13 The provisions of section 89(1) of the Act (which, to the extent not disapplied pursuant to section 95 of the Act, confer on shareholders rights of pre-emption in respect of allotments of equity securities which are, or are to be, paid up in cash) apply to the balance of the authorised but unissued share capital except to the extent they will be disapplied by the resolution of the Company to be proposed at the EGM as referred to in paragraph 3.10.2 above.

4. MEMORANDUM AND ARTICLES OF ASSOCIATION

4.1 In this paragraph 4 of Part VII, "Statutes" means the Act and every other statute or statutory instrument, rule, order or regulation from time to time in force concerning companies so far as they apply to the Company.

Memorandum of association

4.2 The objects of the Company are set out in clause 4 of the Company's memorandum of association and its principal objects are, among others, to carry on business as a general commercial company.

Articles of association

4.3 The articles of association of the Company ("Articles") contain provisions, among others, to the following effect:

4.4 *Voting rights*

Subject to any special terms as to voting upon which any share may be issued, or may be held, and subject to the provisions of the Articles, on a show of hands every member of the Company ("Member") present in person and entitled to vote shall have one vote and on a poll every Member present in person or by proxy and entitled to vote shall have one vote for every share of which he is the holder.

No Member is entitled to be present or to be counted in the quorum or vote, either in person or by proxy, at any general meeting or at any separate meeting of the holders of a class of shares or on a poll or to exercise other rights conferred by membership in relation to the meeting or poll, unless all calls or other moneys due and payable in respect of the Member's share or shares have been paid.

Where a notice is served by the Company under section 212 of the Act (a "section 212 notice") on a Member, or another person appearing to be interested in shares held by that Member, and the Member or other person has failed in relation to any shares (the "default shares" which expression includes any shares issued after the date of the section 212 notice in respect of those shares) to give the Company the information required within 14 days from the date of service of the section 212 notice then, unless the Board otherwise decides, the Member is not entitled in respect of the default shares to be present or to vote (either in person or by proxy) at a general meeting or at a separate meeting of the holders of a class of shares or on a poll or to exercise other rights conferred by membership in relation to the meeting or poll.

4.5 *Dividends*

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is declared and paid. Dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. Any dividend which has remained unclaimed for a period of 12 years from the date it became due for payment is forfeited and ceases to remain owing by the Company.

Where a section 212 notice is served on a Member, or another person appearing to be interested in shares held by that Member, and the Member or other person has failed in relation to any default shares to give the Company the information required within 14 days of the service of the section 212 notice and the default shares represent at least 0.25 per cent in nominal value of the issued shares of their class then, unless the Board otherwise decides, any dividend (or any part of a dividend) or other amount payable in respect of the default shares shall be withheld by the Company, which has no obligation to pay interest on it and the Member is not entitled to elect to receive shares instead of a dividend.

4.6 *Distribution of assets on a winding up*

If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the Court) the liquidator may, with the authority of an extraordinary resolution and any sanction required by law, divide among the Members in kind the whole or any part of the assets of the Company and whether or not the assets consist of property of one kind or of different kinds and may for this purpose set such value as he deems fair on any class or classes of property and may determine on the basis of that valuation and in accordance with the then existing rights of Members how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the same authority, vest any part of the assets in the trustees upon such trust for the benefit of Members as the liquidator may think fit but so that no member shall be compelled to accept any asset in respect of which there is a liability or potential liability.

4.7 *Purchase of own shares*

Subject to the Statutes, the Company may purchase its own shares (including any redeemable shares) or enter into such agreement (contingent or otherwise) in relation to the purchase of its own shares on such terms and in such manner as may be permitted by the Statutes.

4.8 *Variation of class rights*

Subject to the Statutes, the rights attached to any class of shares may be modified, varied or abrogated (a) in such manner (if any) as may be provided by those rights or (b) in the absence of provision, either with the consent in writing of the holders of at least three fourths in nominal value of the issued shares

of the class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of that class and then only subject to the provisions of section 127 of the Act.

4.9 *Transfer of shares*

Subject to the provisions of the Articles, any Member may transfer all or any of his certificated shares by instrument of transfer in any usual form or in such other form as the Board may approve and the instrument must be executed by or on behalf of the transferor and (except in the case of a share which is fully paid up) by or on behalf of the transferee but need not be under seal. The transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of Members in respect of it.

Subject to the following paragraph, the Board may refuse to register a transfer of a certificated share unless it is (a) in respect of only one class of shares, (b) in favour of not more than four joint transferees, (c) duly stamped (if required), and (d) delivered for registration to the registered office of the Company from time to time or such other place as the Board may decide accompanied by the certificate for the shares to be transferred (save in the case of a transfer by a recognised person to whom no certificate was issued) and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so. The Board may impose restrictions on the transfer of a certificated share which is not fully paid, provided that the restrictions are not such as to prevent dealings in the shares from taking place on an open and proper basis.

Subject to the Uncertificated Securities Regulations 2001, the Board may permit shares of any class to be held in uncertificated form and to be transferred by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

The Board may refuse to register the transfer of an uncertificated share in any circumstances permitted by the London Stock Exchange, the Uncertificated Securities Regulation 2001 and the rules and practices of the operator of the relevant system.

