THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended.

If you sell or have sold or otherwise transferred all of your Ordinary Shares in YooMedia plc you should deliver this document together with the enclosed Form of Proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Application will be made for the Consideration Shares, the Placing Shares, the Settlement Shares and the Directors' Shares to be admitted to trading on the AIM market of the London Stock Exchange plc ("AIM"). It is expected that admission to AIM will become effective and that dealings in the New Ordinary Shares (including the Consideration Shares, the Placing Shares, the Settlement Shares and the Directors' Shares) will commence on 26 February 2008. AIM is a market designed primarily for emerging and 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 United Kingdom 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, consulting with an independent financial adviser. The London Stock Exchange plc has not itself examined or approved the contents of this document.

YooMedia plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 3609752)

Proposed Capital Reorganisation

Proposed Consolidation into New Ordinary Shares of £1 each

Proposed increase in Authorised Share Capital

Proposed Acquisition of Fresh Interactive Technologies, S.A.

Proposed Placing of 7,682,790 New Ordinary Shares at £1.0962 per Share

Proposed Settlement of Convertible Loans

Proposed Directors' Fees Capitalisation

Proposed Approval for Waiver of Obligation under Rule 9 of the City Code on Takeovers and Mergers

Proposed Capital Cancellation

Proposed change of name to Mirada PLC

and

Notice of Extraordinary General Meeting

This document does not constitute an offer of securities and accordingly is not a prospectus, neither does it constitute an admission document drawn up in accordance with the AIM Rules.

Notice of an Extraordinary General Meeting of YooMedia plc to be held at the Holiday Inn, Carburton Street, London W1W 5EE on 25 February 2008 at 10.00 a.m. is set out at the end of this document. Whether or not you intend to be present at the EGM you are urged to complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon so as to arrive as soon as possible and in any event not later than 10.00 a.m. on 23 February 2008 (or 48 hours before any adjournment of the EGM).

The Consideration Shares, the Placing Shares, the Settlement Shares and the Directors' Shares have not been, and will not be, registered under the United States Securities Act 1933 (as amended) or under the securities laws of any state of the United States or under any of the relevant securities laws of Canada, Australia, the Republic of Ireland or Japan. None of the Consideration Shares, the Placing Shares, the Settlement Shares nor the Directors' Shares may, directly or indirectly, be offered, sold or taken up, delivered or transferred in or into the United States, Canada, Australia, the Republic of Ireland or Japan.

Seymour Pierce Limited ("Seymour Pierce"), which is authorised and regulated in the United Kingdom by the Financial Service Authority, is acting for YooMedia plc and for no one else in connection with the proposals described in this document and will not be responsible to anyone other than YooMedia plc for providing the protections afforded to customers of Seymour Pierce nor for giving advice to any other person on the contents of this document or in relation to such proposals generally. No liability is accepted by Seymour Pierce for the accuracy of any information or opinions contained in, or for the omission of any material information from, this document for which the Directors of YooMedia plc (save to the extent set out in paragraph 1.1 of Part VI of this document) are solely responsible. Seymour Pierce has not authorised the contents, or any part, of this document.

CONTENTS

DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

Directors:	Dr Michael Sinclair *(Chairman)* John Swingewood *(Deputy Chairman)* Neil MacDonald *(Group Managing Director)* Jeremy Fenn *(Non-Executive Director)* Richard Blake *(Non-Executive Director)*
Company Secretary:	Georgia Gordon LLB, Bar
Proposed Directors:	José Luis Vázquez Antolínez *(Executive Director)* Rafael Martín Sanz *(Non-Executive Director)*
Board of Directors on Admission:	Dr Michael Sinclair *(Executive Chairman, part time)* José-Luis Vázquez Antolínez *(Chief Executive Officer)* Neil MacDonald *(Chief Operating Officer)* Rafael Martín Sanz *(Non-Executive Director)* Richard Blake *(Non-Executive Director)*
Registered Office:	Northumberland House 155-157 Great Portland Street London W1W 6QP
Nominated Adviser and Joint Broker:	Seymour Pierce Limited 20 Old Bailey London EC4M 7EN
Joint Broker:	Hoodless Brennan plc 40 Marsh Wall Docklands London E14 9TP
Solicitors to the Company:	Finers Stephens Innocent LLP 179 Great Portland Street London W1W 5LS
Solicitors to Fresh Inversiones:	Dewey & LeBoeuf No.1 Minster Court Mincing Lane London EC3R 7YL
Solicitors to Highbridge and Platinum:	Lovells LLP Atlantic House Holborn Viaduct London EC1A 2FG
Solicitors to Kasei:	CMS Cameron McKenna LLP Mitre House 160 Aldersgate Street London EC1A 4DD
Registrars:	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Last time and date of receipt of Forms of Proxy	10.00 a.m. on 23 February 2008
Extraordinary General Meeting	10.00 a.m. on 25 February 2008
Record Date for the Share Consolidation	25 February 2008
Completion of the Acquisition, Admission effective and dealings commence on AIM	26 February 2008
Crediting of CREST accounts with the Consideration Shares, the Placing Shares, the Settlement Shares, the Directors' Shares and the New Ordinary Shares	26 February 2008
Definitive share certificates despatched in respect of the Consideration Shares, the Placing Shares, the Settlement Shares and the Directors' Shares (where applicable) and New Ordinary Shares	10 March 2008

PLACING AND ADMISSION STATISTICS

Placing Price	£1.0962
Number of Existing Ordinary Shares in issue on the date of this document	912,242,053
Number of Consideration Shares	6,180,436
Number of Placing Shares	7,682,790
Number of Settlement Shares	4,754,063
Number of Directors' Shares	307,882
Estimated number of New Ordinary Shares in issue immediately following Admission[1]	19,837,413
Percentage of the Enlarged Share Capital subject to the Placing	38.73%
Market capitalisation of the Company at Admission at the Placing Price (including the Consideration Shares and the Placing Shares)	£21,745,772
Gross proceeds of the Placing receivable by the Company	£8,421,874
Estimated net proceeds receivable by the Company pursuant to the Placing after expenses (excluding VAT)	£8,175,000
International Security Identification Number (ISIN) on Admission	GB00B29WFV68
EPIC/TIDM on Admission	MIRA

[1] The issued ordinary share capital on Admission may vary due to the number of fractional entitlements and any existing options/warrants being exercised prior to Admission.

DEFINITIONS

"A Deferred Shares"	the A deferred shares of 0.1p each in the capital of the Company arising as a result of the Capital Reorganisation;
"Acquisition Agreement"	the conditional acquisition agreement dated 6 December 2007 made between the Company (1) and the Vendors (2) as varied by the Supplemental Agreements pursuant to which the Company has agreed, conditional on, *inter alia*, completion of the Baring Investment, the exercise and completion of the Kasei Share Option, completion of the Placing and Admission, to acquire the entire issued and to be issued share capital of Fresh, further details of which are set out in Part I and paragraph 4 of Part VI of this document;
"Acquisition"	the proposed acquisition by the Company of the entire issued and to be issued share capital of Fresh following completion of the exercise of the Kasei Share Option and completion of the Baring Investment, pursuant to the terms of the Acquisition Agreement as varied by the Supplemental Agreements and in accordance with the terms of the Undertaking;
"Act"	the Companies Act 1985 (as amended) and the Companies Act 2006 (to the extent to which it is in force);
"Admission"	admission of the Consideration Shares, the Placing Shares, the Settlement Shares and the Directors' Shares to trading on AIM and such admission becoming effective in accordance with the AIM Rules;
"AIM"	the AIM market of the London Stock Exchange plc;
"AIM Rules"	the rules applicable to companies whose securities are traded on AIM published by the London Stock Exchange;
"Baring"	Baring Private Equity Partners España S.A., a company founded in 1987 and incorporated in Spain. It operates under the Baring Private Equity International brand and is a private equity asset manager which invests in Spanish and Portuguese companies;
"Baring Investment"	an equity cash investment of €6 million in Fresh to be completed by Baring prior to Completion pursuant to which it will subscribe for new shares in Fresh equivalent to 63.1% of the then issued share capital of Fresh as enlarged by such subscription;
"Capital Cancellation"	the cancellation of the sum of £80,543,936, which will be standing to the credit of the Share Premium Account following the allotment and issue of New Ordinary Shares pursuant to the Proposals and the cancellation of the sum of £455,331 which is standing to the credit of the Capital Redemption Reserve;
"Capital Redemption Reserve"	the capital redemption reserve of the Company, being £455,331;
"Capita Registrars"	a trading division of Capita Registrars Limited;
"Capital Reorganisation"	the capital reorganisation as detailed in paragraph 2 of Part I of this document pursuant to which the issued Ordinary Shares will be subdivided into the Subdivided Shares and the A Deferred Shares;
"Company" or "YooMedia"	YooMedia plc;

"Completion"	completion of the Acquisition;
"Concert Party"	Kasei together with its shareholders and the Vendors, further details of which are set out in Part V of this document;
"Consideration Shares"	6,180,436 New Ordinary Shares to be issued to the Vendors, Kasei and Baring, credited as fully paid at the Placing Price per share, pursuant to the terms of the Acquisition Agreement as varied by the Supplemental Agreements and in accordance with the Undertaking as set out in paragraph 4 of Part I of this document;
"Convertible Loan Agreements"	the Highbridge Convertible Loan Agreement and the Platinum Convertible Loan Agreement;
"Dateline"	YooMedia Dating Group Limited, a wholly-owned subsidiary of the Company;
"Deferred Shares"	the existing deferred shares of 1p each in the capital of the Company;
"Directors" or "Board"	the current directors of the Company, whose names are set out on page 3 of this document;
"Directors' Fees Capitalisation"	the allotment and issue of the Directors' Shares to certain of the Directors, credited as fully paid at the Placing Price per share, in satisfaction of certain net salaries and fees due by the Company to such Directors, as described in paragraph 8 of Part I of this document;
"Directors' Shares"	the 307,882 New Ordinary Shares to be allotted and issued, credited as fully paid at the Placing Price per share, to certain of the Directors in accordance with paragraph 8 of Part I of this document;
"DTR"	the FSA's Disclosure and Transparency Rules;
"EGM" or "Extraordinary General Meeting"	the extraordinary general meeting of the Company convened for 10.00 a.m. on 25 February 2008, or any reconvened meeting following any adjournment thereof, notice of which is set out in the Notice of EGM;
"Enlarged Group"	the Group as enlarged by the Acquisition;
"Enlarged Share Capital"	the issued ordinary share capital of the Company, which carry voting rights, immediately following Admission, comprising the New Ordinary Shares, the Consideration Shares, the Placing Shares, the Settlement Shares and the Directors' Shares;
"Existing Ordinary Shares"	the Ordinary Shares in issue at the date of this document;
"Form of Proxy"	the form of proxy for use by Shareholders in connection with the EGM;
"Fresh"	Fresh Interactive Technologies, S.A., a company incorporated in Spain;
"Fresh EGM"	the extraordinary general meeting of Fresh held on 20 December 2007 at which the approval for the Baring Investment and the allotment and issue of new shares in Fresh in respect thereof was obtained;

"Fresh Inversiones" or the "Warrantor"	Fresh Inversiones S.L., a private Spanish limited company and a shareholder of Fresh, which is 98.96% owned by José-Luis Vazquez Antolinez, the co-founder and Chief Executive Officer of Fresh and who is also one of the Proposed Directors;
"Fresh Shares"	ordinary shares of €1 each in Fresh;
"FSA"	the Financial Services Authority;
"FSMA"	the Financial Services and Markets Act 2000, as amended;
"Group"	the Company and its subsidiaries;
"Highbridge"	Highbridge International LLC, the holder of the loan under the Highbridge Convertible Loan Agreement;
"Highbridge Convertible Loan Agreement"	the convertible loan agreement dated 10 May 2006 made between Highbridge and the Company pursuant to which Highbridge has lent to the Company the sum of £3,250,000 of which £2,873,078 was outstanding on 6 December 2007;
"Kasei"	Kasei 2000 S.L., a company incorporated in Spain;
"Kasei Share Option"	the option held by Kasei to purchase from Fresh Inversiones 43,817 issued Fresh Shares;
"London Stock Exchange"	London Stock Exchange plc;
"Minority Rights Agreement"	the conditional agreement dated 6 December 2007 pursuant to which the Company has granted each of Highbridge and Platinum certain rights as the holders of New Ordinary Shares, further details of which are set out in paragraph 7 of Part I of this document;
"New Ordinary Shares"	ordinary shares of £1 each in the capital of the Company arising following completion of the Capital Reorganisation and the Share Consolidation;
"Notice of EGM"	the notice of the EGM which is set out at the end of this document;
"Options"	shall have the meaning set out in paragraph 9 of Part I of this document;
"Ordinary Shares"	ordinary shares of 1p each in the capital of the Company;
"Panel"	the Panel on Takeovers and Mergers;
"Placing"	the conditional placing of the Placing Shares at the Placing Price, further details of which are set out in paragraph 5 of Part I of this document;
"Placing Price"	£1.0962 per Placing Share;
"Placing Shares"	the 7,682,790 New Ordinary Shares which have been conditionally placed pursuant to the Placing;
"Platinum"	Platinum Partners Value Arbitrage Fund LP, the holder of the loan under the Platinum Convertible Loan Note Agreement;

“Platinum Convertible Loan Agreement”	the convertible loan agreement dated 10 May 2006 made between Platinum Long Term Growth IV, LLC (the benefit of which was subsequently transferred to Platinum) and the Company, pursuant to which the sum of £3,250,000 was lent to the Company of which £2,338,325 was outstanding on 6 December 2007;
“Proposals”	the Capital Reorganisation and the Share Consolidation, the Acquisition, the Placing, the Settlement, the Directors’ Fees Capitalisation, the Rule 9 Waiver, the Capital Cancellation, the change of name of the Company and Admission;
“Proposed Directors”	the proposed directors of the Company, being José-Luis Vázquez Antolínez and Rafael Martín Sanz, to be appointed on Admission, details of whom are set out in paragraph 15 of Part I and in Part VI of this document;
“Resolutions”	the ordinary and special resolutions set out in the Notice of EGM;
“Rule 9 Waiver”	a waiver (further details of which are set out in paragraph 6 of Part I of this document) of the obligation on the Concert Party to make a mandatory offer under Rule 9 of the Takeover Code granted by the Panel conditional on the approval by independent Shareholders of the Waiver Resolution. For the purposes of the Rule 9 waiver, all Shareholders are deemed to be independent;
“Settlement”	the settlement of all sums due by the Company to Highbridge and Platinum pursuant to the terms of the Settlement Agreements;
“Settlement Agreements”	the conditional agreements dated 6 December 2007 as amended by a deed dated 31 January 2008 pursuant to which each of Highbridge and Platinum have agreed to the settlement by the Company of sums due to them pursuant to the terms of the Convertible Loan Agreements by way of the allotment and issue, credited as fully paid, of the Settlement Shares and the payment of certain interest accrued;
“Settlement Shares”	the 4,754,063 New Ordinary Shares to be allotted and issued, credited as fully paid at the Placing Price per share, to Highbridge and Platinum in accordance with the terms of the Settlement Agreements;
“Seymour Pierce”	Seymour Pierce Limited, the Company’s nominated adviser and joint broker;
“Share Consolidation”	the proposed consolidation of: (i) the Subdivided Shares on a 1,000 for 1 basis; and (ii) the unissued Ordinary Shares on a 100 for 1 basis, as described more fully in paragraph 2 of Part I of this document;
“Shareholders”	holders of Existing Ordinary Shares;
“Share Premium Account ”	the share premium account of the Company immediately following Admission, which at such date will be £80,543,936;
“Subdivided Shares”	has the meaning set out in paragraph 2 of Part I of this document;

"Supplemental Agreements"	deeds of variation dated 25 January 2008 and 31 January 2008 respectively made between the Company (1) and the Vendors (2) pursuant to which the Acquisition Agreement was varied such that the long stop date for the posting of this document was extended to 29 February 2008 and so that it relates to the conditional acquisition by the Company of the entire issued and to be issued share capital of Fresh, further details of which are set out in paragraph 4.2 of Part VI of this document;
"Takeover Code"	the City Code on Takeovers and Mergers;
"UKLA"	the FSA acting in its capacity as the competent authority for the purposes of FSMA;
"Undertaking"	the undertaking dated 4 December 2007 as subsequently restated and amended on 31 January 2008 given by Kasei in favour of the Company pursuant to which it has undertaken to the Company: (i) to sell to the Company the Fresh Shares to be transferred to it on completion of the exercise of the Kasei Share Option in consideration for the allotment and issue to it by the Company of certain of the Consideration Shares; and (ii) prior to Completion, to enter into a deed of adherence to adhere to the terms of the Acquisition Agreement;
"Vendors"	the Warrantor, Goboal Asociados S.L., Mr. José Gozalbo Sidro and Mr. Jaime Vallori Amorós, who are the vendors under the terms of the Acquisition Agreement and who own 100% of the issued Fresh Shares at the date of this document;
"Waiver Resolution"	Resolution 3 set out in the Notice of EGM, which is to be proposed as an ordinary resolution; and
"Warrantor"	Fresh Inversiones.

PART I

Letter from the Chairman

YooMedia plc

(Incorporated in England and Wales with registered number 3609752)

Directors:
Dr. Michael Sinclair *(Chairman)*
John Swingewood *(Deputy Chairman)*
Neil MacDonald *(Group Managing Director)*
Jeremy Fenn *(Non-executive Director)*
Richard Blake *(Non-executive Director)*

Registered Office:
Northumberland House
155-157 Great Portland Street
London W1W 6QP

31 January 2008

To Shareholders and, for information purposes only, to the holders of options and warrants in the Company

Dear Shareholder,

Proposed Capital Reorganisation

Proposed consolidation into New Ordinary Shares of £1 each

Proposed increase in authorised share capital

Proposed Acquisition of Fresh Interactive Technologies, S.A

Proposed Placing of 7,682,790 New Ordinary Shares at £1.0962 per Share

Proposed Settlement of Convertible Loans

Proposed Directors' Fees Capitalisation

Proposed Approval for Waiver of Obligation under Rule 9 of the City Code on Takeovers and Mergers

Proposed Capital Cancellation

Proposed change of name to Mirada PLC

and

Notice of Extraordinary General Meeting

1. INTRODUCTION AND REASONS FOR THE PROPOSALS

On 6 December 2007, the Company announced that it had conditionally agreed to acquire 95.2% of the issued share capital of Fresh and had conditionally raised the sum of approximately £8.6 million (before the deduction of any expenses) pursuant to the terms of a placing. In addition the Company also announced that it was undertaking a share capital restructuring, through the Capital Reorganisation and Share Consolidation, which is expected to bring the Company's share price to a more appropriate level and that it was also seeking to settle certain monies due to two of its creditors, Highbridge and Platinum, and fees which are due to certain of the Directors. The Company is pleased to confirm that on 31 January 2008, pursuant to the terms of the second of the Supplemental Agreements, it has agreed to vary the terms of the Acquisition Agreement such that the Acquisition Agreement now relates to the conditional acquisition of the entire issued and to be issued share capital of Fresh. In addition, in order that the Concert Party retains an interest of less than 50 per cent. of the Enlarged Share Capital the sum to be raised through the Placing has now been reduced to £8.42 million (before expenses) and the Company is to undertake the Capital Cancellation.

As a result of the issue of New Ordinary Shares pursuant to the terms of the Acquisition and the Placing, the Concert Party will have an interest in 49.995 per cent. of the Enlarged Share Capital. Completion of the Acquisition and the Placing will trigger an obligation on the Concert Party to make a mandatory offer under Rule 9 of the Takeover Code for all the New Ordinary Shares in issue and not held by it. The Directors are therefore seeking independent Shareholders' approval, by the proposal of the Waiver Resolution for a waiver to be granted by the Panel from the obligation that would otherwise apply to the Concert Party under Rule 9 of the Takeover Code resulting from the Acquisition and the Placing to make a mandatory offer under Rule 9 of the Takeover Code for the remaining New Ordinary Shares in issue.

The Company has found it difficult to achieve profitability in the UK market and as a result the Group's balance sheet has become weak. An update on current trading is provided in paragraph 12 below. Completion of the Proposals will, in the opinion of the Directors, provide significant capital for the Enlarged Group to strengthen the Group's balance sheet, to repay certain creditors, to invest in new products and services, to assist in financing the Enlarged Group's proposed international expansion and for working capital purposes.