Where a section 212 notice is served on a Member, or another person appearing to be interested in shares held by that Member, and the Member or other person has failed in relation to any default shares to give the Company the information required within 14 days from the date of service of the section 212 notice and such shares represent at least 0.25 per cent in nominal value of the issued shares of their class, then, unless the Board otherwise decides, no transfer of any of the default shares shall be registered unless the transfer is an "excepted transfer" (as defined in the Articles) or the Member is not himself in default in supplying the information required and the Member proves to the satisfaction of the Board that no person in default in supplying the information required is interested in any of the shares the subject of the transfer or the transfer is required by the Uncertificated Securities Regulations 2001.

Other than as set out above, the Articles contain no restrictions as to the free transferability of fully paid shares.

4.10 *Alterations to capital*

The Company may by ordinary resolution (a) increase its authorised share capital by a sum to be divided into shares of an amount prescribed by the resolution; (b) consolidate and divide all or any of its authorised share capital into shares of a larger amount than its existing shares; (c) cancel any authorised shares which at the date of the passing of the resolution 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; and (d) subject to the Statutes, sub-divide all or any of its shares into shares of a smaller amount and may by the resolution determine that the shares resulting from such sub-division may have any preferred or other special rights or be subject to any restrictions, as compared with the others.

Subject to the Statutes and to the rights attached to existing shares, the Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner.

4.11 *Borrowing powers*

The Board may exercise all the powers of the Company to borrow money. The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure (as regards subsidiary undertakings so far as by such exercise they can secure) that the aggregate principal amount (including any premium payable on final repayment) remaining undischarged of all moneys borrowed by the Group does not at any time without the previous sanction of an ordinary resolution exceed a sum equal to 2 time(s) the aggregate of (a) the amount paid up on the allotted or issued share capital of the Company; and (b) the amount standing to the credit of the consolidated capital and revenue reserves of the Group (including any share premium account and capital redemption reserve) plus or minus the credit or debit balance, as the case may be, of the consolidated profit and loss account all as shown in the then latest audited consolidated balance sheet of the Group, adjusted as specified in the Articles.

4.12 *Disclosure of Beneficial Ownership*

As provide by section 199 of the Act, a person has a notifiable interest in the shares in the Company when (i) he has material interests with an aggregate nominal value equal to or greater than three per cent. of the nominal value of the share capital of the Company, or (ii) not having such an interest by virtue of (i) above, the aggregate nominal value of the shares in which he has interests (whether or not these are material interests) is equal to or more than ten per cent. of the nominal value of the share capital of the Company.

4.13 *Directors*

Unless and until otherwise determined by the Company by ordinary resolution the number of directors is not subject to a maximum but must not be fewer than two. The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an addition to the directors. A director so appointed shall hold office only until the dissolution of the annual general meeting following next after his appointment, unless he is reappointed during the meeting. A director so retiring shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting. Each director shall retire from office at the third annual general meeting after the annual general meeting at which he was last elected.

The remuneration of a director appointed to hold employment or executive office in accordance with the Articles may be a fixed sum of money or in whole or in part by participation in profits or otherwise as the directors may determine and may be in addition to or instead of a fee payable to him for his services as director pursuant to the Articles. The directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in the performance of their duties as directors, including their expenses of travelling to and from meetings of the directors or committees of the directors or general meetings or separate meetings of the holders of a class of shares and any expenses incurred by them in obtaining independent professional advice.

The directors may establish, maintain, participate in or contribute to or procure the establishment or maintenance of, participation in or contribution to any pension, superannuation, benevolent or life assurance fund, scheme or arrangement (whether contributory or otherwise) for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances, benefits and emoluments to, any persons who are or were at any time in the employment or service of or who have at any time been directors of the Company or of any company which is or was a member of the Group or any of their predecessors in business (and for any member of his family, including a spouse or former spouse or a person who is or was dependent on him). Any director or former director shall be entitled to participate in and retain for his own benefit any such donations, gratuities, pensions, allowances, benefits or emoluments. The directors may arrange for this to be done by the Company either alone or in conjunction with any other person.

Without prejudice to the requirements of the Statutes, a director who is in any way, directly or indirectly, interested in a contract, arrangement, transaction or proposal with the Company shall declare the nature of his interest at the meeting of the directors at which the question of entering into the contract, arrangement, transaction or proposal is first taken into consideration, if he knows his interest then exists, or, in any other case, at the next meeting of the directors after he knows that he is or has become interested.

Except as provided in the Articles, a director may not vote in respect of any contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he is, to his knowledge, materially interested, directly or indirectly otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company. This prohibition does not apply to any resolution concerning any of the following matters namely:

- (a) the giving to him of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving to a third party of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility, in whole or in part, under a guarantee or indemnity or by the giving of security;
- (c) a contract, arrangement, transaction or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the director is to participate;
- (d) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning any other company in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise (relevant company) if he is not directly or indirectly the holder of or beneficially interested in one per cent. or more of a class of equity share capital of the relevant company (excluding any shares held as treasury shares) or of the voting rights available to members of the relevant company or able to cause one per cent. or more of those voting rights to be cast at his direction (and for the purposes of this Article, shares held by a director as bare or custodian trustee and in which he has no beneficial interest, shares comprised in a trust and in which the director's interest is in reversion or is in remainder, if and so long as another person is entitled to receive the income from the trust, and shares comprised in an authorised unit trust scheme in which the director is interested only as a unit holder are disregarded);
- (e) a contract, arrangement, transaction or proposal concerning the adoption, modification or operation of a pension, superannuation or similar scheme or retirement, death or disability benefits scheme or personal pension plan or employees' share scheme under which he may benefit and which has been approved by or is subject to and conditional on approval by the Board of HM Revenue and Customs for taxation purposes or which does not accord to any director as such any privilege or benefit not accorded to the employees to whom the scheme or fund relates;
- (f) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or any of its subsidiary undertakings under which the director benefits in a similar manner to the employees and which does not accord to any director as such any privilege or benefit not accorded to the employees to whom it relates; or
- (g) a contract, arrangement, transaction or proposal concerning the maintenance or purchase of any insurance policy for the benefit of directors or for the benefit of persons including directors.

4.14 *General Meetings*

At least 21 clear days' notice of every annual general meeting and of every extraordinary general meeting at which it is proposed to pass a special resolution and at least 14 clear days' notice of every other extraordinary general meeting shall be given, to such Members as are, under the Articles, or the terms of issue of shares, entitled to receive such notices from the Company and to the Directors and the Auditors.

Notice of a general meeting shall be sent to a person in writing or by using electronic communications to such electronic address as may for the time being be notified by that person to the Company for that purpose or in accordance with the provisions of the Articles of Association.

5. ADDITIONAL INFORMATION ON THE DIRECTORS

- 5.1 Other than their directorships of the Company and its subsidiary, directorships and partnerships currently held by the Directors and held over the five years preceding the date of this document are as follows:

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
John Lovering	<p>New House Farm (Bodiam) Limited New House Leisure Limited BF III Limited BF II Limited BF V Limited BF I Limited Debenhams Finance Holdings Limited Baroness Holdings Uk Limited Baroness Retail Limited BF IV Limited Debenhams Overseas Holdings Limited Debenhams Management Services Limited Debsub (Csr) Limited Debenhams Card Handling Services Limited Debenhams.Com Ltd Debenhams Properties Limited Jubilee Fashions Limited Debenhams Investments Limited Debenhams Holdings Limited Intercafe Limited Debenhams Gift Vouchers Limited Debenhams Direct Limited Debenhams Retail Limited Debenhams Profit Sharing Trustees Limited Debsub (TR) Limited Debenhams Limited Fitness First Holdings Limited BF Properties (No.1) Ltd BF Properties (No.2) Ltd BF Properties (No.3) Ltd Halfords Holdings Limited BF VII Limited Skillsmart Retail Limited Debenhams Quest Trustee Limited Debenhams Guarantee UK Ltd</p>	<p>Aga Foodservice Group Plc The Football Store Limited Birthdays Greeting Cards Shops Limited Cards Direct (UK) Limited New House Cards Limited Inprint Systems Limited Resurgan Limited Fired Earth Limited Birthdays Group Limited Thorpalm Greeting Cards Limited Lancedown Limited Ron Wood Greeting Cards (Holdings) Limited Birthdays Limited Homebase Group Limited Odeon Limited Homebase Group (2000) Limited Fifthgrange Limited Iconford Limited Focal Point (Lighting) Limited Motorbase Limited Texas Services Limited Beddington House Holdings Limited Beddington House (No.4) Limited Homebase Card Handling Services Limited Homebase Holdings Limited Home Charm Group Limited Texas Homecare Installation Services Limited Texas Installations Limited Quickinstant Limited Sandfords Limited Texas Homecare Limited Home Charm Group Trustees Limited Homebase Direct Limited Trend Decor Limited Back Therapy Supplies Ltd Homebase Limited The Peacock Group Plc Greene King Neighbourhood Pub Holdings Limited Laurel High Street Estate Pubs Limited Sapphire Food North East No.1 Limited BF Propco (No.16) Limited BF Properties (No.4) Ltd BF Propco (No.11) Limited BF Propco (No.10) Limited BF Propco (No.9) Limited BF Propco (No.6) Limited BF Propco (No.5) Limited BF Propco (No.15) Limited BF Propco (No.19) Limited BF Propco (No.4) Limited BF Propco (No.3) Limited BF Propco (No.14) Limited BF Propco (No.18) Limited BF Propco (No.13) Limited BF Propco (No.2) Limited BF Propco (No.1) Limited BF Propco (No.12) Limited BF Propco (No.17) Limited BF Properties (No.5) Ltd</p>