Part II of this document provides information on Fresh, which is a profitable provider of interactive digital solutions to the Spanish market, making it operationally compatible with YooMedia. Throughout the period of negotiation leading to the Proposals, the Company has maintained its marketing efforts including the identification of opportunities within Spain for the Enlarged Group's product range. Early-stage negotiations with potential customers have commenced, and the Directors believe that these will extend to other geographical areas including Central and South America, where Fresh already has a presence.

As a result of the Acquisition, the combined capability of the Enlarged Group should, in the opinion of the Directors, result in the Enlarged Group becoming one of the largest independent businesses in the digital interactive market in Europe at a time when the digital TV market is experiencing rapid change.

In addition to digital TV the Enlarged Group will be committed to the commercial exploitation of YooMedia's other areas of operation: TV and online gambling; interactive and mobile marketing and advertising; and mobile-phone-based payments and transactions.

I will remain Chairman of the Enlarged Group on a part-time executive basis and I am delighted that Fresh's Chief Executive Officer, José-Luis Vázquez Antolínez, will, on Admission, become a director and Chief Executive Officer of the Company. Neil MacDonald, currently Group Managing Director of the Company, will, on Admission, become Chief Operating Officer and Rafael Martín Sanz, a director of Kasei, will, on Admission, join the Board as a non-executive director. In addition, to better reflect the Enlarged Group going forward, the Directors are seeking to change the name of the Company to Mirada PLC.

The Proposals are conditional upon the passing of the Resolutions to be proposed at the EGM, completion of the Baring Investment, the exercise of the Kasei Share Option, completion of the Placing and Admission. The purpose of this document is to set out the background to, and reasons for, the Proposals and to explain why your Board considers that they are in the best interests of the Company and Shareholders as a whole and to recommend that you vote in favour of the Resolutions to be proposed at the EGM.

2. CAPITAL REORGANISATION

Your Board is proposing to undertake a reorganisation of the capital structure of the Company. Currently, the Company has two classes of shares: the Ordinary Shares and the Deferred Shares. The number of Ordinary Shares currently in issue is 912,242,053. In order to consolidate the number of shares in issue and to allow the Proposals to proceed at an appropriate pricing, it is proposed to carry out the following Capital Reorganisation and Share Consolidation.

The first stage is the Capital Reorganisation. It is proposed that each issued Ordinary Share be subdivided into one ordinary share of 0.1p (the "Subdivided Shares") and nine A Deferred Shares of 0.1p each. The A Deferred Shares will have the same rights as the Deferred Shares, that is no right to vote, only limited rights to participate in dividends and only limited deferred rights on any return of capital (whether on a liquidation or otherwise). The rights of the A Deferred Shares are set out in full in the Notice of EGM.

The second stage is the Share Consolidation. It is proposed that the issued Subdivided Shares will be consolidated so that every 1,000 Subdivided Shares will be consolidated into one New Ordinary Share of £1 and it is also proposed that the unissued Ordinary Shares be consolidated so that every 100 Ordinary Shares will be consolidated into one New Ordinary Share of £1. Shareholders with a resultant holding in excess of 1,000 Subdivided Shares which is not exactly divisible by 1,000, will have their holdings rounded down to the nearest whole number of New Ordinary Shares. Holders of fewer than 1,000 Existing Ordinary

Shares will not be entitled to receive any New Ordinary Shares following the Capital Reorganisation and Share Consolidation. Any fractions arising from the Capital Reorganisation and the Share Consolidation will be aggregated and sold for the benefit of the Company.

All warrants and options which have been issued by the Company will be consolidated in the same way as the Ordinary Shares.

The rights attaching to the New Ordinary Shares will be identical in all respects to those of the Ordinary Shares.

The effect of the Capital Reorganisation and the Share Consolidation will mean that the New Ordinary Shares will have a nominal value of £1 each and the total number of New Ordinary Shares held by Shareholders on Admission will be 912,242 (although this number could vary due to fractional entitlements which may arise as a result of the Capital Reorganisation and the Share Consolidation).

Authority for the Capital Reorganisation and the Share Consolidation will be sought by the proposal of Resolution 1 at the EGM.

3. INCREASE IN AUTHORISED SHARE CAPITAL

Following the Capital Reorganisation and the Share Consolidation (but prior to the allotment of any of the Consolidation Shares, the Placing Shares, the Settlement Shares and the Directors' Shares), the authorised and the issued share capital of the Company would be as follows:

Authorised

Class of shares	*£*	*No. of shares*
New Ordinary Shares of £1 each	9,789,822	9,789,822
A Deferred Shares of 0.1p each	8,210,178	8,210,178,477
Deferred Shares of 1p each	9,000,000	900,000,000
Total	27,000,000	

Issued

Class of shares	*£*	*No. of shares*
New Ordinary Shares of £1 each	912,242	912,242
A Deferred Shares of 0.1p each	8,210,178	8,210,178,477
Deferred Shares of 1p each	6,908,226	690,822,639
Total	16,030,646	

It is therefore proposed that the authorised share capital of the Company be increased from £27,000,000 to £43,000,000 by the creation of 16,000,000 additional New Ordinary Shares. Authority for the increase in the authorised share capital of the Company will be sought by the proposal of Resolution 2 at the EGM.

4. TERMS OF THE ACQUISITION AND REASONS FOR THE ACQUISITION

Under the terms of the Acquisition Agreement, as amended by the Supplemental Agreements, the Company has conditionally agreed to acquire the entire issued and to be issued share capital of Fresh and the Vendors have agreed to sell to the Company such Fresh Shares as are then registered in their names following completion of the exercise of the Kasei Share Option. Under the terms of the Undertaking, Kasei has undertaken to the Company: (i) to sell to the Company the Fresh Shares to be transferred to it on completion of the exercise of the Kasei Share Option in consideration for the allotment and issue to it of certain of the Consideration Shares; and (ii) prior to Completion, to enter into a deed of adherence to adhere to the Acquisition Agreement. Baring has agreed to make the Baring Investment pursuant to a letter dated 4 December 2007 addressed to Fresh Inversiones and the Company. It is a condition of the Acquisition Agreement that following completion of the Baring Investment and prior to Completion, Baring will also enter into a deed of adherence to adhere to the Acquisition Agreement.

In accordance with the terms of the Acquisition Agreement, as amended by the Supplemental Agreements, and conditional on, inter alia, completion of the exercise of the Kasei Share Option, completion of the Baring Investment and the entry by each of Kasei and Baring into deeds of adherence to the Acquisition Agreement, the Company will, conditional on Admission, allot and issue the Consideration Shares to the following persons, who, immediately following completion of the exercise of the Kasei Share Option and the Baring Investment, will be the registered holders of the following percentages of issued Fresh Shares:

Name	*% of issued Fresh Shares immediately prior to Admission*	*No. of Consideration Shares*
Fresh Inversiones	19.10%	1,180,242
José Gozalbo Sidro	0.92%	57,005
Goboal Asociados S.L.	0.55%	34,198
Jaime Vallori Amorós	0.46%	28,491
Baring	63.10%	3,899,830
Kasei	15.87%	980,670
Total	100%	6,180,436

At the Fresh EGM certain resolutions were duly passed to amend the by-laws of Fresh and to remove the existing pre-emption rights on any transfer of shares in Fresh and to enable the Baring Investment to take place. On 20 December 2007, a previous minority shareholder in Fresh sold its entire holding of Fresh Shares to the Warrantor and the terms of the Kasei Share Option were amended to include this minority holding. Accordingly on 31 January 2008, the Company entered into the second of the Supplemental Agreements pursuant to which the Acquisition Agreement was amended so that it is in respect of the conditional acquisition by the Company of the entire issued and to be issued share capital of Fresh.

Further details regarding the terms of the Acquisition Agreement and the Supplemental Agreements are set out in paragraph 4 of Part VI of this document.

On Completion, the shareholders of Fresh immediately prior to Completion would receive as consideration 6,180,436 New Ordinary Shares, being in aggregate 31.16 per cent. of the Enlarged Share Capital.

Authority for the Directors to allot the Consideration Shares pursuant to the terms of the Acquisition Agreement (as amended by the Supplemental Agreements) will be sought by the proposal of Resolutions 5 and 7 at the EGM.

The Acquisition and the consequent formation of the Enlarged Group will enable the Company's operating business to gain access to the markets which Fresh currently targets and in which the Company has no presence, and vice-versa, and will, in the opinion of the Directors, result in a significantly enhanced portfolio of products and services which will be offered internationally in the Enlarged Group's target market sectors in order to increase revenues and cashflow.

In addition, the accompanying investment into the Enlarged Group will both address the Enlarged Group's balance sheet requirements and provide working capital for the Enlarged Group.

In the Directors' opinion, the Enlarged Group will be one of the leading independent businesses of its type operating in Europe in its sector and the Directors believe that the combined skills and size of the business will allow rapid development of new products as well as increased volume of sales from existing products.

5. THE PLACING

As part of the Proposals the Company is proposing to raise £8.42 million (before expenses) pursuant to the Placing by the allotment and issue of 7,682,790 Placing Shares at the Placing Price per share. The Directors have examined a number of suitable fund-raising opportunities for the Company and believe that the Placing is the most suitable opportunity available to the Company and that the Placing is in the best interests of Shareholders as a whole.

Under the Placing, Kasei (which following completion of the exercise of the Kasei Share Option will be the holder of certain Fresh Shares and will therefore receive 980,670 of the Consideration Shares) has conditionally agreed to subscribe for 7,637,178 Placing Shares at the Placing Price per share, making a total subscription from Kasei of £8,371,875. Immediately following Admission, Kasei's aggregate shareholding (including the Consideration Shares which it is due to receive as part of the Acquisition) would therefore be 8,617,848 New Ordinary Shares representing 43.44 per cent. of the Enlarged Share Capital. The balance of the Placing Shares are being subscribed for by an institutional investor.

The Placing Shares being placed pursuant to the Placing will represent 38.73 per cent. of the Enlarged Share Capital. On Admission, at the Placing Price, the Company will have a market capitalisation of approximately £21.746 million. The Placing Shares will rank *pari passu* with the New Ordinary Shares including the right to all dividends and other distributions declared, paid or made after the date of issue.

The Directors intend to use the net proceeds of the Placing to strengthen the Group's balance sheet, to repay certain creditors, to invest in new products and services, to assist in financing the Enlarged Group's proposed international expansion and for working capital purposes.

None of the Placing proceeds are secured on the Company or on any of its subsidiaries or assets.

Authority for the Directors to allot the Placing Shares will be sought by the proposal of Resolutions 5 and 7 at the EGM.

6. THE TAKEOVER CODE AND THE WAIVER RESOLUTION

Under Rule 9 of the Takeover Code, any person who acquires an interest in shares (as defined in the Takeover Code) which, taken together with any interest in shares already held by him or any interest in shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person.

An offer under Rule 9 must be in cash and at the highest price paid by the person required to make the offer or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

The members of the Concert Party are deemed to be acting in concert for the purposes of the Takeover Code.

Following the Acquisition and the Placing, the Concert Party will, between them be, interested in approximately 49.995 per cent. of the Enlarged Share Capital.

The table below sets out the individual members of the Concert Party and their respective interest in YooMedia Ordinary Shares at the date of this document and assuming completion of the Proposals.

	At date of this document		Assuming completion of the Proposals	
	Number of YooMedia Ordinary Shares	% shareholding	Number of YooMedia New Ordinary Shares	% shareholding
Fresh Inversiones	–	–	1,180,242	5.950
José Gozalbo Sidro	–	–	57,005	0.287
Goboal Asociados S.L.	–	–	34,198	0.172
Jaime Vallori Amorós	–	–	28,491	0.144
Kasei	–	–	8,617,848	43.442
Total	**–**	**–**	**9,917,784**	**49.995**

Following the Acquisition and the Placing the Concert Party will, between them, be interested in shares carrying 30 per cent. or more of the Company's voting share capital but will not hold shares carrying more than 50 per cent. of such voting rights and (for so long as they continue to be treated as acting in concert) any further increase in that interest in shares will be subject to the provisions of Rule 9 of the Takeover Code.

The Panel has agreed, however, subject to the Waiver Resolution being passed on a poll by independent Shareholders at the Extraordinary General Meeting, to waive the obligation for the Concert Party to make a general offer that would otherwise arise as a result of the Acquisition and the Placing. Accordingly, Resolution 3 is being proposed at the Extraordinary General Meeting to obtain the approval of Shareholders for the waiver of any obligations under Rule 9 of the Takeover Code.

Further details of the Concert Party are set out in Part V of this document.

7. SETTLEMENT AGREEMENTS AND THE MINORITY RIGHTS AGREEMENT

On 10 May 2006, the Company entered into the Convertible Loan Agreements with Highbridge and Platinum Long Term Growth IV, LLC (the benefit of which was subsequently transferred to Platinum). At the date of the Settlement Agreements, the Company owed Highbridge and Platinum the sums of £2,873,078 and £2,338,325 respectively. It has been agreed by the Company and each of Highbridge and Platinum that the sums due to each of them pursuant to the Convertible Loan Agreements will be settled in full through the allotment and issue of the Settlement Shares in accordance with the terms of the Settlement Agreements and the payment of certain interest accrued since 1 January 2008. On 6 December 2007, the Company entered into the Settlement Agreements pursuant to which, conditional on the approval by Shareholders of the terms of the Minority Rights Agreement, completion of the Baring Investment, completion of the Acquisition and the Placing and the occurrence of Admission as regards the Settlement Shares, the Company will settle all sums due by it to Highbridge and Platinum under the Convertible Loan Agreements by the allotment and issue to them of 2,620,944 Settlement Shares and 2,133,119 Settlement Shares respectively, taken for this purpose at the Placing Price per share and the payment of certain interest accrued since 1 January 2008.

Authority for the Directors to allot the Settlement Shares pursuant to the terms of the Settlement Agreements will be sought by the proposal of Resolutions 5 and 7 at the EGM.

Under the terms of the Settlement Agreements, Highbridge and Platinum are to receive certain minority protection rights which would apply only to them, in the form of the Minority Rights Agreement. The Minority Rights Agreement, which is conditional on satisfaction of the conditions relating to the Settlement Agreements, as referred to above, contains the following provisions:

(a) right of pre-emption: for a period of two years from the date of the Minority Rights Agreement, if the Company were to undertake an offering of new securities for cash (but excluding an issue pursuant to an employees' share scheme approved by the Company's shareholders), each of Highbridge and Platinum would be entitled to a right of first refusal to subscribe, whether in whole or in part, for such new securities;

(b) anti-dilution rights: the Company shall not without the prior written consent of each of Highbridge and Platinum, undertake an issue of new securities in any circumstances where Highbridge and Platinum do not have a right of first refusal under paragraph (a) above (but excluding an issue pursuant to an employees' share scheme approved by the Company's shareholders) unless each of Highbridge and Platinum are given the right to subscribe for such number of new securities to ensure that their individual percentage holdings of New Ordinary Shares following such proposed issue by the Company remain the same; and

(c) the Minority Rights Agreement will remain in effect until the earlier of: (i) the date on which the weighted volume average share price of a New Ordinary Share has reached £2.20 or more for 20 out of the immediately preceding 30 consecutive trading days; and (ii) in the case of each of Highbridge and Platinum, the date by which it shall have sold a number of New Ordinary Shares equal to the number of Settlement Shares which are to be issued to it or the date on which the New Ordinary Shares held by it fall below the lesser of one per cent. of the Company's issued share capital from time to time and the number equal to 20 per cent. of the number of Settlement Shares issued to it (subject to any appropriate adjustments to the numbers in (i) and (ii) in respect of any division or consolidation of capital after Admission).

The approval of Shareholders to the terms of the Minority Rights Agreement will be sought by the proposal of Resolution 6 at the EGM.

8. DIRECTORS' FEES CAPITALISATION

Over the past year certain Directors have agreed to waive and/or defer amounts of salary and fees due to them. These Directors have now agreed to waive certain of these deferred gross salaries and fees due to them and for part of the balance to be satisfied through the allotment and issue of the Directors' Shares. It is proposed that the following outstanding net salaries and fees be satisfied by the allotment and issue of the Directors' Shares credited as fully paid at the Placing Price per share:

Director	*Outstanding Sum (£)*	*No. of Directors' Shares*
Dr. Michael Sinclair	£250,000	228,061
Neil MacDonald	£22,500	20,525
John Swingewood	£50,000	45,612
Jeremy Fenn	£15,000	13,684

Authority for the Directors to allot and issue the Directors' Shares will be sought by the proposal of Resolutions 5 and 7 at the EGM. **Under AIM Rule 13 the arrangements concerning the Directors' Fees Capitalisation are related party transactions. Richard Blake, a non-executive director of the Company and the only Director not participating in the Directors' Fees Capitalisation, considers, having consulted with Seymour Pierce, that the terms of the Directors' Fees Capitalisation are fair and reasonable insofar as Shareholders are concerned.**

9. SHARE OPTIONS

It is proposed that under the existing YooMedia plc Unapproved Share Option Scheme (which was adopted by the Company in general meeting on 20 December 2004) options over New Ordinary Shares (the "Options") will be granted by the new board of Directors following Completion, such grants to be conditional on Admission. The Options will form part of the long-term incentive plan for executives and key staff of the Enlarged Group and will become exercisable if certain performance targets are met. The Options will be exercisable at the Placing Price and will vest over a three-year period, starting in 2008 with a third vesting annually against these pre-defined performance targets:

	The Options	
Year	*Performance Target*	*Vesting Amount*
2008	Profit before tax greater than £0	33.3%
2009	Profit before tax greater than £2.5m	33.3%
2010	Profit before tax greater than £5m	33.3%

The Options will be granted free of charge but will be exercisable at the Placing Price.

It is intended that Michael Sinclair will be granted Options over 300,000 New Ordinary Shares on Admission. Any other grant of Options to the Directors will only be decided following Admission.

10. CAPITAL CANCELLATION

As at 30 June 2007, the Company had an accumulated deficit on its unaudited preliminary profit and loss account of £75,306,000 and accordingly was, and currently remains, unable to pay dividends. The deficit on the profit and loss account also prevents the Company from being able to purchase its own shares. If no action is taken, the Company will only be in a position to pay dividends or to purchase its own shares after the deficit on its profit and loss account has been eliminated by profits in excess of the deficit.

The Act imposes limitations on the use of a company's capital reserves, including its share premium account. A company may reduce its share premium account if it is permitted to do so by its articles of association, it obtains the approval of its shareholders by the passing of a special resolution at a general meeting and such cancellation is confirmed by the High Court and is registered at Companies House. Accordingly, subject to the approval of the Shareholders at the EGM and the approval of the High Court, it is intended to implement the Capital Cancellation.

The Capital Cancellation will comprise:

(i) the cancellation of the amount standing to the credit of the share premium account of the Company as at 30 June 2007, being the sum of £78,723,335.66;

(ii) the cancellation of the amount which is to be credited to the share premium account of the Company as a result of the allotment and issue, on Admission, of the Consideration Shares, the Placing Shares, the Settlement Shares and the Directors' Shares, each at the Placing Price per share, being the aggregate sum of £1,820,601.45;

(iii) the cancellation of the amount standing to the credit of the capital redemption reserve of the Company, being the sum of £455,331;

resulting in the creation of a new reserve against which the Company expects to eliminate all of the deficit on its profit and loss account. To the extent that the amount arising on the Capital Cancellation exceeds the deficit on the Company's profit and loss account, the balance will be available for distribution to Shareholders, subject to any undertakings given to the High Court for the purpose of protecting the Company's creditors at the date of the Capital Cancellation.

The Capital Cancellation will be subject to the passing of Resolutions 9 and 10 by Shareholders at the EGM and is conditional on the High Court making an order confirming the cancellation. The Capital Cancellation will become effective once the Court Order confirming the cancellation is registered with the Registrar of Companies.

Prior to approving the proposed Capital Cancellation, the High Court will need to be satisfied that the interests of the Company's creditors are not adversely affected. The Company will put into place such form of creditor protection as the High Court shall require.

Authority for the Capital Cancellation will be sought by the proposal of Resolutions 9 and 10 at the EGM.

The Board reserves the right to abandon or discontinue any application to the High Court if the Board believes that the terms required to obtain confirmation are unsatisfactory to the Company.

The Capital Cancellation does not affect the voting or dividend rights of shareholders.

11. DISPOSAL OF DATELINE

The Board announced on 13 December 2007 that it had disposed of YooMedia Dating Group Limited, which trades under the brand name Dateline, for a cash consideration of £250,000.

In September 2007, another YooMedia dating subsidiary trading under the brand name "Avenues" was placed in receivership. The disposal of YooMedia Dating Group Limited marks the final stage in YooMedia's exit from the dating sector and the further progression in management's policy of restructuring and repositioning the Group's operations for future growth.

12. TRADING UPDATE

The interim results for the six months to 30 June 2007, announced on 28 September 2007, reflected a period of restructuring and repositioning across YooMedia's businesses. Significant improvements in operating margins and reduction of losses have been achieved during a period of rapid market changes. The Company also announced that in July 2007 it had granted an option to Kasei to acquire the Company's subsidiary, The Gaming Channel Ltd, for a consideration of £5.25 million. Subsequently, on 19 September 2007, the Company announced that the duration of the option had been extended to allow for a continuation in the negotiations as Kasei had expressed interest in gaining a wider holding in the Company which interest might, if concluded, result in its becoming involved in the Group as a whole. With the discussions under way with Kasei, the Directors believed that YooMedia would be able to find sufficient resources to support the growth of the business. Trading since the announcement of the interim results has not improved to the level of revenue and gross profit required to achieve positive earnings before tax, depreciation and amortisation before the year end. Reduced levels of demand in the interactive broadcast sector have continued into the second half of the year, and whilst new product revenue streams show encouraging signs, they are not yet cash generative.

The Directors have explored a number of other financing options in order to provide working capital to satisfy outstanding creditors and provide sufficient working capital for YooMedia going forward. Following this, the Directors believe that the Proposals offer the best solution to the Group's current working capital requirements as well as providing a stronger platform for growth of the Enlarged Group. **However, the Directors believe that if Shareholders do not support the Proposals, the Company may not have sufficient working capital to meet its creditors' obligations as they fall due. Furthermore, recourse to alternative sources of finance may not be possible in the time available.**

13. FUTURE STRATEGY AND INTENTIONS REGARDING EMPLOYMENT

It is intended that the Enlarged Group will form a multi-national specialist business dealing in interactive audio-visual markets internationally. It is intended that the Enlarged Group will market its product portfolio not only in the United Kingdom and Spanish markets but also in other territories where Fresh is currently active such as Central and South America. The Company has to date largely concentrated its efforts on the United Kingdom, but it is intending to use and build upon the channels to market already developed by Fresh as a basis for international expansion.

The strategic plans for the Enlarged Group are based on the acquisition of Fresh and the creation of an enlarged business which will market its combined product portfolio to the interactive broadcast, gaming, advertising and services sectors in the United Kingdom, Spain and elsewhere. The Enlarged Group plans for revenue growth based on this business expansion through increased sales volumes to new customers not previously targeted by either the Company or Fresh in existing territories of operation, and also new territories in which the Enlarged Group's products have not been offered before. It is intended that the combined business will become a leading European interactive development and product provider in four core market sectors:

- interactive audio/visual markets, including interactive tv, digital tv, iptv and video on demand;
- interactive gaming and gambling;
- interactive advertising and promotion; and
- remote payment services, including payments for parking fees via mobile phones.

It is the intention of the Directors that new clients will be drawn from digital TV platform operators, broadcasters and content providers, brands and advertisers, gaming brands and operators, and services companies and parking operators. The Directors believe that businesses in these categories and sectors will be able to enhance their existing offerings to their consumers through the application of products from the Enlarged Group and attract increased volumes of transactions. The Enlarged Group will seek to derive revenues from the provision of these products and participation in the transaction with the consumer.

The Enlarged Group will operate from both the Company's current offices and the office of Fresh in Madrid, Spain. The fixed assets will be used in the normal course of business to support operations and there is no intention of disposing of any fixed assets.

Other than changes to the Company's management, it is not expected that as the result of the Acquisition there will be significant job losses, as the businesses of the Company and Fresh are largely complementary and there is very little overlap between their technologies and business activities. The Enlarged Group will continue to monitor resource levels and efficiencies in the normal course of business, although the Acquisition is expected to result in increased growth. No conditions of employment will change as a result of this transaction for employees other than the Directors.

14. ADMISSION, SETTLEMENT AND CREST

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Enlarged Share Capital will commence on 26 February 2008.

The Articles permit the Company to issue shares in uncertificated form. CREST is a computerised paperless share transfer and settlement system which allows shares and other securities, including depository interests, to be held in electronic rather than paper form. Application has been made for the New Ordinary Shares in issue at Admission to be admitted to CREST. Accordingly, settlement of transactions in the New Ordinary Shares following Admission may take place within CREST if relevant Shareholders so wish.

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

Share certificates in respect of the Placing Shares, the Consideration Shares and the Directors' Shares will reflect the Share Consolidation. Share certificates for Ordinary Shares will remain valid until the record date for the Share Consolidation with certificates in respect of the New Ordinary Shares expected to be despatched by the Company's registrars no later than 10 March 2008. The Placing Shares, the Settlement Shares and the New Ordinary Shares due to uncertificated holders will be delivered in CREST on 26 February 2008. Upon receipt of new share certificates, certificates in respect of Existing Ordinary Shares will become invalid and should be destroyed.

15. PROPOSED CHANGE OF DIRECTORS

The board has agreed that José Luis Vázquez Antolínez, currently Chief Executive Officer of Fresh, and Rafael Martín Sanz, a director of Kasei, will be appointed to the board of the Company on Admission. It is intended that José Luis Vázquez Antolínez will become Chief Executive Officer of the Enlarged Group. John Swingewood and Jeremy Fenn will step down from the board on Admission and I will become the part-time Executive Chairman of the Board.

José Luis Vázquez Antolínez, aged 35, (CEO and Co-Founder of Fresh)

José Luis Vázquez Antolínez holds a Masters in Business Administration from IESE Business School and a degree in Advanced Telecommunications Engineering from Universidad Politecnica de Madrid. He started his professional career in the field of interactive media collaborating in the launch of Montejava, a pioneer company delivering web services in Spain. His interest in innovative projects continued as Network Information Systems Manager during the launch of the cable network Madritel (now Ono) and at Infoglobal as Manager in high-speed IP communications through satellite and LMDS.

José Luis co-founded Fresh in 2000, which has become one of the leading companies in the Spanish interactive television sector. José Luis has chaired a number of digital television conferences and is a member of various Spanish industry bodies being AETIC, ASIMELEC and eNEM.

Rafael Martín Sanz, aged 52, (Non-Executive Director)

Rafael Martín Sanz holds a degree in Economics and Business Administration from the Universidad Complutense de Madrid. He is also a member of the Spanish Association of Economists.

Rafael Martín Sanz served as Chairman of Television y Sonido (TELSON) from 1990 to 2002. He was a director of Page Ibérica, S.A. and Amper, S.A. and Chairman of Avanzit TMT from 2000 to 2002.

Rafael Martín Sanz has also held positions in Spanish local government from 1982 to 1987, with the Government of Castilla-La Mancha where he was General Director of PYMEs (medium size companies), Vice-Counsel of Economics and Inland Revenue, Deputy Counsel of the President and Counsel of the Presidency of the Autonomous Government of Castilla-La Mancha.

Rafael Martín Sanz is currently a director of the Spanish listed company Paraquesol Inmobiliaria y Proyectos, S.A. and certain other companies as set out in paragraph 2.14 of Part VI of this document.

16. CHANGE OF NAME

It is proposed that as part of the Proposals the Company change its name to Mirada PLC.

17. EXTRAORDINARY GENERAL MEETING

Set out at the end of this document is a notice convening an Extraordinary General Meeting of the Company to be held at the Holiday Inn, Carburton Street, London W1W 5EE on 25 February 2008 at 10.00 a.m. where the following resolutions will be proposed:

Resolution 1

An ordinary resolution to undertake the Capital Reorganisation and Share Consolidation.

Resolution 2

An ordinary resolution, conditional on the passing of Resolution 1, to increase the authorised share capital of the Company.

Resolution 3

An ordinary resolution to be passed on a poll by independent Shareholders, conditional on the passing of Resolutions 1 and 2, to waive the requirement of Rule 9 of the Takeover Code arising from the subscription by Kasei for the Placing Shares and the Acquisition.

Resolution 4

A special resolution, conditional on the passing of Resolutions 1 to 3, to amend the Articles by the addition of a new article setting out the rights attaching to the A Deferred Shares.

Resolution 5

An ordinary resolution, conditional on the passing of Resolutions 1 to 4, to authorise the Directors to allot relevant securities for the purposes of section 80 of the Act provided that such power be limited to the allotment of the Placing Shares, the Consideration Shares, the Settlement Shares, the Directors' Shares and further New Ordinary Shares up to an aggregate nominal amount of £6,612,471.

Resolution 6

An ordinary resolution, conditional on the passing of Resolutions 1 to 5 and upon Admission, to approve the Minority Rights Agreement.

Resolution 7

A special resolution, conditional on the passing of Resolutions 1 to 6, to grant the Directors authority to allot equity securities for cash pursuant to the authority conferred on them by Resolution 5 as if section 89(1) of the Act did not apply to such allotment provided that such power shall be limited to the allotment of the Placing Shares, the Consideration Shares, the Settlement Shares, the Directors' Shares and further New Ordinary Shares up to an aggregate nominal amount of £991,871.

Resolution 8

A special resolution, conditional on the passing of Resolutions 1 to 7, to change the name of the Company to Mirada PLC.

Resolution 9

A special resolution, conditional on the passing of Resolutions 1 to 8 and upon Admission, to approve the cancellation of the share premium account of the Company as it shall be immediately following Admission.

Resolution 10

A special resolution, conditional on the passing of Resolutions 1 to 9 and upon Admission, to approve the cancellation of the capital redemption reserve of the Company.

18. IRREVOCABLE UNDERTAKINGS

The Company has received irrevocable undertakings to vote, or to procure the votes of Existing Ordinary Shares held, in favour of all of the Resolutions from the following Shareholders:

Name of Shareholder	*Existing Ordinary Shares in respect of which irrevocable undertakings have been received*	*% of issued Existing Ordinary Shares*
Dr. Michael Sinclair	26,700,660	2.93
John Swingewood	14,432,366	1.58
Jeremy Fenn	14,432,366	1.58
Neil MacDonald	554,429	0.06
Richard Blake	30,128	0.00
Total	56,149,949	6.59

19. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders will find enclosed with this document a Form of Proxy for use at the Extraordinary General Meeting. The Form of Proxy should be completed and returned in accordance with the instructions printed thereon so as to arrive at the Company's registrars, Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and in any event not later than 10.00 a.m. on 23 February 2008.

Completion and return of a Form of Proxy will not prevent Shareholders from attending and voting in person at the Extraordinary General Meeting should they so wish.

20. RECOMMENDATION

The Directors, who have been so advised by Seymour Pierce, consider that the Proposals (including the Waiver Resolution) are fair and reasonable and in the best interests of the Company and its Shareholders as a whole. In giving its advice to the Directors, Seymour Pierce has taken into account the Directors' commercial assessments. Accordingly, the Directors recommend you to vote in favour of all of the Resolutions. Shareholders should be aware that, as disclosed in paragraph 8 of this Part I, the arrangements concerning the Directors' Fees Capitalisation are, for the purposes of the AIM Rules, related party transactions for each of the Directors, save for Richard Blake, a non-executive director of the Company. Therefore each of the Directors, save for Richard Blake, have an interest in Resolution 5 and Resolution 7 to be proposed at the EGM.

Waiver Resolution

The Directors, who have been so advised by Seymour Pierce, consider that obtaining the Rule 9 Waiver is in the best interests of Shareholders as a whole. In providing advice to the Directors, Seymour Pierce has taken into account the Directors' commercial assessments.

The Directors have irrevocably undertaken to vote in favour of all of the Resolutions (including the Waiver Resolution) in respect of their own shareholdings amounting in aggregate to 56,149,949 Existing Ordinary Shares, representing approximately 6.59 per cent. of the Existing Ordinary Shares in issue at the date of this document.

Yours faithfully

Dr. Michael Sinclair
Chairman

PART II

Summary information on Fresh Interactive Technologies, S.A.

1. OVERVIEW

Fresh is a privately-owned leading provider of interactive digital television solutions to the Spanish market. Established in 2000 by the current management team, its principal activity is the production and development of technology and solutions for digital television. Fresh offers a broad range of interactive digital television solutions to some of the leading international media groups including Digital+, Euskaltel and Jazztel in Spain, BSkyB, ITV and Music Choice in the United Kingdom and Disney Television International, Universal Studios Network and Warner Bros.

Fresh has 29 employees, the majority of whom are engaged in the development of technology and the products offered. Sales and marketing activities are conducted primarily in Spain, the UK, Italy and South America. The directors of Fresh are José-Luis Vázquez Antolínez, Maria José Sanchez Yazo and José Gozalbo Sidro.

2. PRODUCTS AND SERVICES

Fresh technology is widely deployed in digital TV set top boxes in the Spanish market and enables digital TV providers to offer interactive services to broadcasters and viewers on their services. The Fresh portfolio is complementary to YooMedia products and offerings, but is also designed to operate on several digital TV platform technologies as used in territories other than the UK.

Fresh has five principal product offerings:

- startv provides basic levels of interactive functionality such as an electronic programming guide, operator information portals, system configuration, news and other information services.
- entertv is based on the creation of interactive tools for the enrichment of the viewing experience through additional content and participatory services such as voting, contests and loyalty services. entertv allows an operator to generate their own services, personalising the content and enabling access to the services through different devices such as mobile telephones.
- grouptv is aimed at offering a community environment for the television user through instant messaging, SMS/MMS, forums, email and chat services. The community would be based around a programme, event or channel to engender viewer loyalty, enrich the viewing experience and provide revenue opportunities.
- challengetv provides the ability to offer interactive gaming and betting services and integrate different media such as television, internet and mobile telephone and thereby maximising revenue generating opportunities.
- managetv provides a powerful tool to capture information on registered users through a unique identity and thereby offers content that meets the users' interests, likes and needs and provides a more personalised service to that user.

PART III

Financial information on YooMedia

Section A – Audited Financial Information on the Company for Years Ended 31 December 2006 and 2005

The following financial information does not constitute statutory accounts within the meaning of section 240 of the Act and has been extracted from YooMedia's annual report and audited accounts for the year ended 31 December 2006 without any material changes. Copies of the audited accounts for the year ended 31 December 2006 have been filed with the Registrar of Companies in England and Wales and have been audited without qualification by the Company's auditors.

Consolidated Profit and Loss Account

for the year ended 31 December 2006

	Notes	*2006* *£000*	*2006* *£000*	*2005* *£000*	*2005* *£000*
Turnover	2		62,586		85,581
Cost of sales			(54,171)		(76,890)
Gross profit			8,415		8,691
Administrative expenses		(9,302)	(9,302)	(11,641)	11,641
Loss before Interest, Tax, Depreciation, Amortisation and Exceptionals			(887)		(2,950)
Depreciation	4	(1,276)		(2,127)	
Amortisation of deferred development costs	4	(1,252)		(675)	
Amortisation of goodwill	4	(2,668)		(2,323)	
Impairment of goodwill	4	(14,512)		–	
Provision for bad debts	4	(637)		–	
Exceptional items	5	(2,988)		(2,377)	
Total depreciation amortisation and exceptionals		(23,333)	(23,333)	(7,502)	(7,502)
Total administrative expenses		(32,635)		(19,143)	
Operating loss	4		(24,220)		(10,452)
Interest receivable and similar income	8		3		50
Interest payable and similar charges	9		(1,259)		(775)
Loss on ordinary activities before taxation			(25,476)		(11,177)
Tax recoverable on ordinary activities	10		–		–
Loss on ordinary activities after taxation			(25,476)		(11,177)
Equity minority interests			–		23
Loss for the financial year			(25,476)		(11,154)
			Pence		*Pence*
Loss per share					
– basic	12		(4.38p)		(2.37p)
– diluted	12		(4.04p)		(2.32p)

The above results are derived entirely from continuing operations.

All recognised gains and losses in the current and prior period are included in the profit and loss account.

There is no difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents.

There are no gains and losses other than those disclosed in the consolidated profit and loss account. Therefore a statement of recognised gains and losses is not presented.

Financial Information on YooMedia for Years Ended 31 December 2006 and 2005

Consolidated Balance Sheet

as at 31 December 2006

	Notes	*2006* *£000*	*2005* *£000*
Fixed assets			
Goodwill	13	24,768	43,980
Other intangible assets	13	1,378	1,925
Tangible assets	14	2,123	2,737
Investments	15	18	13
		28,287	48,655
Assets in the course of construction		360	–
Current assets			
Debtors	16	6,231	7,634
Cash and cash equivalents	30	139	117
		6,370	7,751
Creditors – amounts falling due within one year	17	(9,536)	(15,076)
Net current liabilities		(3,166)	(7,325)
Total assets less current liabilities		25,481	41,330
Creditors – amounts falling due greater than one year	18	(5,678)	(1,816)
Provisions for liabilities	20	(1,210)	(1,834)
Deferred income	21	(2,271)	(881)
Net assets		16,322	36,799
Capital and reserves			
Called up share capital	23	13,878	12,060
Shares to be issued	23	281	281
Share premium account	24	78,755	75,521
Equity component of convertible debt	24	304	–
Capital redemption reserve	24	455	455
Profit and loss account	24	(77,351)	(51,875)
Shareholders' funds	26	16,322	36,442
Equity minority interest		–	357
Net Equity		16,322	36,799

These financial statements were approved by the Board of Directors on 29 June 2007.

Signed on behalf of the Board of Directors

Michael Sinclair — Chairman

Neil MacDonald — Group Managing Director

Financial Information on YooMedia for Years Ended 31 December 2006 and 2005

Company Balance Sheet
as at 31 December 2006

	Notes	*2006* *£000*	*2005* *£000*
Fixed assets			
Intangible assets	13	176	106
Tangible assets	14	24	86
Investments	15	29,651	31,197
		29,851	31,389
Current assets			
Debtors	16	2,818	21,661
Cash and cash equivalents		10	–
		2,828	21,661
Creditors – amounts falling due within one year	17	(2,101)	(3,816)
Net current assets		727	17,845
Total assets less current liabilities		30,578	49,234
Creditors – amounts falling due greater than one year	18	(5,437)	(355)
Provisions for liabilities and charges	20	(1,210)	(1,363)
Deferred income	21	(2,191)	–
Net assets		21,740	47,516
Capital and reserves			
Called up share capital	23	13,878	12,060
Shares to be issued	23	281	281
Share premium account	24	78,755	75,521
Equity component of convertible debt	24	304	–
Capital redemption reserve	24	455	455
Profit and loss account	24	(71,933)	(40,801)
Shareholders' funds		21,740	47,516

These financial statements were approved by the Board of Directors on 29 June 2007.

Signed on behalf of the Board of Directors

Michael Sinclair	**Neil MacDonald**
Chairman	Group Managing Director

Financial Information on YooMedia for Years Ended 31 December 2006 and 2005

Consolidated Cash Flow Statement

for the year ended 31 December 2006

	Notes	*2006* *£000*	*2005* *£000*
Net cash outflow from operating activities	28	(294)	(8,334)
Returns on investments and servicing of finance			
Interest received		3	50
Interest paid		(972)	(704)
Interest element of finance lease rental payments		(32)	(71)
Net cash outflow from returns on investments and servicing of finance		(1,001)	(725)
Taxation		–	–
Capital expenditure and financial investment			
Payments to acquire intangible assets		(705)	(1,878)
Payments to acquire tangible fixed assets		(664)	(1,820)
Payments relating to assets in the course of construction		(360)	–
Net cash outflow from capital expenditure and financial investment		(1,729)	(3,698)
Acquisitions and disposals			
Purchase of subsidiary undertakings		(357)	(265)
Net cash received with subsidiary undertakings		–	(1)
Net cash outflow from acquisitions and disposals		(357)	(266)
Net cash outflow before management of liquid resources and financing		(3,381)	(13,023)
Management of liquid resources			
Decrease in short-term deposits with banks	29	–	6,417
Financing			
Issue of ordinary share capital		2,008	2,981
Issue of convertible loan notes		6,000	–
Loans and finance leases acquired with subsidiary undertakings		–	650
Repayment of loans		(1,000)	–
Repayment of capital element of finance leases and hire purchase contracts		(117)	(371)
Net cash inflow from financing		6,891	3,260
Increase/(decrease) in cash in the year	29	3,510	(3,346)

Financial Information on YooMedia for Years Ended 31 December 2006 and 2005

Notes to the Accounts
for the year ended 31 December 2006

1. GOING CONCERN

During the year ended 31 December 2006, the Group recorded a loss before interest, tax, depreciation, amortisation and exceptionals of £0.9m and a net loss of £25.5 million, and at 31 December 2006 the Group had net current liabilities of £3.1 million. Net cash outflow from operating activities in 2006 was £0.3m. The directors consider that the results for the full year 2006 reflect both the impact and the benefits from the restructuring and repositioning activity undertaken across the entire business. Whilst the action taken has delivered significant improvements in operating margins, profitability and cost reduction, the benefits have only started to flow through into the financial results during the second half of the year. The Directors are confident that the hard work of 2006 has left the Company in a much stronger position to exploit its core markets and deliver continued improvement in 2007.