<i>Director</i>	<i>Current directorships</i>	<i>Past directorships</i>
		BF Propco (No.8) Limited BF Propco (No.7) Limited BF Propco (No.22) Limited BF Propco (No.21) Limited BF Propco (No.20) Limited BF Propco (No.23) Limited The Fireplace Store Ltd
Anthony Moore	MCC Investment Managers, Inc MCC Education Advisers, Inc MCC Energy plc MCC Energy Advisers, Inc MCC Europe Limited MCC Financial Services Advisers, inc MCC Media Advisers, Inc MCC Outsourced Services, Inc MCC Securities Holdings, MCC Securities Inc MCC Sports & Leisure Advisers, Inc Moore, Clayton & Co., Inc. Media Archway, Inc. Medtech Accelerator Limited	Conexys Corporation, Inc Disctainment, Inc Healthcare Enterprise Group, Inc Healthcare Enterprise Group plc LPMCC, LLC Moore, Clayton & Co. (UK) Limited Morphogenesis, Inc Silicon Valley plc SportsNuts, Inc The Ecu Group Public Limited Company ZAQ Interactive Solutions, Inc Vodexa Networks, Inc
Sean Reel	The Old Flour Mills Limited Launchpad Marketing Limited	Marketforce (UK) Limited Haymarket Consumer Publications Limited Haymarket Autosport & Classic Publications Limited Haymarket Motoring Publications Limited Postmasternet Limited Rogue Management Limited The Magic of Networking Limited
Nigel Duxbury	Ragusa Capital Plc e-primefinancial Plc Infinity Financial Holdings Corporation EP&F Capital Plc Alba Mineral Resources Plc Camelot Capital Plc	Lombard Risk Management Plc Lombard Risk Systems Limited Lombard Teknos Systems Limited Lombard Risk Consultants Limited
Christopher Theis	–	NCM Capital Advisors Limited U4EA Limited U4EA Fibre Optics Limited U4EA Technologies Limited U4EA Technology Photonics Limited U4EA Fibre Optics (UK) Limited U4EA Hardware Limited Athanor Capital Partners Limited
Lance O'Neill	e-primefinancial Plc Panini Divini Plc Orbier Investments Limited DFB (Australia) Pty. Limited DFBR&A Limited Infinity Financial Holdings Corporation Hirrah Holdings Pty. Limited Ragusa Capital Plc EP&F Capital Plc Alba Mineral Resources Plc Aurum Mineral Resources Limited	Electric Group Limited Crescent Capital Limited Clipcrew Limited Apollo Capital Limited Tymood Pty. Limited Argent International Limited Bullett Sports Management LLC Limited

- 5.2 Lance O'Neill was a director of Apollo Capital Limited, which was placed in members' voluntary liquidation on 15 November 2002. There was no shortfall to creditors.
- 5.3 Save as disclosed in paragraph 5.2 above none of the Directors has:
- 5.3.1 any unspent convictions in relation to indictable offences;
 - 5.3.2 had a bankruptcy order made against him or made an individual voluntary arrangement;
 - 5.3.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or made any composition or arrangement with its creditors generally or of any class of its creditors whilst he was a director of that company or within 12 months after he ceased to be a director of that company;
 - 5.3.4 been a partner in a partnership which has been placed in compulsory liquidation, administration or made a partnership voluntary arrangement whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;
 - 5.3.5 had any asset placed in receivership or any asset of a partnership in which he was a partner placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership; or
 - 5.3.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies) or disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

6. DIRECTORS' SERVICE CONTRACTS AND REMUNERATION

- 6.1 The Directors have entered into service agreements or letters of appointment with the Company as follows:
- 6.1.1 John Lovering entered into a letter of appointment with the Company on 25 February 2005 whereby he agreed to serve as a non-executive director for an initial term of 12 months expiring on 25 February 2006 unless and until terminated by either party on three month's notice. He is expected to spend one day per week on the business of the Company and receives a fee of £30,000 per annum.
 - 6.1.2 Anthony Moore entered into a service agreement with the Company on 17 February 2005 for an initial term of 12 months expiring on 17 February 2006 and thereafter terminable by either party on six months' notice. Mr. Moore has agreed to devote at least one day per week to the business of the Company and receives a salary of £40,000 per annum and the right to participate in any share option scheme adopted by the Company.
 - 6.1.3 Sean Reel entered into a service agreement with the Company on 17 February 2005 for an initial term of 12 months expiring on 17 February 2006 and thereafter terminable by either party on six months' notice. Mr. Reel has agreed to devote the whole of his time to the business of the Company and receives a salary of £100,000 per annum together with a car allowance of £10,000 per annum, the costs of private medical insurance and the right to participate in any share option scheme adopted by the Company.
 - 6.1.4 Nigel Duxbury entered into a service agreement with the Company on 17 February 2005 for an initial term of 12 months expiring on 17 February 2006 and thereafter terminable by either party on six months' notice. Mr. Duxbury has agreed to devote at least one day per week to the business of the Company and receives a salary of £25,000 per annum, plus £60 per hour for any additional time spent on the business of the Company, together with the costs of private medical insurance and the right to participate in any share option scheme adopted by the Company.
 - 6.1.5 Christopher Theis entered into a service agreement with the Company on 17 February 2005 for an initial term of 12 months expiring on 17 February 2006 and thereafter terminable by either party on six months' notice. Mr. Theis has agreed to devote the whole of his time to the business of the Company and receives a salary of £100,000 per annum, together with a car allowance of £10,000 per annum, the costs of private medical insurance and the right to participate in any share option scheme adopted by the Company.

6.1.6 Lance O'Neill entered into a letter of appointment with the Company on 17 February 2005 whereby he agreed to serve as a non-executive director for an initial term of 12 months expiring on 17 February 2006 unless and until terminated by either party on six month's notice. He is expected to spend one day per week on the business of the Company and receives a fee of £25,000 per annum under such agreement.