As part of their considerations of going concern, the directors have prepared working capital projections for the period to 31 December 2008. These projections assume growth in revenue above historic levels, further cost reductions and additional synergy benefits beyond those already actioned following the extensive restructuring referred to above. The projections, taken together with unaudited management accounts to date, show the Group becoming EBITDA and cash flow positive during 2008.

During the year, the Directors concluded a £2.9 million credit facility with Mentor Marketing & Investment Ltd., replacing the facilities previously provided by Lloyds. The Directors also secured additional funding for the Group through a share placing which raised £762,000, and further improve working capital. Additionally, the Group has a £1.25 million undrawn facility remaining on convertible debt of £7.5 million, which is available to draw down at any time. Since the present facilities are not sufficient to fund the Group's operations for at least the next 12 months, the Directors are in negotiations to grant an option, that would enable a third party to acquire the Games and Gambling division for an amount to be agreed by 31 October 2007.

Consequently, the directors consider that it is appropriate to prepare the accounts on the going concern basis. However, in common with similar businesses at this stage of their development, the directors recognise that there will remain a material uncertainty over the Group's ability to realise future profitability and positive cash flows until the Group has established a track record of profitable trading, cash generation and meeting its working capital projections.

There is, therefore, material uncertainty related to the above events and conditions which may cast significant doubt on the entity's ability to continue as a going concern and it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The statutory accounts for the year ended 31 December 2005 have been delivered to the Registrar of Companies, and those for the year ended 31 December 2006 will be delivered to the Registrar of Companies following the Annual General Meeting.

2. ACCOUNTING POLICIES

These financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Basis of consolidation

The Group financial statements consolidate the financial statements of YooMedia plc and its subsidiary undertakings drawn up to 31 December each year. No profit and loss account is presented for YooMedia plc as permitted by section 230 of the Companies Act 1985.

The subsidiaries have been included within the Group financial statements using the acquisition method of accounting. Accordingly the Group profit and loss account and Group cash flow statement includes the results and cash flows of the subsidiaries from the dates of acquisition up to the year end.

Goodwill

Goodwill arises on the excess of the consideration over the fair value of the identifiable assets acquired. Goodwill is amortised through the profit and loss account over its useful economic life.

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is calculated to write off the cost of fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Computer equipment	33%
Office equipment	33%
Fixtures and fittings	33%
Short-leasehold improvements	20%

Deferred taxation

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

Deferred tax is recognised 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, or a right to pay less, tax in the future have occurred at the balance sheet date, except that deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Turnover

Turnover, which excludes value added tax, comprises revenue from interactive media services and dating services and is recognised as these services are provided or in accordance with the contract. Gaming revenues, where the Company holds a gaming licence, are recognised on a gross basis and winnings are recognised as a cost of sale. All turnover is generated in the United Kingdom.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences on retranslation of assets and liabilities are taken to the profit and loss account in the year in which they arise.

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Research and development expenditure

The Group has capitalised development costs incurred on the production of various interactive media softwares, where Directors are satisfied as to the technical, commercial and financial viability of individual projects. These development costs are included within intangible fixed assets. The capitalisation of development costs is due to a greater certainty of revenues being generated from these assets.

The policy of the Group is to amortise these capitalised development costs over their useful economic lives which is expected to be between one and three years. These costs are expensed through the profit and loss account.

Research costs are expensed to the profit and loss account as incurred.

Convertible debt

Convertible debt is regarded as a compound instrument, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

Financial instruments

The Group's financial instruments comprise cash and liquid resources together with debtors and creditors that arise directly from its operations.

The Group does not enter into derivative or hedging transactions. It has been, throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. The Group places the majority of its cash on interest-bearing, short-term and instant-access deposit. Funds are transferred to and from deposit on a daily basis. The Group's objective is to minimise the risk of loss to the Group by limiting the Group's credit exposure to quality institutions maintaining a very high credit rating. The main risk arising from the Group's financial instruments is interest rate risk. Numerical disclosures relating to this risk are given in note 22 to the financial statements.

The Group's policy in relation to interest rate risk is to monitor short and medium-term interest rates and to place cash on deposit for periods that optimise the amount of interest earned, while maintaining access to sufficient funds to meet day-to-day cash requirements.

Movements in the exchange rates can affect the Group's balance sheet. The magnitude of this risk is not presently significant to the Group and therefore no specific measures are currently undertaken to manage this risk.

Share options issued to employees

The Group is required to recognise as a charge in the profit and loss account, the amount by which the fair market value of any share options issued to employees exceeds their respective exercise prices at the date of grant. These costs are recognised over the vesting period. The charge is notional in that there is no underlying cash flow or other financial liability associated with the charge, nor does it give rise to a reduction in net assets or shareholders' funds. In addition there is no impact on distributable profits.

As a result of the grant of share options under unapproved schemes since 6 April 1999, the Group will be obliged to pay National Insurance contributions on the difference between the market value of the underlying shares and their exercise price when the options are exercised.

The liability is calculated on the difference between the exercise price and the market value at the date the options are exercised. In accordance with UITF 25, a provision is recognised by reference to the market value at each balance sheet date and the charge is recognised over the performance period.

3. SEGMENTAL REPORTING

The Group's turnover and loss on ordinary activities before taxation are derived from the following business segments; games and gambling, interactive and mobile services, and dating services which arose in the United Kingdom.

The turnover and gross profit contribution for each of these business segments is shown below.

	2006 Turnover £ million	*2006 Gross profit £ million*
Games and gambling	50.7	2.3
Interactive and mobile services	9.0	4.7
Dating	2.9	1.4
	62.6	8.4

4. OPERATING LOSS

The operating loss is stated after charging the following:

		2006 £000	*2005 £000*
Depreciation of owned assets		1,178	1,945
Depreciation of assets held under finance lease		98	182
Amortisation of deferred development costs		1,252	675
Restructuring costs		2,988	–
Amortisation of goodwill		2,668	2,323
Write-off of deferred development costs		–	680
Impairment of goodwill		14,512	–
Provision for bad debts		637	–
Employee share option expense		–	1,116
Auditors' remuneration	– audit services	223	208
	– non-audit services	–	49
Operating lease charges		866	784

During the year the Group negotiated a permanent reduction in contractual liabilities relating to bandwidth and transmission costs of £1,745,000, which has been credited to cost of sales.

5. EXCEPTIONAL ITEMS

Exceptional items, within administrative expenses, relate mainly to the significant strategic redirection that the Group undertook during the year evidenced by the number of acquisitions. These items are detailed below:

	2006 £000	*2005 £000*
Recognised in arriving at operating loss:		
Restructuring costs[1]	2,781	–
Redundancy costs[2]	106	437
Exceptional professional fees	101	144
Employee share option charge[3]	–	1,116
Write-off of deferred development costs	–	680
	2,988	2,377

1 Restructuring costs relate to the loss on restructuring of the Company's dating business and the loss on closure of Youplay Limited and MMTV Limited.

2 Redundancy costs include all relevant taxes and other related costs of redundancy.

3 As described in note 2, under Urgent Issue Task Force abstract 17 (UITF 17), the Company is required to recognise as a charge in the profit and loss account, the amount by which the fair market value of any share options issued to employees exceeds their respective exercise prices at the date of grant. The charge is notional in that there is no underlying cash flow or other financial liability associated with the charge, nor does it give rise to a reduction in net assets or shareholders' funds. In addition there is no impact on distributable profits.

6. DIRECTORS' EMOLUMENTS

	2006 *£000*	*2005* *£000*
Aggregate emoluments of executive directors	585	982
Compensation for loss of office	–	173
Pensions and benefits	40	74
Sums paid to non-executive directors	73	70
	698	1,299

Emoluments payable to the highest paid director are as follows:

	2006 *£000*	*2005* *£000*
Aggregate emoluments	234	303
Company contributions to pension scheme and benefits	26	22

7. STAFF COSTS AND EMPLOYEE INFORMATION

	2006 *£000*	*2005* *£000*
Wages and salaries	6,505	8,675
Social security costs	682	774
Other pension costs	137	135
Staff costs	7,324	9,584

The Group operates a defined contribution pension scheme. The outstanding amount of pension contributions accruing at the year end was £7,527 (2005: £1,973).

The average number of persons (including executive directors) employed by the Company during the year was:

By activity	*2006* *Number*	*2006* *Number*
Office and management	37	57
Platform and development	103	117
Sales and marketing	94	100
	234	274

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2006 *£000*	*2005* *£000*
Bank interest receivable	3	50

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2006	*2005*
	£000	*£000*
Interest and finance charges on bank loans and overdrafts	1,179	684
Finance charges payable under finance leases and hire purchase contracts	32	71
Other interest payable	48	20
	1,259	775

Finance charges include all fees directly incurred to facilitate borrowing. These include professional fees paid to accounting practices, bank arrangement fees and fees to secure required guarantees.

10. TAX ON LOSS ON ORDINARY ACTIVITIES

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of tax of 30%. The differences are reconciled below:

	2006	*2005*
	£000	*£000*
Loss on ordinary activities before taxation	(25,476)	(11,177)
Loss on ordinary activities multiplied by 30%	(7,643)	(3,353)
Effect of expenses not deductible for tax purposes	(59)	9
Depreciation in excess of capital allowances	345	638
Losses not recognised	7,357	2,706
Current year tax	–	–

Deferred taxation

Deferred taxation provided in the financial statements is nil (2005: £nil) and the amounts not recognised are as follows:

	2006	*2005*
Group	*£000*	*£000*
Accelerated capital allowances	(2,255)	(1,910)
Other timing differences	(222)	(222)
Losses	(18,630)	(16,180)
	(21,107)	(18,312)

	2006	*2005*
Company	*£000*	*£000*
Accelerated capital allowances	(319)	(302)
Other timing differences	(222)	(222)
Losses	(8,399)	(6,500)
	(8,940)	(7,024)

Deferred tax asset

The deferred tax asset has not been recognised on the grounds that there is insufficient evidence at the balance sheet date that it will be recoverable. The asset would start to become potentially recoverable if, and to the extent that, the Group were to generate taxable income in the future.

11. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the financial statements of the parent company is £31.1m (2005: £5.6m).

12. LOSS PER SHARE

The basic loss per share for 2006 of 4.38p has been calculated by dividing the net loss of £25.5m for the year (2005: £11.2m) by the weighted average number of 581,251,181 shares in issue during the year (2005: 469,655,350). The Company has potentially dilutive ordinary shares being share options issued to staff and shares contracted to be issued.

The diluted loss per share for 2006 of 4.04p has been calculated in accordance with Financial Reporting Standard 22: Earnings per share, using 630,039,629 shares in issue during the year (2005: 480,426,774). The diluted loss per share calculation is without reference to adjustments in respect of certain share options that are considered to be anti-dilutive.

The deferred shares are not included in the earnings per share or diluted earnings per share. These shares have no voting rights and are nonconvertible and therefore do not form part of the ordinary share capital used for the loss per share calculation in accordance with Financial Reporting Standard 22: Earnings per share.

13. INTANGIBLE ASSETS

Group	*Deferred development costs* *£000*	*Goodwill* *£000*	*Total* *£000*
Cost			
At 1 January 2006	3,776	56,316	60,092
Capitalisation of development costs	705	–	705
Disposals	–	(14,841)	(14,841)
At 31 December 2006	4,481	41,475	45,956
Accumulated amortisation			
At 1 January 2006	1,851	12,336	14,187
Provided during the year	1,252	2,668	3,920
Disposals	–	(12,809)	(12,809)
Provision for impairment	–	14,512	14,512
At 31 December 2006	3,103	16,707	19,810
Net book value			
At 31 December 2006	1,378	24,768	26,146
At 31 December 2005	1,925	43,980	45,905

Included in the provision for impairment recognised in 2006 is £4,962,000 which relates to activities which were disposed of in the year.

In accordance with FRS11 'Impairment of Fixed Assets and Goodwill' the carrying values of goodwill on acquisition have been compared to their recoverable amounts represented by their value to the Group. The value to the Group has been derived from discounted cash flow projections using a nominal discount rate of 7.2% on a pre-tax basis (2005: 9.7%).

Company	*Deferred development costs* *£000*	*Goodwill* *£000*	*Total* *£000*
Cost			
At 1 January 2006	55	174	229
Capitalisation of development costs	501	–	501
At 31 December 2006	556	174	730
Accumulated amortisation			
At 1 January 2006	29	94	123
Provided during the year	408	23	431
At 31 December 2006	437	117	554
Net book value			
At 31 December 2006	119	57	176
At 31 December 2005	26	80	106

14. TANGIBLE FIXED ASSETS

Group	*Short-leasehold improvements* *£000*	*Computer equipment* *£000*	*Office equipment* *£000*	*Fixtures and fittings* *£000*	*Total* *£000*
Cost					
At 1 January 2006	798	1,267	3,465	1,344	6,874
Additions	3	655	–	6	664
Disposals	–	–	(394)	–	(394)
At 31 December 2006	801	1,922	3,071	1,350	7,144
Depreciation					
At 1 January 2006	113	1,260	1,689	1,075	4,137
Provided during the year	79	539	387	271	1,276
Disposals	–	–	(392)	–	(392)
At 31 December 2006	192	1,799	1,684	1,346	5,021
Net book value					
At 31 December 2006	609	123	1,387	4	2,123
At 31 December 2005	685	7	1,776	269	2,737

Included in the net book value of tangible fixed assets are amounts of £708,366 (2005: £708,366) held under finance lease and hire purchase contracts. Depreciation of £150,621 (2005: £182,219) has been charged on these assets.

Company	*Short-leasehold improvements* *£000*	*Computer equipment* *£000*	*Office equipment* *£000*	*Fixtures and fittings* *£000*	*Total* *£000*
Cost					
At 1 January 2006	35	701	628	529	1,893
Additions	3	–	–	–	3
Disposals	–	–	(293)	–	(293)
At 31 December 2006	38	701	335	529	1,604
Depreciation					
At 1 January 2006	22	698	577	510	1,807
Provided during the year	10	2	38	15	65
Disposals	–	–	(292)	–	(292)
At 31 December 2006	32	700	323	525	1,580
Net book value					
At 31 December 2006	6	1	12	4	24
At 31 December 2005	13	3	51	19	86

15. INVESTMENTS

Group	*£000*
Investment:	
Cost or valuation	
At 1 January 2006	13
Additions	5
At 31 December 2006	18
Amounts provided	
At 1 January 2006	–
During the year	–
At 31 December 2006	–
Net book value	
At 31 December 2006	18
At 31 December 2005	13

Company	*£000*
Investment:	
Cost or valuation	
At 1 January 2006	42,692
Additions	–
Disposals*	(3,987)
At 31 December 2006	38,705
Amounts provided	
At 1 January 2006	11,495
Provided during the year**	1,461
Disposals during the year*	(3,902)
At 31 December 2006	9,054
Net book value	
At 31 December 2006	29,651
At 31 December 2005	31,197

*Go-play Limited placed in administration

**Impairment of Via Vision Limited due to the closure of the Coleman Street Studios

15. INVESTMENTS continued

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	*Holding*	*Proportion of voting rights and shares Held*	*Nature of business*
MieTV Limited	Ordinary shares	100%	Interactive TV services
Fancy a Flutter Limited	Ordinary shares	100%	Interactive TV services
Finlaw528 Limited	Ordinary shares	100%	Dating services
YooMedia Dating Limited	Ordinary shares	100%	Dating services
Dateline Limited	Ordinary shares	100%	Dating services
Simply Love Limited	Ordinary shares	100%	Dating services
Whoosh Group Limited	Ordinary shares	100%	Mobile telephone technology provider
Digital Interactive Television Group Limited	Ordinary shares	100%	Interactive TV services
Digital Interactive Studio Centre Limited	Ordinary shares	100%	Interactive TV services
Digital Television Production Company Limited	Ordinary shares	100%	Interactive TV services
Digital Impact (UK) Limited	Ordinary shares	100%	Interactive TV services
Go Interactive TV Limited	Ordinary shares	100%	Interactive TV services
Digital Interactive Broadband Services Limited	Ordinary shares	100%	Interactive TV services
Interactive Television Infrastructure Limited	Ordinary shares	100%	Interactive TV services
The Gaming Channel Limited	Ordinary shares	100%	Interactive TV services
The Gaming Channel Bookmakers Limited	Ordinary shares	100%	Interactive TV services
Via Vision	Ordinary shares	100%	Interactive TV services
Cheltrading 418 Limited	Ordinary shares	100%	Dormant
YooMedia Mobile Limited	Ordinary shares	100%	Dormant
HoneyCone Limited	Ordinary shares	50%	Mobile telephone technology provider
Broadband TV Limited	Ordinary shares	50%	Broadband TV services

16. DEBTORS

Group	*2006 £000*	*2005 £000*
Trade debtors	1,867	3,196
Other debtors	1,198	488
Prepayments and accrued income	3,166	3,534
Taxation and social security	–	416
	6,231	7,634

Other debtors includes £190,065 (2005: £190,065) relates to rent deposits which are recoverable in more than one year.

Company	*2006 £000*	*2005 £000*
Trade debtors	75	106
Amounts owed by group undertakings	–	18,896
Accrued income	2,173	2,350
Other debtors	360	112
Prepayments	210	197
	2,818	21,661

Other debtors includes £52,022 (2005: £52,022) relates to rent deposits which are recoverable in more than one year.

17. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

Group	2006 £000	2005 £000
Trade creditors	4,512	7,759
Other creditors	2,044	774
Taxation and social security	1,426	361
Accruals	1,286	2,534
Obligations under finance leases and hire purchase contracts	268	160
Bank loans and overdraft	–	3,488
	9,536	15,076

Company	2006 £000	2005 £000
Trade creditors	1,010	1,845
Accruals	579	192
Other taxation and social security	370	71
Other creditors	142	1,708
	2,101	3,816

18. CREDITORS – AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

Group	2006 £000	2005 £000
Convertible debt	4,773	–
Other loan	664	–
Obligations under finance leases and hire purchase contracts	241	466
Bank loans and overdrafts	–	1,000
Other creditors	–	350
	5,678	1,816

The other loan relates to an on demand credit facility granted to the Group by Mentor. This attracts interest at a rate of interest of base plus 5%.

Company	2006 £000	2005 £000
Convertible debt	4,773	–
Other loans	664	–
Obligations under finance leases and hire purchase contracts	–	5
Other creditors	–	350
	5,437	355

Convertible loan debt

Convertible loan debt has been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Group, as follows:

Group & Company	2006 £000	2005 £000
Nominal value of convertible loan debt	5,077	–
Equity component of convertible debt	(304)	–
	4,773	–

18. CREDITORS – AMOUNTS FALLING DUE IN MORE THAN ONE YEAR continued

Group & Company	*£000*
Liability component at date of issue	6,000
Interest charged	177
Interest paid	–
Conversions during the year	(1,100)
Liability component at 31 December 2006	5,077

The interest charged for the year is calculated by applying an effective interest rate of 5 per cent. to the liability component.

The convertible loans can be converted into ordinary shares in the Company any time until May 2008 subject to a maximum conversion rate of £1,000,000 a week.