- 6.2 Save as set out in paragraph 6.1 above, there are no existing or proposed service agreements between any of the Directors and the Company.
- 6.3 Other than payment of salary and benefits in lieu of notice, none of the Directors service contracts provide for benefits upon termination of employment.
- 6.4 The aggregate amount paid and benefits in kind granted to the Directors during the financial year ending 31 December 2004 was £0 and the aggregate amount payable and benefits in kind to be granted to the Directors under the agreements in place at the date of this document for the financial year ending 31 December 2005 are estimated to amount of £284,167.

7. UNITED KINGDOM TAXATION

The following statements are intended only as a general guide to the current tax position under UK taxation law and practice. An investor who is in any doubt as to his or her tax position or is subject to tax in any jurisdiction other than the UK should consult his or her professional adviser without delay.

7.1 *United Kingdom taxation*

The statements set out below are general in nature and are intended only as a general guide to certain aspects of current UK law and practice and apply only to certain categories of persons. The summary does not purport to be a complete analysis of all the potential tax consequences of acquiring, holding and disposing of Ordinary Shares and only relates to the position of shareholders who are the beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as investments; in particular it does not address the position of certain classes of shareholders, such as dealers in securities.

- 7.2 Prospective purchasers of Ordinary Shares who are in any doubt about their tax position, and in particular those who are subject to taxation in any jurisdiction other than the UK, are strongly recommended to consult their own tax advisers concerning the tax consequences of the acquisition, ownership and disposal of Ordinary Shares.
- 7.3 This summary is based upon UK law and practice as of the date of this document. UK law and practice may be subject to change, possibly with retroactive effect.

Dividends

- 7.4 No tax is withheld on dividends paid by the Company.
- 7.5 In respect of dividends on Ordinary Shares, individual shareholders who are resident in the UK for tax purposes are entitled to a tax credit at the rate of one ninth of the cash dividend or ten per cent, of the aggregate of the cash dividend and the associated tax credit. Dividend income will be treated as the top slice of an individual's income. Shareholders receiving dividends will be liable to income tax (if at all) on the aggregate of the dividend and the associated tax credit at, in the case of starting and basic rate taxpayers, the Schedule F ordinary rate (10 per cent. in 2004-2005) or, in the case of higher rate taxpayers, the Schedule F upper rate (32.5 per cent. in 2004-2005). The tax credit is offset against the total income tax liability. Taxpayers who, after taking into account dividend income, are liable to UK income tax at only the starting or basic rate will have no further liability to income tax. Higher rate taxpayers will, after taking into account the tax credit, have an additional tax liability of 25 per cent. of the cash dividend.
- 7.6 No repayment of the tax credit in respect of dividends can be claimed by a UK resident Shareholder.
- 7.7 Subject to certain exceptions for some insurance companies, UK tax resident corporate shareholders are not (unless carrying on a trade of dealing in shares) liable to UK corporation tax or income tax in respect of dividends.
- 7.8 Non-UK resident shareholders and shareholders subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser concerning their liabilities to tax on dividends received and the effect of the above changes for them.

Taxation of chargeable gains

- 7.9 A disposal of all or any part of a holding of Ordinary Shares may, depending on the shareholder's individual circumstances, give rise to a liability to pay UK taxation on chargeable gains. Individuals, personal representatives and trustees resident or ordinarily resident for tax purposes in the UK may be entitled to business asset taper relief which has the effect of reducing the chargeable gain. Corporate shareholders are not entitled to taper relief but may receive indexation allowance, which reduces the gain, broadly, by the value of inflation.

EIS and VCT tax relief

- 7.10 At the time of the Initial Admission of the Company's Ordinary Shares, the Company made an application to the HM Revenue and Customs for provisional approval that the Company was a relevant company for the purposes of the Venture Capital Trust ("VCT") legislation. The Company sought from the HM Revenue and Customs that the Ordinary Shares would be eligible shares for the purposes of section 842 AA(14) Income and Corporation Taxes Act 1988 and that the Ordinary Shares held by VCTs immediately following Initial Admission would be "qualifying holdings" for the purposes of Schedule 28B Income and Corporation Taxes Act 1988.
- 7.11 The Company also made an application to the HM Revenue and Customs for provisional approval that the Ordinary Shares would be qualifying shares, and that the Company is a qualifying company, for the purposes of the Enterprise Investment Scheme ("EIS") legislation. The Company sought assurances from the HM Revenue and Customs that it would be able to issue certificates under section 306(2) Income and Corporation Taxes Act 1988 in respect of the Ordinary Shares issued.
- 7.12 Advance assurance has been received from the HM Revenue and Customs that the Company's Shares would be eligible to qualify as an investment under the Enterprise Investment Scheme ("EIS") and a "Qualifying Holding" for the purpose of an investment by Venture Capital Trusts. In addition a further application was made to the HM Revenue and Customs and provisional assurance has been received that the further shares to be issued in the Placing will also qualify for relief.
- 7.13 The Company cannot guarantee or undertake to conduct its business, following Admission, in a way to ensure that the Company will continue to meet the requirements of section 293, section 297 and/or Schedule 28B Income and Corporation Taxes Act 1988.

UK inheritance tax

- 7.14 The Ordinary Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or on the death of, an individual holder of such assets may (subject to certain exemptions and reliefs, in particular Business Property Relief) give rise to a liability to UK inheritance tax. This is regardless of whether or not the individual holder is domiciled or deemed to be domiciled in the UK and whether or not the holder is resident and/or ordinarily resident in the UK for tax purposes. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply where the donor reserves or retains some interest or benefit in the property being transferred. Special rules also apply to close companies and to trustees of settlements who hold Ordinary Shares bringing them within the charge to UK inheritance tax.

Stamp duty and stamp duty reserve tax

- 7.15 The subscription for Placing Shares pursuant to the Placing will be free of stamp duty and stamp duty reserve tax unless the Placing Shares are acquired for the purposes of an arrangement for the provision of clearance services or the issue of depository receipts. The Company will not be responsible for the payment of stamp duty or stamp duty reserve tax in any such case.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company since its incorporation and are or may be material:

- 8.1 Pursuant to a placing agreement dated 17 February 2005 and made between CFA(1) the Company (2) and the Directors (3) in consideration for CFA's services, the Company agreed to pay CFA a corporate finance fee of £75,000 and to grant CFA 50,000 Warrants exercisable at 50p per share pursuant to the Warrant Instrument referred to in paragraph 83 below. The Company agreed to pay all other costs, charges and

expenses of, and incidental to, the placing and Initial Admission, including the fees of the London Stock Exchange, registrars fees, printing, advertising and distribution expenses, the Company's legal and accountancy expenses and CFA's legal expenses and all related irrecoverable value added tax, if applicable. The Company and the Directors gave certain representations, warranties and indemnities to CFA as to the accuracy of information in the admission document regarding the Initial Admission and other matters in relation to the Company and its business. The Directors undertook that they will not dispose of any Ordinary Shares without the consent of CFA for a period of one year from Initial Admission and for the following year will only dispose of shares through CFA (or the Company's broker from time to time).

- 8.2 A warrant instrument dated 29 December 2004 pursuant to which the Company has created 1,500,000 Warrants to subscribe for Ordinary Shares at 20p per share, such Warrants to be exercisable at any time between the date falling 7 days after the announcement of the Company's preliminary announcement for the year ending 31 December 2005 and the tenth anniversary of Initial Admission, or on a takeover or winding up of the Company. Exercise of 250,000 of the Warrants granted are subject to the discretion of the Board.
- 8.3 A warrant instrument dated 17 February 2005 pursuant to which the Company has created 1,094,000 Warrants to subscribe for Ordinary Shares at 50p per share, such Warrants to be exercisable at any time between the date falling 7 days after the announcement of the Company's preliminary announcement for the year ending 31 December 2005 and the tenth anniversary of Initial Admission, or on a takeover or winding up of the Company. Exercise of 600,000 of the warrants granted are subject to the discretion of the Board.
- 8.4 A warrant instrument dated 17 February 2005 pursuant to which the Company created up to 2,000,000 Warrants of which 1,437,165 have been issued. The principal terms of the warrant instrument are as follows:
 - (a) each Warrant will entitle the holder thereof to subscribe for one new Ordinary Share at 50p per share which may be exercised at any time up to two years from the date of Initial Admission;
 - (b) Ordinary Shares issued on the exercise of the Warrants will rank for dividends or other distributions declared, made or paid after the date of exercise, but not before such date and otherwise *pari passu* in all respects with the Ordinary Shares in issue on the date of exercise;
 - (c) the warrant instrument contains provision for appropriate adjustment of the number of Ordinary Shares issued on the exercise of the Warrants and the subscription price upon a capitalisation of reserves, a rights issue or on a sub-division or consolidation of share capital;
 - (d) the rights and privileges of the holders of the Warrants may be altered or abrogated with the sanction of an extraordinary resolution of the Warrant holders;
 - (e) the Warrants, which will be registered, will be transferable in whole or in part by the instrument of transfer in the usual or common form or in CREST;
 - (f) so long as any of the subscription rights under the Warrants remain exercisable, the Company will not without sanction of an extraordinary resolution of the Warrant holders:
 - (i) issue any securities by way of capitalisation of reserves, or profits other than Ordinary Shares credited as fully paid up;
 - (ii) make any distribution out of capital profits or capital reserves otherwise than by way of a capitalisation of such profits or reserves in the form of fully paid Ordinary Shares;
 - (iii) issue or create any new class of shares which, as regards rights to voting, dividends or capital, have more favourable rights than those attached to the Ordinary Shares;
 - (iv) modify the rights attached to the Ordinary Shares or to any other class of shares so that they have more favourable rights than those attached to the Ordinary Shares;
 - (v) issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves if as a result the Company would, on any subsequent exercise of the New Warrants, be obliged to issue Ordinary Shares at a discount to nominal value; or
 - (vi) reduce its share capital (except for a reduction not involving any payment to, or release of, shareholders or on a redemption of redeemable shares or for purchases of shares in accordance

with the Act) or any uncalled or unpaid liability in respect of any of its share capital or (except as authorised by the Act) any share premium account or capital redemption reserve;