Borrowings are repayable as follows:

	Group		*Company*	
	2006	*2005*	*2006*	*2005*
	£000	*£000*	*£000*	*£000*
Convertible debt				
Between one and two years	4,773	–	4,773	–
	4,773	–	4,773	–
Bank loans				
On demand or within one year	–	2,488	–	–
Between one and two years	–	1,000	–	–
	–	3,488	–	–
Other loans				
On demand or within one year	664	–	664	–
	664	–	664	–
Other creditors				
Between one and two years	–	350	–	350
	–	350	–	350
Finance leases				
On demand or within one year	268	160	–	–
Between one and two years	241	446	–	5
	509	626	–	5
Total borrowings including finance leases				
On demand or within one year	268	3,648	664	–
Between one year and two years	5,678	1,816	4,773	355
	5,946	5,464	5,437	355

19. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

Amounts due under finance leases and hire purchase contracts:

	2006	*2005*
Group	*£000*	*£000*
Amounts payable:		
Within one year	268	160
In two to five years	241	466
	509	626

20. PROVISIONS FOR LIABILITIES

Group

	Employers' National Insurance on share options	*Provision for restructuring*	*Other*	*Total*
	£000	*£000*	*£000*	*£000*
At 1 January 2006	1,137	519	178	1,834
Charged during the year	–	–	12	12
Released during the year	–	(519)	(117)	(636)
At 31 December 2006	1,137	–	73	1,210

Company

	Employers' National Insurance on share options	*Provision for dilapidations*	*Other*	*Total*
	£	*£*	*£*	*£*
At 1 January 2006	1,137	79	147	1,363
Charged during the year	–	11	–	11
Released during the year	–	(17)	(147)	(164)
At 31 December 2006	1,137	73	–	1,210

Employers' National Insurance on share options

On exercise of share options issued after 5 April 1999, under an unapproved executive option scheme, the Company is required to pay National Insurance on the difference between the exercise price and the market value at the exercise date of the shares issued. The Company will become unconditionally liable to pay the National Insurance upon exercise of the options, which are exercisable over a period of 10 years from date of grant. The Company therefore makes a provision following the grant of options as opposed to on vesting or on exercise. The amount of National Insurance payable will depend on the number of employees who remain with the Company and exercise their options, the market price of the Company's ordinary shares at the time of exercise, and the prevailing National Insurance rate at that time.

Provision for dilapidations

The provision relates to the cost of returning the premises at Great Portland Street to their original state. These costs are expected to be incurred upon exit from the building. Under the terms of the lease the earliest that the Group can leave these premises is September 2008.

21. DEFERRED INCOME

	2006	*2005*
	£000	*£000*
Group		
Deferred income	2,271	881
Company		
Deferred income	2,191	–

22. FINANCIAL INSTRUMENTS

Details of the Company's objectives with respect to financial instruments are given in note 2 to the financial statements. The numerical disclosures in this note deal with the financial assets and liabilities defined in FRS 13 as financial instruments.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from the disclosures. In the opinion of the directors, they contain no material financial risks for the Company.

Interest rate risk profile of financial assets

	2006			*2005*		
	Floating rate	*Fixed rate*	*Total*	*Floating rate*	*Fixed rate*	*Total*
	£	*£*	*£*	*£*	*£*	*£*
	–	–	–	307	–	307
	–	–	–	307	–	307
Of which:						
Cash at bank and in hand	–	–	–	117	–	117
Other debtors (rent deposit)	190	–	190	190	–	190
	190	–	190	307	–	307

Floating rate cash and rent deposits earn interest at prevailing bank rates.

The fixed rate short-term deposits in sterling are placed with banks for periods of up to two weeks.

Floating rate short-term deposits earn interest at 10 basis points below the prevailing bank rate. The Group had no undrawn committed facilities available at 31 December 2006 (2005: £nil)

Interest rate risk profile of financial liabilities

	2006			*2005*		
	Floating rate	*Fixed rate*	*Total*	*Floating rate*	*Fixed rate*	*Total*
	£	*£*	*£*	*£*	*£*	*£*
	–	(5,946)	(5,946)	(3,488)	(626)	(4,114)
Of which:						
Bank loans and convertible debt	–	(5,437)	(5,437)	(3,488)	–	(3,488)
Finance leases and hire purchase contracts	–	(509)	(509)	–	(626)	(626)
	–	(5,946)	(5,946)	(3,488)	(626)	(4,114)

The floating rate financial liabilities comprise sterling denominated bank loans and overdrafts that bear interest at rates based on prevailing bank rates.

Currency exposures

The directors are of the opinion that there is negligible exchange rate risk.

Maturity of financial liabilities

For the maturity profile of the groups financial liabilities at 31 December 2006, refer to table in note 18.

Undrawn committed borrowing facilities

The group has undrawn committed facilities of £1.5 million available at 31 December 2006 (2005: £nil).

Fair value

The directors consider that the fair values of the financial instruments of YooMedia plc are not significantly different from their book value.

23. SHARE CAPITAL

	2006 No.	*2006 £000*	*2005 No.*	*2005 £000*
Authorised				
Ordinary shares of 1p each	1,200,000,000	12,000	900,000,000	9,000
Deferred shares of 1p each	900,000,000	9,000	900,000,000	9,000
	2,100,000,000	21,000	1,800,000,000	18,000
Allotted, called up and fully paid				
Ordinary shares of 1p each	696,964,276	6,970	515,123,615	5,152
Deferred shares of 1p each	690,822,639	6,908	690,822,639	6,908
	1,387,786,915	13,878	1,205,946,254	12,060

Shares

During the year the following share issues took place:

Date of Notice	*Description*	*Funds Raised £000*	*Shares Issued No.*	*Nominal Value £000*	*Share Premium £000*
February 2006	Dating MI acquisition	1,250	19,230,770	192	1,058
February 2006	Dating redundancy	220	3,376,924	34	186
May 2006	Placing	1,300	30,588,235	306	994
September 2006	Placing	700	35,000,000	350	350
			88,195,929	882	2,588

Share options exercised

During the year, a total of 787,783 share options were exercised at a price of £0.01 per share. The average market price on the dates of exercise was £0.02 per share.

Debt conversion

During the year the following conversion of convertible loans took place:

Date of Notice	*Debt Converted £000*	*Shares Issued No.*	*Exercise Price £*	*Nominal Value £000*	*Share premium £000*
14/07/2006	120	5,309,734	0.023	53	67
14/07/2006	120	5,309,734	0.023	53	67
21/07/2006	120	5,668,665	0.021	57	63
31/07/2006	120	6,013,990	0.020	60	60
24/08/2006	40	2,453,987	0.016	25	16
08/09/2006	120	7,475,293	0.016	75	45
11/09/2006	120	7,588,448	0.016	76	44
27/09/2006	60	3,571,428	0.017	36	24
27/09/2006	60	3,571,428	0.017	36	24
01/12/2006	100	10,000,000	0.01000	100	–
12/12/2006	120	10,894,235	0.01102	109	11
Total		67,856,942		680	421

23. SHARE CAPITAL continued

During the year Leo Noe lent the Company £500,000, this was repaid by the Company through the issue of ordinary shares as follows:

Date of Notice	*Debt Converted £000*	*Shares Issued No.*	*Exercise Price £*	*Nominal Value £000*	*Share premium £000*
05/09/2006	290	14,478,417	0.02	145	145
03/10/2006	210	10,521,600	0.02	105	105
		25,000,017		250	250

Shares to be issued

This relates to deferred consideration in respect of the acquisition of Via Vision Limited, and is not payable until the completion balance sheet has been agreed. A total of 1,700,000 shares are contracted to be issued as deferred consideration for the purchase of Via Vision Limited. These have been shown as part of shareholders funds in "shares to be issued".

	Number of shares	*Value per share*	*Total £000*
Via Vision Limited	1,700,000	16.5p	281

24. RESERVES

Group	*Capital redemption reserve £000*	*Equity component of convertible debt £000*	*Share premium account £000*	*Profit and loss account £000*
At 1 January 2006	455	–	75,521	(51,875)
Loss for the financial year	–	–	–	(25,476)
Arising on debt issue	–	304	–	–
Arising on share issue	–	–	3,259	–
Share issue costs	–	–	(25)	–
At 31 December 2006	455	304	78,755	(77,351)

Company	*Capital redemption reserve £000*	*Equity component of convertible debt £000*	*Share premium account £000*	*Profit and loss account £000*
At 1 January 2006	455	–	75,521	(40,801)
Loss for the financial year	–	–	–	(31,132)
Arising on debt issue	–	304	–	–
Arising on share issue	–	–	3,259	–
Share issue costs	–	–	(25)	–
At 31 December 2006	455	304	78,755	(71,933)

25. SHARE OPTIONS

The Company has approved and unapproved share option schemes. The unapproved executive option schemes relates to options granted to certain directors and senior management. The approved share option schemes are Inland Revenue-approved schemes available to eligible directors and employees. The total number of options outstanding over ordinary shares of 1p each that had been granted at 31 December 2006 and had not lapsed since were as follows:

Number of shares	*Exercise price*	*Grant date*	*Date from which exercisable*	*Expiry date*
1,043,400	10p	28 January 2000	1 April 2001	28 January 2010
48,778	68p	20 June 2000	20 June 2003	20 June 2010
1,000,000	10p	5 April 2002	5 April 2002	5 April 2012
3,000,000	10p	5 April 2002	5 April 2003	5 April 2012
240,002	13.5p	April 2002	April 2003	April 2012
1,400,000	1.225p	29 May 2003	29 November 2003	29 May 2013
1,000,000	31.2p	10 October 2003	10 April 2005	10 October 2013
1,680,000	48.75p	15 January 2005	16 July 2005	15 January 2014
14,500,000	15p	21 December 2005	23 June 2006	21 December 2015
372,458	1p	21 December 2005	23 June 2006	21 December 2015

During the year, a total of 787,783 share options were exercised at a price of £0.01 per share.

Options over 95,530 ordinary shares of 1p at an exercise price of 1p each lapsed during the year as a result of employees leaving the Company.

Options over 500,000 ordinary shares of 1p at an exercise price of 1.225p each lapsed during the year as a result of employees leaving the Company.

Options over 83,330 ordinary shares of 1p at an exercise price of 13.5p each lapsed during the year as a result of employees leaving the Company.

Options over 1,500,000 ordinary shares of 1p at an exercise price of 15p each lapsed during the year as a result of employees leaving the Company.

Options over 500,000 ordinary shares of 1p at an exercise price of 25p each lapsed during the year as a result of employees leaving the Company.

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	*2006 £000*	*2005 £000*
Loss for the year	(25,476)	(11,154)
New shares issued	5,052	7,150
Equity component of convertible debt	304	–
Shares to be issued	–	281
Shares to be issued in prior year issued in current year	–	(3,047)
Net reduction in shareholders' funds	(20,120)	(6,770)
Opening shareholders' funds	36,442	43,212
Closing shareholders' funds	16,322	36,442

Company	*2006 £000*	*2005 £000*
Loss for the year	(31,132)	(5,689)
New shares issued	5,052	7,150
Equity component of convertible debt	304	–
Shares to be issued	–	281
Shares to be issued in prior year issued in current year	–	(3,047)
Net reduction in shareholders' funds	(25,776)	(1,305)
Opening shareholders' funds	47,516	48,820
Closing shareholders' funds	21,740	47,515

27. FINANCIAL COMMITMENTS

At 31 December 2006 the Company had annual commitments under non-cancellable operating leases expiring as follows:

	Buildings	
	2006	*2005*
Group	*£000*	*£000*
Within two to five years	500	237
Company		
Within two to five years	500	237

Leases of buildings are subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs

28. NET CASH OUTFLOW FROM OPERATING ACTIVITIES

Reconciliation of operating loss to net cash outflow from operating activities:

	2006	*2005*
Continuing operations	*£000*	*£000*
Loss before tax	(25,476)	(11,154)
Interest payments	1,249	725
Minority interest	–	(23)
Depreciation charge	1,276	2,127
Amortisation and impairment of goodwill	17,180	2,323
Amortisation and impairment of deferred development costs	1,252	1,355
Loss on restructuring	2,988	–
Provision for National Insurance on share options	–	1,116
Movement in other provisions & Forex	(624)	(1,307)
Decrease in other non-current Assets	(5)	(13)
Decrease/(increase) in debtors	1,403	(1,617)
Increase/(decrease) in creditors	(928)	(1,340)
Increase/(decrease) in deferred income	1,391	(526)
Net cash outflow from continuing operations	(294)	(8,334)

29. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2006	*2005*
	£000	*£000*
Increase/(decrease) in cash in the year	3,510	(3,346)
Decrease in short-term deposits with banks	–	(6,417)
Loans and finance leases acquired with subsidiary undertakings	–	(650)
Repayment of capital element on finance leases	117	371
Convertible loans	(6,000)	–
Repayment of loans	1,000	–
Equity component of convertible debt	304	–
Convertible debt conversions	1,110	–
Capitalisation of interest on convertible	(187)	–
Movement in net funds in the year	(146)	(10,042)
Net funds at beginning of the year	(4,997)	5,045
Net debt at end of the year	(5,143)	(4,997)

30. ANALYSIS OF NET FUNDS

		Cash flow			*Non cash items*		
	At 1 Jan 2006	*Conversions*		*Equity components of convertible debt*	*Finance leases*	*Interest*	*At 31 Dec 2006*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Cash at bank and in hand	117	22	–	–	–	–	139
Overdrafts	(3,488)	3,488	–	–	–	–	–
Cash	(3,371)	3,510	–	–	–	–	139
Liquid resources	–	–	–	–	–	–	–
Net cash and cash equivalents	(3,371)	3,510	–	–	–	–	139
Debt due within one year							
Finance leases	(160)	117	–	–	(225)	–	(268)
Debt due after one year							
Loans	(1,000)	1,000	–	–	–	–	–
Convertible loans	–	(6,000)	1,110	304	–	(187)	(4,773)
Finance leases	(466)	–	–	–	225	–	(241)
Total	(4,997)	(1,373)	1,110	304	–	(187)	(5,143)

The cash and cash equivalents balance as reported at 31 December 2006 comprise the net cash and cash equivalents reported above of £138,904. There were no overdrafts in any Group companies at the 31 December 2006.

31. LITIGATION

The company is current undergoing litigation with Towergate Capital in respect of a dispute arising from the raising of the convertible debt in the year. The company has fully provided for this liability.

32. POST BALANCE SHEET EVENTS

On 24 January 2007, YooMedia plc launched a new free, fully functioning online dating service – letsdateforfree.com. This launch been prompted by the growth in popularity of social networking sites such as MySpace and Facebook, which means that many basic online dating services will now have to be provided without charge. The site will derive its revenue instead from advertising.

The Company is currently in negotiations to grant an option to a third party which would enable the option holder to acquire the Group's Games and Gambling division. The ultimate consideration to be paid for the Games and Gambling division under the terms of the option has yet to be determined.

PART III

Financial information on YooMedia

Section B – Audited Financial Information on the Company for the Years Ended 31 December 2004 and 2003

The following financial information does not constitute statutory accounts within the meaning of section 240 of the Act and has been extracted from YooMedia's annual report and audited accounts for the year ended 31 December 2004 and without any material changes. Copies of the audited accounts for the year ended 31 December 2004 have been filed with the Registrar of Companies in England and Wales and have been audited without qualification by the Company's auditors.

Group Profit and Loss Account

for the year ended 31 December 2004

	Notes	*Ongoing 2004 £*	*Acquisitions 2004 £*	*Total £*	*2003 £*
Turnover	2	865,049	20,402,429	21,267,478	743,150
Cost of sales		(1,199,399)	(20,320,398)	(21,519,797)	(1,393,701)
Gross (loss)/profit		(334,350)	82,031	(252,319)	(650,551)
Administrative expenses before exceptional items and impairment of goodwill		(5,688,086)	(3,559,535)	(9,247,621)	(4,708,327)
Exceptional items	5	(2,347,532)	(3,512,899)	(5,860,431)	–
Impairment of goodwill	5	(450,045)	(8,234,303)	(8,684,348)	–
Administrative expenses		(8,485,663)	(15,306,737)	(23,792,400)	(4,708,327)
Operating loss	4	(8,820,013)	(15,224,706)	(24,044,719)	(5,358,878)
Interest receivable and similar income	8			108,665	40,709
Interest payable and similar charges	9			(81,232)	(59,923)
Loss on ordinary activities before taxation				(24,017,286)	(5,378,092)
Tax recoverable on ordinary activities	10			27,264	528,785
Loss on ordinary activities after taxation				(23,990,022)	(4,849,307)
Equity minority interests				198,957	227,445
Loss for the financial year	21			(23,791,065)	(4,621,862)
Loss per share					
– basic and diluted	12			(15.14p)	(5.56p)

The above results are derived entirely from continuing operations.

There is no difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents.

Financial Information on YooMedia for the Years Ended 31 December 2004 and 2003

Group Statement of Total Recognised Gains and Losses

for the year ended 31 December 2004

	Notes	*2004* £	*2003* £
Loss for the year		(23,791,065)	(4,621,862)
Gain on deemed disposal of share in subsidiary undertaking	15	507,268	–
Total losses recognised		(23,283,797)	(4,621,862)

Financial Information on YooMedia for the Years Ended 31 December 2004 and 2003

Group Balance Sheet

as at 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Intangible assets	13	46,036,348	246,056
Tangible assets	14	3,044,029	336,136
		49,080,377	582,192
Current assets			
Debtors	16	6,015,898	700,905
Cash and cash equivalents	29	7,770,287	1,720,349
		13,786,185	2,421,254
Creditors – amounts falling due within one year	17	(14,421,579)	(1,010,616)
Net current (liabilities)/assets		(635,394)	1,410,638
Total assets less current liabilities		48,444,983	1,992,830
Creditors – amounts falling due greater than one year	18	(1,421,126)	–
Provisions for liabilities and charges	20	(2,025,123)	(154,546)
Deferred income		(1,407,029)	–
Equity minority interests		(379,976)	76,301
Net assets		43,211,729	1,914,585
Capital and reserves			
Called up share capital	22	11,418,970	8,035,007
Share premium account	23	69,011,512	11,440,701
Shares to be issued	22	3,047,000	–
Capital redemption reserve	23	455,331	455,331
Profit and loss account	23	(40,721,084)	(18,016,454)
Equity shareholders' funds	25	43,211,729	1,914,585

Michael Sinclair	**Neil MacDonald**
Chairman	Group Managing Director
4 April 2005	4 April 2005

Financial Information on YooMedia for the Years Ended 31 December 2004 and 2003

Company Balance Sheet

as at 31 December 2004

	Notes	*2004* £	*2003* £
Fixed assets			
Intangible assets	13	129,385	–
Tangible assets	14	213,505	334,170
Investments	15	32,147,275	219,180
		32,490,165	553,350
Current assets			
Debtors	16	11,568,983	925,951
Cash and cash equivalents	29	6,701,797	1,701,538
		18,270,780	2,627,489
Creditors – amounts falling due within one year	17	(1,433,412)	(910,148)
Net current assets		16,837,368	1,717,341
Total assets less current liabilities		49,327,533	2,270,691
Creditors – amounts falling due greater than one year	18	(350,000)	–
Provisions for liabilities and charges	20	(157,085)	(154,546)
Net assets		48,820,448	2,116,145
Capital and reserves			
Called up share capital	22	11,418,970	8,035,007
Share premium account	23	69,011,512	11,440,701
Shares to be issued	22	3,047,000	–
Capital redemption reserve	23	455,331	455,331
Profit and loss account	23	(35,112,365)	(17,814,894)
Equity shareholders' funds		48,820,448	2,116,145

Michael Sinclair
Chairman

4 April 2005

Neil MacDonald
Group Managing Director

4 April 2005

Financial Information on YooMedia for the Years Ended 31 December 2004 and 2003

Group Cash Flow Statement

for the year ended 31 December 2004

	Notes	*2004* £	*2003* £
Net cash outflow from operating activities	27	(10,902,176)	(5,608,981)
Returns on investments and servicing of finance			
Interest received		108,665	35,697
Interest paid		(63,542)	(59,923)
Interest element of finance lease rental payments		(17,689)	–
Net cash inflow/(outflow) from returns on investments and servicing of finance		27,434	(24,226)
Taxation		–	528,785
Capital expenditure and financial investment			
Payments to acquire intangible assets		(791,901)	–
Payments to acquire tangible fixed assets		(383,764)	(133,576)
Net cash outflow from capital expenditure and financial investment		(1,175,665)	(133,576)
Acquisitions and disposals			
Purchase of subsidiary undertakings		(6,656,431)	(44,180)
Purchase of trade and assets of a business		(627,118)	–
Net cash received with subsidiary undertakings		641,124	6,109
Net cash outflow from acquisitions and disposals		(6,642,425)	(38,071)
Net cash outflow before management of liquid resources and financing		(18,692,832)	(5,276,069)
Management of liquid resources			
(Increase) in short-term deposits with banks	28	(4,896,404)	(1,521,018)
Financing			
Issue of ordinary share capital		32,027,461	2,766,730
Costs associated with issue of share capital		(1,682,564)	–
Issue of convertible loan notes		–	2,000,000
Repayment of loans		(6,920,766)	–
Repayment of capital element of finance leases and hire purchase contracts		(59,663)	–
Net cash inflow from financing		23,364,468	4,766,730
(Decrease) in cash in the year	28	(224,768)	(2,030,357)

Financial Information on YooMedia for the Years Ended 31 December 2004 and 2003

Notes to the financial statements

for the year ended 31 December 2004

1. GOING CONCERN

During the year ended 31 December 2004, the Group recorded a loss of £23.8 million and at 31 December 2004, the Group had net current liabilities of £0.6 million. Net cash outflow from operating activities in 2004 was £10.9 million. The Directors consider that the acquisition of DITG and TGC in December 2004 was a significant milestone for the Group. The acquisition has enabled management to realise significant synergies and cost savings in the combined Group and, as a result, based on the Group's working capital projections, the directors consider that the Group will become profitable and cash flow positive during 2005. The Group's working capital projections assume revenue growth from its existing services.