- (g) full exercise of the subscription rights under the Warrants will result in the issue of up to 2,000,000 new Ordinary Shares; and
 - (h) if a takeover offer is made to all holders of Ordinary Shares, the Company shall use reasonable endeavours to procure a comparable offer for Warrant holders.
- 8.5 A warrant instrument dated 1 August 2005 pursuant to which the Company has created 300,000 Warrants to subscribe for Ordinary Shares at 50p per share, such Warrants to be exercisable at any time between the date falling 7 days after the announcement of the Company's preliminary announcement for the year ending 31 December 2005 and the tenth anniversary of Admission, or on takeover or winding up of the Company.
- 8.6 A Nominated Adviser Agreement dated 17 February 2005 and made between the Company (1) and CFA (2) pursuant to which the Company has appointed CFA to act as Nominated Adviser to the Company for the purposes of the AIM Rules. The Company has agreed to pay CFA a fee of £17,500 (together with any applicable VAT) per annum for its services as Nominated Adviser under this Agreement. The Agreement contains certain undertakings and indemnities given by the Company in respect of, inter alia, compliance with all applicable laws and regulations. The Nominated Adviser Agreement continues for a fixed period of one year from the date of the Agreement and thereafter is subject to termination on the giving of three months' notice by either party.
- 8.7 A Broker Agreement dated 17 February 2005 made between the Company (1) and CFA (2) pursuant to which the Company has appointed CFA to act as Broker to the Company for the purpose of the AIM Rules. The Company has agreed to pay CFA a fee of £5,000 (together with any applicable VAT) per annum for its services as Broker to this Agreement. The Broker Agreement continues for a fixed period of one year from the date of the Agreement and thereafter is subject to termination upon the giving of three months' notice by either party.
- 8.8 A Sale and Purchase Agreement dated 13 October 2004 pursuant to which the Company agreed to issue 116,667 ordinary shares of £1.00 each in the capital of the Company to the Shareholders in MediaZest Ventures Limited in consideration for the transfer of the entire issued share capital of MediaZest Ventures Limited to the Company.
- 8.9 An agreement between the Company and Moore, Clayton & Co. Inc, a company associated with Anthony Moore, to provide corporate finance services for a fee of £5,000 per month for a six month period expiring 31 August 2005.
- 8.10 The Acquisition Agreement, which is described in Part III.
- 8.11 Pursuant to the Placing Agreement dated 25 August 2005 and made between CFA (1) the Company (2) and the Directors (3), the Company has agreed to pay CFA a corporate finance fee of £45,000 in consideration for CFA's services. The Company has agreed to pay all other costs, charges and expenses of, and incidental to, the Placing and Admission, including the fees of the London Stock Exchange, registrars fees, printing, advertising and distribution expenses, the Company's legal and accountancy expenses and CFA's legal expenses and all related irrecoverable value added tax, if applicable. The Company and the Directors gave certain representations, warranties and indemnities to CFA as to the accuracy of information in this document and other matters in relation to the Company and its business. The Placing Agreement is conditional, inter alia, on the passing of the Resolutions and Admission occurring by 23 September 2005, or such later date, being not later than 31 October 2005, as CFA may agree.
- 8.12 By a letter dated 10 August 2005 Altium has agreed to identify and introduce investors to the Company in consideration of a fee of £50,000 and the allotment of 300,000 Warrants at the Placing Price as referred to in paragraph 8.5 above.

There are no contracts (not being contracts entered into in the ordinary course of business) which have been entered into by Touch during the two years immediately preceding the date of this document and which are or may be material.

9. WORKING CAPITAL

The Directors are of the opinion, having made due and careful enquiry and taking into account the proceeds of the Placing, that the working capital available to the Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

10. LITIGATION

- 10.1 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware), which have or have had in the recent past a significant effect on the Group's financial position or profitability.
- 10.2 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), which have or have had in the recent past a significant effect on Touch's financial position or profitability.

11. GENERAL

- 11.1 The Nominated Adviser and Broker to the Company is City Financial Associates Limited of Pountney Hill House, 6 Laurence Pountney Hill, London EC4R 0BL, which is authorised and regulated by The Financial Services Authority.
- 11.2 The expenses of or incidental to the Placing and Admission are payable by the Company and are estimated to amount to £250,000 (excluding value added tax).
- 11.3 The total proceeds of the Placing expected to be raised by the Company are £2,000,000 and the net proceeds, after deduction of the expenses (excluding VAT), are estimated at £1,750,000.
- 11.4 Other than the intended 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, nor, except as stated below, are there intended to be any other arrangements for dealings in the Ordinary Shares.
- 11.5 Nexia Audit Limited accepts responsibility for its reports set out in, Parts IV and V of this document and has given and not withdrawn its written consent to the inclusion of them in this document and the references to them and to its name in the form and context in which they appear. Nexia Audit Limited have been the Company's auditors since incorporation.
- 11.6 Smith & Williamson Limited has given and not withdrawn its written consent to the inclusion of its name in this document and the references to it in the form and context in which they appear.
- 11.7 City Financial Associates Limited has given and not withdrawn its written consent to the inclusion of its name in this document and the references to it in the form and context in which they appear.
- 11.8 Save as disclosed in this document there has been no significant change in the financial or trading position of the Group which has occurred since 31 December 2004, being the end of the last financial period for which audited accounts have been published.
- 11.9 The Company is not dependent on any patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.
- 11.10 Save those referred to in note 3 in Part IV of this document the Company has made no investments since incorporation, there are no investments that are in progress and there are no future investments on which the Board has already made firm commitments.
- 11.11 Moneys received from applicants pursuant to the Placing will be held by Share Registrars Limited until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 23 September 2005 (or such later date as CFA may agree) application monies will be returned to applicants at their risk without interest.
- 11.12 Share certificates in respect of the Placing Shares are expected to be despatched to the applicants by post, at their risk, within 14 days of Admission. In respect of uncertificated shares it is expected that CREST stock accounts will be credited on 23 September 2005.
- 11.13 On 22 February 2005 £100,000 was paid to Moore, Clayton & Co., Inc. a company associated with Anthony Moore and £40,000 was paid to each of Sean Reel, Christopher Theis, Nigel Duxbury and Lance O'Neill, in connection with services performed in connection with the Initial Admission process.

11.14 Altium will receive a fee of £50,000 and 300,000 Warrants to subscribe for ordinary shares at the Placing Price for work performed in procuring investors in the Placing.

11.15 Other than pursuant to the bonus issue referred to in paragraph 3.9 of this Part VII and the payments referred to in paragraphs 11.13 and 11.14 of this Part VII, no person (other than professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company within the 12 months preceding the date of this document; or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after completion of the Placing any of the following:

11.15.1 fees totalling £10,000 or more;

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

11.15.3 any other benefit with a value of £10,000 or more at the date of completion of the Placing.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of this document will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Company and at the offices of City Financial Associates Limited, 6 Laurence Pountney Hill London EC4R 0BL for a period of one month from the date of Admission.

Dated 25 August 2005

NOTICE OF EXTRAORDINARY GENERAL MEETING

MEDIAZEST PLC

(Incorporated in England and Wales under the Companies Act 1985, with registered number 5151799)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of MediaZest plc ("the Company") will be held at 10.00 a.m. on 19 September 2005 at Lacon House, 84 Theobald's Road, London WC1X 8RW to consider and, if thought fit, pass the following resolutions of which resolutions 1 and 2 will be proposed as ordinary resolutions and resolution 3 will be proposed as a special resolution.

RESOLUTIONS

1. THAT, the acquisition by the Company of the entire issued share capital of Touch Vision Limited in accordance with the terms of the agreement as summarised in Part III of the circular of the Company to its shareholders dated 25 August 2005 ("Circular") and copies of which are produced to the meeting and initialled by the Chairman for the purposes of identification only be and they are hereby approved and that the Directors be and are hereby authorised to complete such agreement, subject to such immaterial modifications as the Directors may deem appropriate, and to execute, sign and do all such other documents, deeds, acts and things as may be necessary or desirable to complete the aforesaid transaction.
2. THAT, subject to and conditional upon the passing of resolution 1 above, the Directors be generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (as defined in section 80 of the Companies Act 1985 ("the Act")) up to an aggregate nominal amount of £3,000,000 provided that this authority shall expire on the earlier of the next annual general meeting of the Company and 19 December 2006, except that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred by this resolution had not expired and that this authority shall be in substitution for all previous authorities conferred upon the directors pursuant to section 80 of the Act but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.
3. THAT, subject to and conditional upon the passing of resolution 2 above, the Directors be and hereby empowered, pursuant to the authority conferred upon them by the passing of resolution 2 above, to allot equity securities (as defined in section 94 of the Act) for cash as if section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to:
 - (a) the allotment of equity securities up to an aggregate nominal amount of £400,000 in connection with the Placing as defined in the Circular;
 - (b) the allotment of 300,000 Warrants to subscribe for Ordinary Shares at the Placing Price to Altium;
 - (c) the allotment (otherwise than pursuant to sub-paragraph (a) and (b) above) of equity securities in connection with a rights issue or other pro rata offer in favour of holders of ordinary shares in the capital of the Company where the equity securities respectively attributable to the interests of all the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of equity securities held by them subject in each case to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body; and
 - (d) the allotment (otherwise than pursuant to sub-paragraphs (a), (b) and (c) above) of equity securities up to an aggregate nominal amount of £400,000;

and shall expire on the earlier of the next annual general meeting of the Company and 19 December 2006 except that the Company may before such expiry make an offer or 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 offer or agreement as if the power conferred by this resolution had not expired.

By order of the Board
Nigel Duxbury
Company Secretary

Registered Office:
1st Floor
46 Maddox Street
London W1S 1QA

25 August 2005

Notes:

1. Any member of the Company entitled to attend and vote at the extraordinary general meeting may appoint one or more proxies to attend and, on a poll, vote on his or her behalf. A proxy need not be a member of the Company. To be valid, a form of proxy, and any power of attorney under which it is signed, must be lodged with the Company's registrars at Share Registrars Limited, Craven House, West Street, Farnham, Surrey GU9 7EN, no later than 48 hours before the time of the extraordinary general meeting. A form of proxy is enclosed. The completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person.
2. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only those persons whose names are entered on the register of members of the Company at 10:00 am on 17 September 2005 shall be entitled to attend the meeting and to vote in respect of the number of shares registered in their name at that time. Changes to the register of members after that time shall be disregarded in determining the right of any person to attend and/or vote at that meeting.