In the light of existing facilities available to the Group, the directors consider there will be sufficient resources available to enable the Group to achieve the profitability and positive cash flow necessary for the Group to continue as a going concern. Consequently, the directors consider that it is appropriate to prepare the accounts on the going concern basis. However, in common with similar businesses at this stage of their development, the directors recognise that there will remain a fundamental uncertainty over the Group's ability to realise future profitability and positive cash flows until the Group has established a track record of profitable trading, cash generation and meeting its working capital projections.

The financial statements do not reflect any adjustments that would be required if the Group were unable to achieve profitability and positive cash flow with its current resources, or if further available sources of finance were insufficient to fund the Group through to profitability and positive cash flow, such that the going concern basis of preparation ceased to be appropriate.

2. ACCOUNTING POLICIES

These financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Basis of consolidation

The Group financial statements consolidate the financial statements of YooMedia plc and its subsidiary undertakings drawn up to 31 December each year. No profit and loss account is presented for YooMedia plc as permitted by section 230 of the Companies Act 1985.

The subsidiaries have been included within the Group financial statements using the acquisition method of accounting. Accordingly the Group profit and loss account and Group cash flow statement includes the results and cash flows of the subsidiaries from the dates of acquisition up to 31 December 2004.

The Directors consider that effective control was gained over the Digital Interactive Television Group and The Gaming Channel Group on 26 November 2004 and therefore the Group profit and loss account and Group cash flow statement include the results and cash flows from this point rather than the legal date of acquisition of 20 December 2004.

Goodwill

Goodwill arises on the excess of the consideration over the fair value of the identifiable assets acquired. Goodwill is amortised through the profit and loss account over its useful economic life.

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation

Depreciation is calculated so as to write off the cost of fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Computer equipment	33%
Office equipment	33%
Fixtures and fittings	33%
Short-leasehold improvements	20%

2. ACCOUNTING POLICIES continued

Deferred taxation

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

Deferred tax is recognised 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, or a right to pay less, tax in the future have occurred at the balance sheet date, except that deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Turnover

Turnover, which excludes value added tax, comprises revenue from interactive media services and dating services and is recognised as these services are provided. Gaming revenues, where the Company holds a gaming licence, are recognised on a gross basis and winnings are recognised as a cost of sale. All turnover is generated in the United Kingdom.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences on retranslation of assets and liabilities are taken to the profit and loss account in the year in which they arise.

Operating leases

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

Research and development expenditure

The Group has capitalised internal development incurred on the production of various interactive media services. These development costs are included within Intangible Fixed Assets. Previously, the Group wrote off all development expenditure as incurred. The capitalisation of development costs is due to a greater certainty of revenues being generated from these assets.

The policy of the Group is to amortise these capitalised development costs over their useful economic lives which is expected to be between two and three years. These costs are expensed through the profit and loss account.

Research costs are expensed to the profit and loss account as incurred.

Financial instruments

The Group's financial instruments comprise cash and liquid resources together with debtors and creditors that arise directly from its operations.

The Group does not enter into derivative or hedging transactions. It has been, throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. The Group places the majority of its cash on interest-bearing, short-term and instant-access deposit. Funds are transferred to and from deposit on a daily basis. The Group's objective is to minimise the risk of loss to the Group by limiting the Group's credit exposure to quality institutions maintaining a very high credit rating. The main risk arising from the Group's financial instruments is interest rate risk. Numerical disclosures relating to this risk are given in note 21 to the financial statements.

The Group's policy in relation to interest rate risk is to monitor short and medium-term interest rates and to place cash on deposit for periods that optimise the amount of interest earned, while maintaining access to sufficient funds to meet day-to-day cash requirements.

2. ACCOUNTING POLICIES continued

Movements in the exchange rates can affect the Group's balance sheet. The magnitude of this risk is not presently significant to the Group and therefore no specific measures are currently undertaken to manage this risk.

Share options issued to employees

Under Urgent Issue Task Force abstract 17 (UITF 17), the Group is required to recognise as a charge in the profit and loss account, the amount by which the fair market value of any share options issued to employees exceeds their respective exercise prices at the date of grant. These costs are recognised over the vesting period. The charge is notional in that there is no underlying cash flow or other financial liability associated with the charge, nor does it give rise to a reduction in net assets or shareholders' funds. In addition there is no impact on distributable profits.

As a result of the grant of share options under unapproved schemes since 6 April 1999, the Group will be obliged to pay National Insurance contributions on the difference between the market value of the underlying shares and their exercise price when the options are exercised.

The liability is calculated on the difference between the exercise price and the market value at the date the options are exercised. In accordance with UITF 25, a provision is recognised by reference to the market value at each balance sheet date and the charge is recognised over the performance period.

3. SEGMENTAL REPORTING

The Group's turnover and loss on ordinary activities before taxation are derived from the provision of games, messaging services, gaming services, mobile services, mobile ring tones, dating products and development services for interactive TV, which arose in the United Kingdom.

The directors have taken advantage of the exemptions conferred under paragraph 55(5) of Schedule 4 to the Companies Act 1985 and the exemption in SSAP 25 under paragraphs 6 and 43, not to disclose the information required under SSAP 25 on the grounds that it would be seriously prejudicial to the interests of the reporting entity.

4. OPERATING LOSS

The operating loss is stated after charging the following:

		Year ended 31 December 2004	*Year ended 31 December 2003*
		£	*£*
Depreciation of owned assets		527,877	350,874
Depreciation of assets held under finance lease		40,041	–
Amortisation of deferred development costs		159,962	–
Write-off of deferred development costs		336,285	–
Amortisation of goodwill		1,236,574	4,620
Impairment of goodwill		8,684,348	–
UITF 17 charge		579,167	–
Auditors' remuneration	– audit services		
	– to Ernst & Young LLP	145,721	53,009
	– non-audit services		
Auditors' remuneration	– to Ernst & Young LLP	36,200	39,000
Operating lease charges	– other	415,400	270,700

Additionally, fees of £326,000 payable to the Group's auditors, Ernst & Young LLP, were incurred in connection with acquisitions and share issues during the year, and included within acquisition costs and share issue costs.

5. EXCEPTIONAL ITEMS

Exceptional items, within administrative expenses, relate mainly to the significant strategic redirection that the Group undertook during the year evidenced by the number of acquisitions. These items are detailed below:

	Year ended 31 December 2004 £	*Year ended 31 December 2003 £*
Recognised in arriving at operating loss:		
Redundancy costs[1]	1,242,798	–
Provision for losses on onerous contracts	1,638,373	–
Write-down of assets related to onerous contracts	713,000	–
Exceptional bonus payments[2]	1,096,873	–
Exceptional professional fees	253,935	–
UITF 17 charge[3]	579,167	–
Write-off of deferred development costs	336,285	–
	5,860,431	–

1 Including all relevant taxes and other related costs of redundancy.

2 Including all relevant taxes.

3 As described in note 2, under Urgent Issue Task Force abstract 17 (UITF 17), the Company is required to recognise as a charge in the profit and loss account, the amount by which the fair market value of any share options issued to employees exceeds their respective exercise prices at the date of grant. The charge is notional in that there is no underlying cash flow or other financial liability associated with the charge, nor does it give rise to a reduction in net assets or shareholders' funds. In addition there is no impact on distributable profits.

A goodwill impairment provision of £8,684,348 was also charged in the year. This is in accordance with Financial Reporting Standard 11: Impairment of fixed assets and goodwill. The impairment has been made following the historical losses and loss during the period of a number of the subsidiary undertakings.

6. DIRECTORS' EMOLUMENTS

	Year ended 31 December 2004 £	*Year ended 31 December 2003 £*
Aggregate emoluments of executive directors	1,213,912	421,875
Compensation for loss of office	134,142	–
Pensions	55,217	24,198
Sums paid to non-executive directors	60,443	57,916

Emoluments payable to the highest paid director are as follows:

	Year ended 31 December 2004 £	*Year ended 31 December 2003 £*
Aggregate emoluments	303,544	119,154
Company contributions to pension scheme	13,125	8,125

7. STAFF COSTS AND EMPLOYEE INFORMATION

	Year ended 31 December 2004 £	*Year ended 31 December 2003 £*
Wages and salaries	5,108,561	2,086,257
Social security costs	471,349	368,690
Other pension costs	169,378	45,060
Staff costs	5,749,288	2,500,007

The Group operates a defined contribution pension scheme. The outstanding amount of pension contributions accruing at the year end was £nil (2003: £nil).

The monthly average number of persons (including executive directors) employed by the Company during the year was:

By activity	*Year ended 31 December 2004 Number*	*Year ended 31 December 2003 Number*
Office and management	33	22
Platform and development	23	12
Sales and marketing	83	11
	139	45

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2004 £	*Year ended 31 December 2003 £*
Bank interest receivable	108,665	140,709

9. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2004 £	*Year ended 31 December 2003 £*
Bank loans and overdrafts	63,543	59,923
Finance charges payable under finance leases and hire purchase contracts	17,689	–
	81,232	59,923

10. TAX ON LOSS ON ORDINARY ACTIVITIES

There was a tax credit of £27,264 (2003: £528,785 credit) in the year. The 2004 and 2003 tax recoverable related to research and development tax credits.

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of tax of 30% (2003: 19%). The differences are reconciled below:

	Year ended 31 December 2004 £	*Year ended 31 December 2003 £*
Loss on ordinary activities before taxation	(24,017,286)	(5,378,092)
Loss on ordinary activities multiplied by 30% (2003: 19%)	(7,205,186)	(1,021,837)
Effect of expenses not deductible for tax purposes	3,210,322	43,650
Depreciation in excess of capital allowances	129,205	66,008
Other timing differences	173,750	1,988
Adjustments in respect of previous periods	(27,264)	(528,785)
Losses not recognised	3,691,909	910,191
Current year tax credit	(27,264)	(528,785)

Deferred taxation

Deferred taxation provided in the financial statements is £nil (2003: £nil) and the amounts not recognised are as follows:

Group and Company	*Year ended 31 December 2004 £*	*Year ended 31 December 2003 £*
Accelerated capital allowances	(1,272,266)	(125,213)
Other timing differences	(221,635)	(963)
Losses	(13,179,011)	(2,452,959)
	(14,672,912)	(2,579,135)

Deferred taxation

The deferred tax asset has not been recognised on the grounds that there is insufficient evidence at the balance sheet date that it will be recoverable. The asset would start to become potentially recoverable if, and to the extent that, the Group were to become profitable.

11. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the financial statements of the parent company is £17,876,638 (2003: £4,420,302).

12. LOSS PER SHARE

The basic loss per share has been calculated by dividing the net loss of £23,791,065 for the year (2003: £4,621,862) by the weighted average number of 157,173,278 shares in issue during the year (2003: 83,119,331). The Company has potentially dilutive ordinary shares being share options issued to staff and shares contracted to be issued.

The diluted loss per share has been calculated in accordance with Financial Reporting Standard 14: Earnings per share, using 170,947,901 shares in issue during the year (2003: 83,119,331). As per Financial Reporting Standard 14: Earnings per share, the diluted loss per share calculation is without reference to adjustments in respect of certain share options that are considered to be anti-dilutive.

The deferred shares are not included in the earnings per share or diluted earnings per share. These shares have no voting rights and are nonconvertible and therefore do not form part of the ordinary share capital used for the loss per share calculation in accordance with Financial Reporting Standard 14: Earnings per share.

13. INTANGIBLE FIXED ASSETS

Group	*Deferred development costs* £	*Goodwill* £	*Total* £
Cost			
At 1 January 2004	–	337,652	337,652
Arising on acquisition of subsidiary undertakings	1,106,504	54,309,056	55,415,560
Capitalisation of development costs	791,901	–	791,901
At 31 December 2004	1,898,405	54,646,708	56,545,113
Accumulated amortisation			
At 1 January 2004	–	91,596	91,596
Provided during the year	496,247	9,920,922	10,417,169
At 31 December 2004	496,247	10,012,518	10,508,765
Net book value			
At 31 December 2004	1,402,158	44,634,190	46,036,348
At 31 December 2003	–	246,056	246,056

In accordance with FRS11 'Impairment of Fixed Assets and Goodwill' the carrying values of goodwill on acquisition have been compared to their recoverable amounts represented by their value to the Group. The value to the Group has been derived from discounted cash flow projections using a nominal discount rate of 11% on a pre-tax basis.

Included within the amounts provided for the year are £336,285 relating to the write-down of deferred development costs and £8,684,348 relating to impairment of goodwill.

Company	*Deferred development costs* £	*Goodwill* £	*Total* £
Cost			
At 1 January 2004	–	86,976	86,976
Arising on acquisition of trade and assets of One Saturday plc	–	86,720	86,720
Capitalisation of development costs	55,000	–	55,000
At 31 December 2004	55,000	173,696	228,696
Accumulated amortisation			
At 1 January 2004	–	86,976	86,976
Provided during the year	10,168	2,167	12,335
At 31 December 2004	10,168	89,143	99,311
Net book value			
At 31 December 2004	44,832	84,553	129,385
At 31 December 2003	–	–	–

14. TANGIBLE FIXED ASSETS

Group	*Short-leasehold improvements* £	*Computer equipment* £	*Office equipment* £	*Fixtures and fittings* £	*Total* £
Cost					
At 1 January 2004	17,713	696,325	557,507	509,335	1,780,880
Additions	15,983	5,109	111,223	251,449	383,764
Acquired with subsidiary undertakings	762,204	–	1,781,183	349,950	2,893,337
Disposals	–	–	(1,498)	–	(1,498)
At 31 December 2004	795,900	701,434	2,448,415	1,110,734	5,056,483
Depreciation					
At 1 January 2004	1,378	602,755	407,807	432,804	1,444,744
Provided during the year	28,028	81,053	255,291	203,546	567,918
Disposals	–	–	(208)	–	(208)
At 31 December 2004	29,406	683,808	662,890	636,350	2,012,454
Net book value					
At 31 December 2004	766,494	17,626	1,785,525	474,384	3,044,029
At 31 December 2003	16,335	93,570	149,700	76,531	336,136

Included in the net book value of tangible fixed assets are amounts of £699,471 (2003: £nil) held under finance lease and hire purchase contracts. Depreciation of £40,041 (2003: £nil) has been charged on these assets.

Company	*Short-leasehold improvements* £	*Computer equipment* £	*Office equipment* £	*Fixtures and fittings* £	*Total* £
Cost					
At 1 January 2004	17,713	696,325	554,152	509,335	1,777,525
Additions	16,879	5,109	66,865	19,717	108,570
At 31 December 2004	34,592	701,434	621,017	529,052	1,886,095
Depreciation					
At 1 January 2004	1,378	602,755	406,418	432,804	1,443,355
Provided during the year	8,940	81,053	100,111	39,131	229,235
At 31 December 2004	10,318	683,808	506,529	471,935	1,672,590
Net book value					
At 31 December 2004	24,274	17,626	114,488	57,117	213,505
At 31 December 2003	16,335	93,570	147,734	76,531	334,170

15. INVESTMENTS

Company	£
Subsidiary undertaking:	
Cost or valuation	
At 1 January 2004	219,180
Additions	41,035,015
At 31 December 2004	41,254,195
Amount provided	
At 1 January 2004	–
During the year	9,106,920
At 31 December 2004	9,106,920
Net book value	
At 31 December 2004	32,147,275
At 31 December 2003	219,180

In accordance with FRS11 'Impairment of Fixed Assets and Goodwill' the carrying values of goodwill on acquisition have been compared to their recoverable amounts represented by their value to the Group. This resulted in amounts provided of £9,106,920 during the year.

The value to the Group has been derived from discounted cash flow projections using a nominal discount rate of 11% on a pre-tax basis.

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	*Holding*	*Proportion of voting rights and shares held*		*Nature of business*
MieTV Limited	Ordinary shares	100%	A	Interactive TV services
GoPlayTV Limited	Ordinary shares	100%		Interactive TV services
Fancy a Flutter Limited	Ordinary shares	100%		Interactive TV services
YooMedia Dating Limited	Ordinary shares	75%	B	Dating services
Jiles Limited	Ordinary shares	75%	C	Dating services
Simply Love Limited	Ordinary shares	75%	C	Dating services
Cavendish Partnership Limited	Ordinary shares	75%	C	Dating services
Clicked Limited	Ordinary shares	75%	C	Dating services
Communications One Limited	Ordinary shares	75%	C	Dating services
Whoosh Group Limited	Ordinary shares	100%		Mobile telephone technology provider
MMTV Limited	Ordinary shares	100%		Interactive TV services
Digital Interactive Television Group Limited	Ordinary shares	100%		Interactive TV services
Digital Interactive Studio Centre Limited	Ordinary shares	100%	D	Interactive TV services
Digital Television Production Company Limited	Ordinary shares	100%	D	Interactive TV services
Digital Impact (UK) Limited	Ordinary shares	100%	D	Interactive TV services
Go Interactive TV Limited	Ordinary shares	100%	D	Interactive TV services
Interactive Television Infrastructure Limited	Ordinary shares	100%	D	Interactive TV services
The Gaming Channel Limited	Ordinary shares	100%	E	Interactive TV services
The Gaming Channel Bookmakers Limited	Ordinary shares	100%	E	Interactive TV services

15. INVESTMENTS continued

Comments:

A The investment in MieTV Limited was increased from 75% to 100% during the period.

B The Company used to hold a 100% holding in the share capital of YooMedia Dating Limited. This holding was divested during the year as consideration for the purchase of the Jiles Group (see below).

C Jiles Limited owns 100% of the issued share capital of Simply Love Limited, Cavendish Partnership Limited, Clicked Limited and Communications One Limited. YooMedia Dating owns 100% of the share capital of Jiles Limited.

D The Digital Interactive Television Group Limited owns 100% of the share capital of Digital Interactive Studio Centre Limited, Digital Television Production Company Limited, Digital Impact (UK) Limited and Go Interactive TV Limited as well as 20% of the share capital of the Gaming Channel Limited.

E The Company directly owns 80% of the share capital of The Gaming Channel and indirectly owns 100% (see D). The Gaming Channel owns 100% of the Gaming Channel Bookmakers Limited.

Details of acquisitions during the year are as follows:

GOPLAY TV LIMITED
At 5 January 2004

	Book value £	*Fair value adjustment* £		*Fair value to Group* £
Tangible fixed assets	14,650	–		14,650
Debtors	403,660	35,350	A	439,010
Cash	1,038,071			1,038,071
Creditors due within one year	(350,175)	135,672	B	(214,503)
Net assets acquired	1,106,206	171,022		1,277,228
Goodwill arising on acquisition				8,545,046
				9,822,274
Discharged by:				
Fair value of 18,000,000 YooMedia shares				9,720,000
Costs associated with the acquisition				102,274
				9,822,274

Adjustments:

A Recalculation of prepayments to achieve consistency with YooMedia accounting policies

B Reanalysis of creditors of the Company due to change in ownership structure and settlement of liabilities owing to previous owners

On 5 January 2004, the Company acquired a 100% shareholding in GoPlayTV Limited for 18,000,000 YooMedia shares at £0.54 each. 12,600,000 shares were initially issued with 5,400,000 shares as deferred consideration. Acquisition expenses of £102,274 were also incurred. The consideration was satisfied by the issue of 1,038,071 new £1 ordinary shares of GoPlayTV. Goodwill arising as a result of the acquisition was £8,545,046.

As the year end of GoPlay Limited was 31 December, there was no material profit or loss in the period from 1 January 2004 to 5 January 2004; therefore no summarised profit and loss account is shown. Exceptional costs of £773,505 have been incurred following the acquisition and are included in the amounts in note 5. The Company recorded a loss after tax of £83,230 for the period 1 April to 31 December 2003.

15. INVESTMENTS continued

FANCY A FLUTTER LIMITED
At 6 April 2004

	Book value £	Fair value adjustment £		Fair value to Group £
Tangible fixed assets	795,999	(678,934)	A	117,065
Debtors	55,765	–		55,765
Cash acquired	476,424	–		476,424
Creditors due within one year	(532,189)	–		(532,189)
Creditors due after more than one year	(1,018,709)	1,018,709	B	–
Net liabilities acquired	(222,710)	339,775		117,065
Goodwill arising on acquisition				944,279
				1,061,344
Discharged by:				
Cash consideration				1,018,750
Costs associated with the acquisition				42,594
				1,061,344

Adjustments:

A Elimination of intangible patent assets to harmonize with group accounting policy.

B Loan from parent entities settled by YooMedia as part of acquisition.

On 6 April 2004 the Company acquired a 100% shareholding in Fancy a Flutter Limited for £1,018,750. Acquisition expenses of £42,594 were also incurred. The consideration was satisfied by the issue of 2,500,000 new 1p ordinary shares of YooMedia plc at £0.4075. Goodwill arising as a result of the acquisition was £944,279.

Fancy a Flutter Limited recorded a loss after tax of £1,720,052 in the 18 months ended 31 December 2004 (period from incorporation to 30 June 2003: loss of £508,000), of which £475,075 arose in the period from 1 July 2003 to 6 April 2004. Exceptional costs of £364,981 have been incurred following the acquisition and are included in the amounts in note 5. The summarised profit and loss account for the period from 1 July 2003 to the effective date of acquisition is as follows:

	£
Turnover	647,665
Operating loss and loss for the period	(475,075)

There were no recognised gains and losses in the period ended 6 April 2004 other than the loss of £475,075 above.

15. INVESTMENTS continued

JILES GROUP/ONE SATURDAY PLC
At 22 June 2004

	Book value £	*Fair value adjustment* £		*Fair value to Group* £
Intangible fixed assets	712,584	(712,584)	A	–
Tangible fixed assets	291,680	–		291,680
Debtors	266,080	(205,888)	B	60,192
Cash acquired	163,240	–		163,240
Creditors due within one year	(657,470)	(757,647)	C	(1,415,117)
Finance leases	(104,062)	–		(104,062)
Net liabilities acquired	672,052	(1,676,119)		(1,004,067)
Goodwill arising on acquisition				2,102,973
				1,098,906
Discharged by:				
25% of the issued share capital of YooMedia Dating				1,051,894
Costs associated with the acquisition				47,012
				1,098,906

Adjustments:

A Elimination of goodwill on acquisition within the Jiles Group.

B Harmonisation of accounting policy to align prepaid marketing costs with the YooMedia Group accounting policy.

C The adjustment reflects the anticipated cost of providing the services committed at the date of acquisition, for which consideration had already been received.

On 22 June 2004, YooMedia Dating Ltd acquired 100% of the issued share capital of the Jiles Group. This was in exchange for 4,045,745 shares in YooMedia Dating valued at 26p, representing a 25% holding in YooMedia Dating. This led to an unrealised gain on the divestment of ownership in YooMedia Dating by YooMedia of £507,268, shown through the Statement of Total Recognised Gains and Losses. Acquisition expenses of £47,012 were also incurred in this transaction. Goodwill arising as a result of the acquisition was £2,102,973.

As described above, the Jiles Group consists of Jiles Limited, Simply Love Limited, Cavendish Partnership Limited, Clicked Limited and Communications One Limited.

Jiles Limited recorded a loss after tax of £1,614,969 in the nine months ended 31 December 2004 (year ended 31 March 2004 – loss of £697,920), of which £956,365 arose in the period from 1 April 2004 to 22 June 2004. Exceptional costs of £251,331 have been incurred following the acquisition and are included in the amounts in note 5. The summarised profit and loss account for the period from 1 April 2004 to the effective date of acquisition is as follows:

	£
Turnover	433,037
Operating loss and loss for the period	(956,365)

There were no recognised gains and losses in the period ended 22 June 2004 other than the loss of £956,365 above.

YooMedia plc also acquired the trade and assets of One Saturday plc on the same date. This included the brands, customer list and tangible fixed assets of this company. These were acquired for a total of 1,550,000 new YooMedia plc 1p ordinary shares and a cash consideration of £600,000, £50,000 of which is payable one year after the acquisition. These assets were transferred through to YooMedia Dating Ltd on the same day at their net book value. The acquisition resulted in £931,970 of goodwill.

15. INVESTMENTS continued

WHOOSH GROUP LTD
At 23 July 2004

	Book value £	Fair value adjustment £		Fair value to Group £
Tangible fixed assets	118,692	(2,526)	A	116,166
Debtors	33,432	(6,195)	B	27,237
Cash acquired	32,855	–		32,855
Creditors due within one year	(262,533)	–		(262,533)
Finance leases	(22,419)	1,661	C	(20,758)
Net liabilities acquired	(99,973)	(7,060)		(107,033)
Goodwill arising on acquisition				822,271
				715,238
Discharged by:				
Issue of YooMedia shares				306,250
Deferred consideration				350,000
Costs associated with the acquisition				58,988
				715,238

Adjustments:

A Adjustment of fixed assets to value placed on them by the Group.

B Reassessment of the specific bad debt provision.

C Recalculation of hire purchase creditor to bring into alignment with group accounting policies.

On 23 July 2004, YooMedia plc acquired 100% of the issued share capital of Whoosh Group Ltd. This was for an initial 1,750,000 ordinary 1p YooMedia shares valued at £0.175. A further deferred consideration of either £350,000 or £350,000 worth of YooMedia shares would also be issued should Whoosh achieve certain conditions inherent in the contract. These conditions have subsequently been achieved. Therefore, in accordance with Financial Reporting Standard 7, 'Fair values in acquisition accounting', this deferred consideration has been reported as part of shareholders' funds as the option to issue either cash or shares is at YooMedia's discretion and no irrevocable decision has been taken to settle in cash. Goodwill arising as a result of the acquisition was £822,271. After the year end the criteria were met and these shares have been issued.

Whoosh Group Limited recorded a loss after tax of £392,824 in the year ended 31 December 2004 (2003: loss of £499,730), of which £306,485 arose in the period from 1 January 2004 to 23 July 2004. Exceptional costs of £105,318 have been incurred as a result of the acquisition and are included in the amounts in note 5. The summarised profit and loss account for the period from 1 January 2004 to the effective date of acquisition is as follows:

	£
Turnover	318,071
Operating loss and loss for the period	(306,485)

There were no recognised gains and losses in the period ended 23 July 2004 other than the loss of £306,485 above.

15. INVESTMENTS continued

MMTV LIMITED
At 29 September 2004

	Book value £	Fair value adjustment £		Fair value to Group £
Intangible fixed assets	336,285	–		336,285
Tangible fixed assets	46,560	(46,560)	A	–
Work in progress	713,000	–		713,000
Debtors	97,802	(64,537)	B	33,265
Creditors due within one year	(584,657)	(154,648)	C	(739,305)
Net assets/(liabilities) acquired	608,990	(265,745)		343,245
Goodwill arising on acquisition				1,489,255
				1,832,500
Discharged by:				
YooMedia shares				1,500,000
Cash (including deferred cash consideration)				300,000
Fees associated with the acquisition				32,500
				1,832,500

Adjustments:

A Write-down of the value of fixed assets considered to have a net book value of £nil to the Group.

B Write-down of debtors following reassessment of specific bad debt provision.

C Increase in value of creditors following identification of creditors relating to pre-acquisition.

The Company acquired 100% of the share capital of MMTV Ltd on 29 September 2004 for a consideration of £1,832,500. This consideration consisted of 6,382,979 ordinary 1p YooMedia shares at £0.235 each. £100,000 cash was also paid. The Company is committed to pay £100,000 on the first and second anniversary of this acquisition and this has been recognised within the purchase consideration. Fees of £32,500 were also incurred in respect of the transaction. Goodwill arising as a result of the acquisition was £1,489,255.

MMTV Limited recorded a loss after tax of £1,085,044 in the 8 months ended 31 December 2004 (year ended 30 April 2003: loss of £1,185,894), of which £1,583,761 arose in the period from 1 May 2004 to 29 September 2004. Exceptional costs of £1,344,102 have been incurred following the acquisition and are included in the amounts in note 5. The summarised profit and loss account for the period from 1 May 2004 to the effective date of acquisition is as follows:

	£
Turnover	172,273
Operating loss and loss for the period	(1,583,761)

DITG and TGC were acquired on the same day, 20 December 2004, following a share placing. For the purpose of fair value tables, the acquisitions have been treated as two separate transactions.

15. INVESTMENTS continued

DIGITAL INTERACTIVE TELEVISION GROUP LTD
At 26 November 2004

	Book value	*Fair value adjustment*	*Fair value to Group*
	£	£	£
Tangible fixed assets	2,225,831	–	2,225,831
Debtors	1,324,441	–	1,324,441
Cash	42,436	–	42,436
Creditors due within one year	(7,649,635)	–	(7,649,635)
Finance leases	(281,995)	–	(281,995)
Unsecured bank loan	(1,000,000)	–	(1,000,000)
Secured loans	(752,421)	–	(752,421)
Shareholders loans	(1,861,860)	–	(1,861,860)
Net liabilities acquired	(7,953,203)	–	(7,953,203)
Goodwill arising on acquisition			22,735,810
			14,782,607
Discharged by:			
YooMedia plc shares			11,049,951
Cash consideration			2,959,875
Deferred consideration shares			283,332
Costs associated with the acquisition			489,449
			14,782,607

On 20 December 2004, the Company acquired 100% of the issued share capital of the Digital Interactive Television Group. The Group consisted of The Digital Interactive Television Group Limited, Digital Interactive Studio Centre Limited, Digital Television Production Company Limited, Digital Impact (UK) Limited and Go Interactive TV Limited. It also owned 20% of the share capital of The Gaming Channel Limited. The directors consider the effective date of the acquisition to be 26 November 2004 as this was the date that effective control of the Group passed to the directors of the Company.

The Group was acquired for an initial consideration of 64,999,711 1p ordinary YooMedia plc shares at £0.17 each. Cash of £2,959,875 was also paid. A further consideration of 1,666,659 shares were also committed as part of the deal. Costs of £489,449 were incurred in respect of the acquisition. Goodwill arising as a result of the acquisition was £22,735,810.

The Digital Interactive Television Group recorded a loss after tax of £11,703,339 in the nine months ended 31 December 2004 (12 months for 2003: loss of £1,850,898), of which £10,221,310 arose in the period from 1 April 2004 to 26 November 2004. Exceptional costs of £602,713 have been incurred following the acquisition and are included in the amounts in note 5. The summarised profit and loss account for the period from 1 April 2004 to the effective date of acquisition is as follows:

	£
Turnover	2,821,705
Operating loss and loss for the period	(10,221,330)

There were no recognised gains and losses in the period ended 26 November 2004 other than the loss of £10,221,330 above.

15. INVESTMENTS continued

THE GAMING CHANNEL LIMITED
At 26 November 2004

	Book value	*Fair value adjustment*	*Fair value to Group*
	£	*£*	*£*
Intangible fixed assets	770,218	–	770,218
Tangible fixed assets	117,944	–	117,944
Debtors	926,885	–	926,885
Overdrafts	(1,111,902)	–	(1,111,902)
Creditors due within one year	(895,844)	–	(895,844)
Provisions	(112,500)	–	(112,500)
Unsecured loan	(1,409,850)	–	(1,409,850)
Shareholder loans	(2,896,635)	–	(2,896,635)
Net liabilities acquired	(4,611,684)	–	(4,611,684)
Goodwill arising on acquisition			16,437,888
			11,826,204
Discharged by:			
YooMedia plc shares			8,840,049
Cash consideration			2,367,923
Deferred consideration shares			226,668
Costs associated with the acquisition			391,564
			11,826,204

On 20 December 2004, the Company acquired 80% of the issued share capital of The Gaming Channel Limited. The Gaming Channel owned 100% of The Gaming Channel Bookmakers Limited. The Gaming Channel was 20% owned by The Digital Interactive Television Group Limited, a company which was wholly acquired by YooMedia plc at the same date. The Digital Interactive Television Group Limited valued its investment in The Gaming Channel at £nil. This gave YooMedia plc an effective 100% ownership of The Gaming Channel and resulted in an increase in goodwill of £922,337. The directors consider the effective date of the acquisition to be 26 November 2004 as this was the date that effective control of the Group passed to the directors of the Company.

The Group was acquired for an initial consideration of 52,000,289 1p ordinary YooMedia plc shares at £0.17 each. Cash of £2,367,923 was also paid. A further consideration of 1,333,341 shares were also committed as part of the deal. Costs of £391,564 were incurred in respect of the acquisition. Goodwill arising as a result of the acquisition was £16,437,888.

The Gaming Channel recorded a loss after tax of £5,635,700 in the nine months ended 31 December 2004 (12 months for 2003: loss of £3,688,760), of which £5,059,178 arose in the period from 1 April 2004 to 26 November 2004. Exceptional costs of £110,948 have been incurred following the acquisition and are included in the amounts in note 5. The summarised profit and loss account for the period from 1 April 2004 to the effective date of acquisition is as follows:

	£
Turnover	40,732,496
Operating loss and loss for the period	(5,059,178)

There were no recognised gains and losses in the period ended 26 November 2004 other than the loss of £5,059,178 above.

16. DEBTORS

Group	*Year ended 31 December 2004 £*	*Year ended 31 December 2003 £*
Trade debtors	3,424,966	116,567
Other debtors	1,114,891	322,597
Prepayments	1,448,777	261,741
Corporation tax	27,264	–
	6,015,898	700,905

Of the amount included above £351,657 (2003: £171,580) relates to rent deposits which are recoverable in more than one year.

Company	*Year ended 31 December 2004 £*	*Year ended 31 December 2003 £*
Trade debtors	269,194	88,905
Amounts owed by subsidiary undertakings	10,813,903	275,000
Other debtors	289,907	300,305
Prepayments	195,979	261,741
	11,568,983	925,951

Of the amount included above £186,853 (2003: £171,580) relates to rent deposits which are recoverable in more than one year.

17. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

Group	*Year ended 31 December 2004 £*	*Year ended 31 December 2003 £*
Bank loans and overdraft	1,378,302	–
Obligations under finance leases and hire purchase contracts	276,027	–
Trade creditors	8,794,531	345,745
Other taxation and social security	722,821	118,915
Other creditors	989,980	306,339
Accruals and deferred income	2,259,918	239,617
	14,421,579	1,010,616

Company	*Year ended 31 December 2004 £*	*Year ended 31 December 2003 £*
Trade creditors	684,679	309,344
Other taxation and social security	79,093	74,769
Other creditors	299,532	302,977
Accruals and deferred income	370,108	223,058
	1,433,412	910,148

18. CREDITORS – AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

Group	*Year ended 31 December 2004* £	*Year ended 31 December 2003* £
Loans	1,000,000	–
Obligations under finance leases and hire purchase contracts	71,126	–
Other creditors	350,000	–
	1,421,126	–

The loan relates to a revolving credit facility granted to the Group by Lloyds TSB plc. This attracts interest at a rate of interest of 5%.

Company	*Year ended 31 December 2004* £	*Year ended 31 December 2003* £
Other creditors	350,000	–

19. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

Amounts due under finance leases and hire purchase contracts:

Group	*Year ended 31 December 2004* £	*Year ended 31 December 2003* £
Amounts payable:		
Within one year	276,027	–
In two to five years	71,126	–
	347,153	–

20. PROVISIONS FOR LIABILITIES AND CHARGES

Group	*Employers' National Insurance on share options* £	*Provision for restructuring* £	*Total* £
At 1 January 2004	154,546	–	154,546
Arising on acquisition of subsidiary	–	112,500	112,500
Charged during the year	–	1,820,538	1,820,538
Released during the year	(62,461)	–	(62,461)
At 31 December 2004	92,085	1,933,038	2,025,123

Company	*Provision for dilapidations* £	*Employers' National Insurance on share options* £	*Total* £
At 1 January 2004	–	154,546	154,546
(Decrease)/Increase in provision	65,000	(62,461)	2,539
At 31 December 2004	65,000	92,085	157,085

20. PROVISIONS FOR LIABILITIES AND CHARGES continued

Employers' National Insurance on share options

On exercise of share options issued after 5 April 1999, under an unapproved executive option scheme, the Company is required to pay National Insurance on the difference between the exercise price and the market value at the exercise date of the shares issued. The Company will become unconditionally liable to pay the National Insurance upon exercise of the options, which are exercisable over a period of 10 years from date of grant. The Company therefore makes a provision following the grant of options as opposed to on vesting or on exercise. The amount of National Insurance payable will depend on the number of employees who remain with the Company and exercise their options, the market price of the Company's ordinary shares at the time of exercise, and the prevailing National Insurance rate at that time.

Provision for restructuring costs

The provision relates to certain items such as redundancy costs and losses on onerous contracts as described in note 5, which have yet to be incurred as part of the ongoing restructuring of the Group. It is expected that most of these costs will be incurred within one year of the balance sheet date.

Provision for dilapidations

The provision relates to the cost of returning the premises at Great Portland Street to their original state. These costs are expected to be incurred upon exit from the building. The earliest that the Group can leave these premises is September 2006.

21. FINANCIAL INSTRUMENTS

Details of the Company's objectives with respect to financial instruments are given in note 2 to the financial statements. The numerical disclosures in this note deal with the financial assets and liabilities defined in FRS 13 as financial instruments.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from the disclosures. In the opinion of the directors, they contain no material financial risks for the Company.

Interest rate risk profile of financial assets

		2004			2003	
	Floating rate	*Fixed rate*	*Total*	*Floating rate*	*Fixed rate*	*Total*
	£	£	£	£	£	£
Sterling	3,904,109	4,217,423	8,121,532	1,890,092	–	1,890,092
US dollars	412	–	412	1,837	–	1,837
	3,904,521	4,217,423	8,121,944	1,891,929	–	1,891,929
Of which:						
Cash at bank and in hand	1,352,864	–	1,352,864	199,330	–	199,330
Short-term bank deposits	2,200,000	4,217,423	6,417,423	1,521,019	–	1,521,019
Other debtors (rent deposit)	351,657	–	351,657	171,580	–	171,580
	3,904,521	4,217,423	8,121,944	1,891,929	–	1,891,929

Floating rate cash and rent deposits earn interest at prevailing bank rates.

Floating rate short-term deposits earn interest at 10 basis points below the prevailing bank rate.

The fixed rate short-term deposits in sterling are placed with banks for periods of up to two weeks.

The directors are of the opinion that there is negligible exchange rate risk.

Fair value

The directors consider that the fair values of the financial instruments of YooMedia plc are not significantly different from their book value.

22. SHARE CAPITAL

	2004 No.	*2004 £*	*2003 No.*	*2003 £*
Authorised				
Ordinary shares of 1p each	700,000,000	7,000,000	220,000,000	2,200,000
Deferred shares of 1p each	900,000,000	9,000,000	900,000,000	9,000,000
	1,600,000,000	16,000,000	1,120,000,000	11,200,000
Allotted, called up and fully paid				
Ordinary shares of 1p each	451,074,389	4,510,744	112,678,072	1,126,781
Deferred shares of 1p each	690,822,639	6,908,226	690,822,639	6,908,226
	1,141,897,028	11,418,970	803,500,711	8,035,007

On 17 May 2004, 28,000,000 ordinary shares with an aggregate nominal value of £280,000, were issued at £0.25 per share. Professional fees of £409,437 were incurred as a result of these share issues.

On 20 December 2004, 166,666,667 ordinary shares with an aggregate nominal value of £1,666,667, were issued at £0.15 per share. Professional fees of £1,273,127 were incurred as a result of these share issues.

During the year, a total of 521,671 share options were exercised at a price between £0.0125 and £0.135 per share.

As described in note 1, a total of 337,874,646 shares were issued in the year as part of the purchase consideration for the various acquisitions described in the note.

A total of 8,969,122 shares are contracted to be issued within six months of the year end as deferred consideration for the purchase of GoPlay TV, Whoosh Group the Digital Interactive Television Group and The Gaming Channel. These have been shown as part of shareholders funds in 'shares to be issued'.

	Number of shares	*Value per share*	*Total*
Go Play TV Limited	4,050,000	54.00p	2,187,000
Whoosh Limited	1,919,122	18.23p	350,000
DITG/TGC	3,000,000	17.00p	510,000
	8,969,122		3,047,000

23. RESERVES

Group	*Capital redemption reserve* £	*Share premium account* £	*Profit and loss account* £
At 1 January 2004	455,331	11,440,701	(18,016,454)
UITF 17 credit	–	–	579,167
Loss for the financial year	–	–	(23,791,065)
Unrealised gain on divestment of holding in subsidiary undertaking	–	–	507,268
Arising on share issue	–	59,253,375	–
Share issue costs	–	(1,682,564)	–
At 31 December 2004	455,331	69,011,512	(40,721,084)

Company	*Capital redemption reserve* £	*Share premium account* £	*Profit and loss account* £
At 1 January 2004	455,331	11,440,701	(17,814,894)
UITF 17 credit	–	–	579,167
Loss for the financial year	–	–	(17,876,638)
Arising on share issue	–	59,253,375	–
Share issue costs	–	(1,682,564)	–
At 31 December 2004	455,331	69,011,512	(35,112,365)

24. SHARE OPTIONS

The Company has approved and unapproved share option schemes. The unapproved executive option schemes relates to options granted to certain directors and senior management. The approved share option schemes are Inland Revenue-approved schemes available to eligible directors and employees. The total number of options outstanding over ordinary shares of 1p each that had been granted at 31 December 2004 and had not lapsed since were as follows:

Number of shares	*Exercise price*	*Grant date*	*Date from which exercisable*	*Expiry date*
1,043,400	10p	28 January 2000	1 April 2001	28 January 2010
48,778	68p	20 June 2000	20 June 2003	20 June 2010
1,000,000	10p	5 April 2002	5 April 2002	5 April 2012
3,000,000	10p	5 April 2002	5 April 2003	5 April 2012
323,332	13.5p	April 2002	April 2003	April 2012
2,700,000	1.225p	29 May 2003	29 November 2003	29 May 2013
500,000	3.38p	15 July 2003	15 January 2004	15 July 2013
1,000,000	31.2p	10 October 2003	10 April 2004	10 October 2013
1,680,000	48.75p	15 January 2004	16 July 2004	15 January 2014
500,000	25p	21 April 2004	22 October 2004	21 April 2014
16,000,000	15p	21 December 2004	23 June 2005	21 December 2015
5,284,237	1p	21 December 2004	23 June 2005	21 December 2015
3,295,799	1p	21 December 2004	21 December 2004	21 December 2014

A total of 171,671 options at an exercise price of 13.5p were exercised in the year. 350,000 options at an exercise price of 1.225p were also exercised.

Options over 44,998 ordinary shares of 1p at an exercise price of 13.5p each lapsed during the year as a result of employees leaving the Company.

Options over 100,000 ordinary shares of 1p at an exercise price of 1.225p each lapsed during the year as a result of employees leaving the Company.

Options over 50,000 ordinary shares of 1p at an exercise price of 14.75 each lapsed during the year as a result of employees leaving the Company.

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 31 December 2004 £	*Year ended 31 December 2003 £*
Loss for the year	(23,791,065)	(4,621,862)
New shares issued	60,954,774	4,766,730
Shares to be issued	3,047,000	–
Gains on deemed disposal of share in subsidiary undertaking	507,268	–
UITF 17 credit	579,167	3,000
Net addition to shareholders' funds	41,297,144	147,868
Opening shareholders' funds	1,914,585	1,766,717
Closing shareholders' funds	43,211,729	1,914,585

26. FINANCIAL COMMITMENTS

At 31 December 2004 the Company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and Buildings 2004 £	*Land and Buildings 2003 £*
Within two to five years	436,540	128,762

27. NET CASH OUTFLOW FROM OPERATING ACTIVITIES

Reconciliation of operating loss to net cash outflow from operating activities:

Continuing operations	*Year ended 31 December 2004 £*	*Year ended 31 December 2003 £*
Operating loss	(24,044,719)	(5,358,878)
Depreciation charge	567,918	350,874
Amortisation and impairment of goodwill	9,920,922	4,620
Amortisation and impairment of deferred development costs	496,247	–
UITF 25 provision for National Insurance on share options	(62,461)	154,546
UITF 17 charge on grant of share options	579,167	–
Movement in restructuring provision	1,755,538	–
Movement in dilapidations provision	65,000	–
Loss on disposal of fixed assets	1,290	3,465
Increase in debtors	(1,492,536)	(121,483)
Increase/(decrease) in creditors	1,311,458	(642,125)
Net cash outflow from continuing operations	(10,902,176)	(5,608,981)

Net cash outflow from operating activities include cash outflows from operating exceptional items such as £1,199,013 for redundancy costs,

£590,299 for onerous contracts, £483,241 for exceptional bonus payments and £179,535 for exceptional professional fees.

28. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Year ended 31 December 2004 £	*Year ended 31 December 2003 £*
Decrease in cash in the year	(224,768)	(2,030,357)
Increase in short-term deposits with banks	4,896,404	1,521,018
Loans and finance leases acquired with subsidiary undertakings	(8,327,582)	–
Repayment of capital element on finance leases	59,663	–
Repayment of loans	6,920,766	–
Movement in net funds in the year	3,324,483	(509,339)
Net funds at beginning of the year	1,720,349	2,229,688
Net funds at end of the year	5,044,832	1,720,349

29. ANALYSIS OF NET FUNDS

	At 1 January 2004	*Acquisition subsidiary undertakings*	*Other non-cash movements*	*Cash flow*	*At 31 December 2004*
	£	*£*	*£*	*£*	*£*
Cash at bank and in hand	199,330	–	–	–	1,352,864
Overdrafts	–	–	–	–	(1,378,302)
Cash	199,330	641,124	–	(865,892)	(25,438)
Liquid resources	1,521,019	–	–	4,896,404	6,417,423
Net cash and cash equivalents	1,720,349	641,124	–	4,030,512	6,391,985
Debt due within one year					
Finance leases	–	(278,347)	(57,343)	59,663	(276,027)
Debt due after one year					
Loans	–	(7,920,766)	–	6,920,766	(1,000,000)
Finance leases	–	(128,469)	57,343	–	(71,126)
Total	1,720,349	(7,686,458)	–	11,010,941	5,044,832

The cash and cash equivalents balance as reported on the balance sheet for 31 December 2004, comprises of the net cash and cash equivalents reported above of £7,770,287 prior to the deduction of the overdraft of £1,378,302.

At 31 December 2004 the Group had gross cash balances at bank and in hand of £1,352,864 (2003: £199,330) and liquid resources, comprising short-term deposits with banks, of £6,417,423 (2003: £1,521,019). These balances totalling £7,770,287 (2003: £1,720,349) are disclosed as cash and cash equivalents in the balance sheet. The group overdraft of £1,378,302 (2003: £nil) at 31 December 2004 is included within Creditors: amounts falling due within one year (see note 17).

The Company had cash and cash equivalent balances of £6,701,797 (2003: £1,701,538) at 31 December 2004 comprising cash at bank of £284,374 (2003: £180,519) and liquid resources(short-term bank deposits) of £6,417,423 (2003: £1,521,019).

30. LITIGATION

There is no outstanding litigation against the Group.

The Group paid £0.75 million to Edwin Coe in February 2003 to fund the pursuit of potential claims against former advisors of the Group on its admission to the AIM in March 2000.

As far as the Group is aware this issue has not been resolved. As a consequence the amount provided by the Group to fund these potential claims has not been treated as recoverable in these financial statements.

31. POST BALANCE SHEET EVENTS

The Company acquired 15% of the issued share capital of ViaVision Limited as part of the acquisition of DITG in December 2004. On 4 April 2005, the Company entered into an agreement to acquire the balance of the shares in ViaVision Limited not already held by the Group. The purchase consideration was 8,500,000 YooMedia shares valued at £0.16 being the mid market close price on the three days preceding the date of exchange. Completion is expected to occur on 8 April 2005 on admission of the consideration shares to AIM.

PART III

Financial information on YooMedia

Section C – Unaudited Financial Information on the Company for the 6 Months Ended 30 June 2007 and 2006

The following financial information has been extracted from YooMedia's interim statement as announced on 28 September 2007 without any material changes.

Consolidated income statement for the six months to 30 June 2007

	Note	*Six months ended 30 June 2007 (Unaudited) £000's*	*Six months ended 30 June 2006 (Unaudited) £000's*	*Year ended 31 December 2006 (Unaudited) £000's*
Revenue		26,054	31,233	62,586
Cost of sales		(23,429)	(28,352)	(54,171)
Gross profit		2,625	2,881	8,415
Administrative costs		(4,164)	(5,073)	(9,258)
Loss before interest, tax, depreciation, amortisation and exceptionals		(1,539)	(2,192)	(843)
Depreciation		(342)	(817)	(1,276)
Amortisation of and impairment of intangibles		(448)	(625)	(1,296)
Impairment of goodwill		–	–	(16,383)
Provision for bad debts		–	–	(637)
Restructuring costs		(54)	–	(2,988)
Share-based payment charges		(187)	(254)	(539)
Total depreciation, amortisation and exceptionals		(1,031)	(1,696)	(23,119)
Total administrative costs		(5,195)	(6,769)	(32,377)
Operating loss		(2,570)	(3,888)	(23,962)
Finance income		4	1	3
Finance expense		(583)	(1,023)	(1,411)
Loss on ordinary activities before taxation		(3,149)	(4,910)	(25,370)
Taxation		–	–	–
Loss for the financial period		(3,149)	(4,910)	(25,370)
Loss per share				
– basic & diluted	4	(0.41p)	(0.94p)	(4.36p)

There were no other gains or losses recognised in the period.

There is no difference between the loss on ordinary activities before taxation and the loss for the periods stated above, and their historical cost equivalents.

Unaudited Financial Information on YooMedia for the Six Months Ended 31 December 2007 and 2006

Consolidated balance sheet as at 30 June 2007

	Note	*30 June 2007 (Unaudited) £000's*	*30 June 2006 (Unaudited) £000's*	*31 December 2006 (Unaudited) £000's*
Non-current assets				
Goodwill		25,520	43,930	25,521
Intangible assets		1,335	1,886	1,378
Property, plant and equipment		1,803	3,014	2,123
Investments		18	1,493	18
Total non-current assets		28,676	50,323	29,040
Trade and other receivables		5,896	7,767	6,591
Cash and cash equivalents		102	401	139
Current assets		5,998	8,168	6,730
Total assets		34,674	58,491	35,770
Trade and other payables		(10,101)	(14,763)	(9,536)
Provisions		(26)	(52)	(23)
Current liabilities		(10,127)	(14,815)	(9,559)
Net current liabilities		(4,129)	(6,647)	(2,829)
Total assets less current liabilities		24,547	43,676	26,211
Interest bearing loans and borrowings		(5,684)	(6,483)	(5,518)
Provisions for liabilities		(999)	(869)	(348)
Accruals and deferred income		(1,736)	(1,977)	(2,512)
Non-current liabilities		(8,419)	(9,329)	(8,378)
Total liabilities		(18,546)	(24,144)	(17,937)
Net Assets		16,128	34,347	17,833
Capital and reserves				
Issued Capital	6	15,156	12,482	13,878
Shares to be Issued		281	281	281
Share Premium		78,735	76,490	78,755
Other Reserves		2,065	1,592	1,877
Retained Earnings		(80,109)	(56,498)	(76,958)
Equity shareholders' funds	5	16,128	34,347	17,833

Unaudited Financial Information on YooMedia for the Six Months Ended 31 December 2007 and 2006

Consolidated statement of cash flows six months to 30 June 2007

	Six months ended 30 June 2007 (Unaudited) £000's	*Six months ended 30 June 2006 (Unaudited) £000's*	*Year ended 31 December 2006 (Unaudited) £000's*
Cash flows from operating activities			
Loss for the period	(3,149)	(4,910)	(25,370)
Depreciation of property, plant and equipment	342	817	1,276
Amortisation and impairment of goodwill and intangible assets	448	625	17,679
Share-based payment charges	188	254	539
Net finance costs	579	1,022	1,408
Cash flow relating to restructuring provisions	–	–	2,988
Operating cash flows before movements in working capital	(1,592)	(2,192)	(1,480)
Change in receivables	695	(133)	1,398
Change in payables	472	153	(212)
Cash generated by operations	(425)	(2,172)	(294)
Interest and similar expenses paid	(29)	(991)	(1,004)
Net cash from operating activities	(454)	(3,163)	(1,298)
Cash flows from investing activities			
Interest and similar income received	4	1	3
Acquisition of subsidiary, net of overdrafts	–	(5)	(357)
Assets in the course of construction	–	–	(360)
Acquisition of property, plant and equipment	(21)	(1,095)	(664)
Acquisition of other intangible assets	(405)	(536)	(705)
Net cash used in investing activities	(422)	(1,635)	(2,083)
Cash flows from financing activities			
Proceeds from issue of share capital	721	1,695	2,008
New loans acquired	250	6,000	6,000
Repayment of Loans	–	(1,000)	(1,000)
Repayment of Capital Element of Finance Leases	(131)	(59)	(117)
Net cash used in financing activities	840	6,636	6,891
Net (decrease)/increase in cash and cash equivalents	(36)	1,838	3,510
Opening cash and cash equivalents	139	(3,371)	(3,371)
Closing cash and cash equivalents	103	(1,533)	139

Unaudited Financial Information on YooMedia for the Six Months Ended 31 December 2007 and 2006

Notes to the Accounts

1. GOING CONCERN

During the 6 months ended 30 June 2007, the Group recorded a loss before interest, tax, depreciation, amortisation and exceptionals of £1.5 million and a net loss of £3.1 million, and at 30 June 2007 the Group had net current liabilities of £4.1 million. Net cash outflow from operations in the period was £0.7million.

During 2007 the directors have raised £650,000 from draw downs of the existing convertible debt facility and it has also raised £1,638,000 through share placings. Additionally, the Group has a £0.85 million undrawn facility remaining on convertible debt of £7.5 million. On 2 July 2007 the Company entered into an option agreement with a Spanish investment group, Kasei 2000, to dispose of the Company's subsidiary The Gaming Channel Ltd for £5.25 million. Subsequent to this agreement wider discussions have been taking place which have led to Kasei 2000 indicating their intention to invest into the Group as a whole which the Directors believe would be sufficient to fund the Group's working capital requirements for at least the next twelve months.

Consequently, the directors consider that it is appropriate to prepare the accounts on the going concern basis. However, the directors recognise that there will remain a material uncertainty over the Group's ability to realise future profitability and positive cash flows until the Group has established a track record of profitable trading, cash generation and meeting its working capital projections.

There is, therefore, material uncertainty related to the above events and conditions which may cast significant doubt on the entity's ability to continue as a going concern and it may be unable to realise its assets and discharge its liabilities in the normal course of business.

2. ACCOUNTING POLICIES

The accounting policies set out below, have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements and in preparing an opening IFRS balance sheet at 1 January 2006.

These interim results are unaudited and do not constitute statutory accounts.

Basis of Preparation

The financial statements are presented in sterling, rounded to the nearest thousand unless otherwise stated. The consolidated financial statements of YooMedia Plc have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ('adopted IFRS').

The unaudited financial information presented in this document has been prepared on the basis of the expected accounting policies which the Group will comply with in the accounts to 31 December 2007 and on the basis of all International Financial Reporting Standards ('IFRS'), including International Accounting Standards ('IAS'') and interpretations issued by the International Accounting Standards Board ('IASB') and its committees, as adopted by the EU. These are subject to ongoing amendment by the IASB and subsequent endorsement by the European Commission and are therefore subject to possible change. As a result, information contained within this release will require updating for any subsequent amendment to IFRS required for first time adoption or those new standards that the Group may elect to adopt early.

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules, except for derivative financial instruments which are stated at their fair value, and non-current assets and disposal groups held for sale which are stated at the lower of previous carrying value and fair value less costs to sell.

Basis of consolidation

The Group financial statements consolidate the financial statements of YooMedia plc and its subsidiary undertakings drawn up to 30 June 2007. No profit and loss account is presented for YooMedia plc as permitted by section 230 of the Companies Act 1985.

The subsidiaries have been included within the Group financial statements using the acquisition method of accounting. Accordingly the Group profit and loss account and Group cash flow statement includes the results and cash flows of the subsidiaries from the dates of acquisition up to 30 June 2007.

2. ACCOUNTING POLICIES continued

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The results of subsidiaries are included in the Group income statement from the date of acquisition, or in the case of disposals, up to the effective date of disposal. Inter-company transactions and balances between Group companies are eliminated upon consolidation.

Goodwill

Goodwill represents the difference between the cost of acquisition of a business and the fair value of identifiable assets, liabilities and contingent liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is tested annually for impairment. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

Intangible assets

Intangible assets acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Intangible assets are amortised on a straight-line basis over their useful lives in accordance with IAS 38 'Intangible Assets'.

Assets are not re-valued. The amortisation period and method are reviewed at each financial year end and are changed in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' if this is considered necessary.

Externally acquired computer software which is not integral to a related item of hardware is included in intangible assets and amortised over its estimated useful life of 2 years.

Costs relating to development of computer software for internal use are capitalised once the recognition criteria are met. These development costs are included within intangible fixed assets. Development costs are capitalised in accordance with IAS 38 if the directors are satisfied that the asset can be used or sold to generate a future economic for the group and that that benefit can be reliably measured. A project will be capitalised either on completion or at a particular point in development where there exists an intention and the technical feasibility for the project to be completed.

The policy of the Group is to amortise these capitalised development costs over their useful economic lives which is expected to be between one and three years. These costs are expensed through the profit and loss account. In addition to this an annual impairment review is also carried out in accordance with IAS 36 and any impairment costs, if required, are also expensed.

Research costs are not capitalised but expensed to the profit and loss account as incurred.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is calculated so as to write off the cost of fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Computer equipment	33%
Office equipment	33%
Fixtures and fittings	33%
Short-leasehold improvements	20%

Deferred taxation

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

2. ACCOUNTING POLICIES continued

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, or a right to pay less, tax in the future have occurred at the balance sheet date, except that deferred tax assets are recognised

only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Finance leases

Assets funded through finance leases are capitalised as property, plant and equipment and depreciated over their estimated useful lives or the lease term, whichever is shorter. The amount capitalised is the lower of the fair value of the asset or the present value of the minimum lease payments during the lease term at the inception of the lease. The resulting lease obligations are included in liabilities net of finance charges. Finance costs on finance leases are charged directly to the income statement.

Share based payments

The Company has adopted IFRS 2 'Share-based Payment' in the year. Under IFRS 2 the Company charges the profit and loss account with the fair value of the options issued. The fair value is calculated using the Black-Scholes method, which is spread over the vesting period allowing for expected lapses.

Compound financial instruments

Compound financial instruments comprise both liability and equity components. At issue date, the fair value of the liability component is estimated by discounting its future cash flows at an interest rate that would have been payable on a similar debt instrument without any equity conversion option. The liability component is accounted for as a financial liability.

The difference between the net issue proceeds and the liability component, at the time of issue, is the residual or equity component, which is accounted for as an equity instrument.

Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of the proceeds.

The interest expense on the liability component is calculated by applying the effective interest rate for the liability component of the instrument. The difference between any repayments and the interest expense is deducted from the carrying amount of the liability.

Financial liabilities

Interest-bearing bank loans and overdrafts are recorded initially at fair value, which is generally the proceeds received, net of direct issue costs. Subsequently, these liabilities are held at amortised cost using the effective interest method.

Finance charges, including premiums payable on settlement or redemption and direct issue costs are accounted for on an accrual basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2. ACCOUNTING POLICIES continued

Foreign currency transactions

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Revenue

Revenue consists of sales from interactive media services and dating services and is recognised as these services are provided or in accordance with the contract. Revenue is recognised when the significant risks and rewards of products and services have been passed to the buyer and can be measured reliably.

Gaming revenues, where the Company holds a gaming licence, are recognised on a gross basis and winnings are recognised as a cost of sale. All revenue is generated in the United Kingdom.

3. SEGMENTAL INFORMATION

A segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment. The principal activities of the Group are divided into the following business segments; games and gambling, dating and interactive services. These segments are the basis on which the management analyses Group's performance. The operations of the Group are based in the UK and as a consequence, the Group has only one business segment and no secondary segment disclosure has been made.

	Six months ended 30 June 2007 £'000	*Six months ended 30 June 2006 £'000*	*Year ended 31 Dec 2006 £'000*
Segment Revenue			
Games and gambling	21,578	24,784	50,690
Interactive services	3,815	4,515	8,996
Dating	661	1,934	2,900
Consolidated revenue	26,054	31,233	62,586
Gross profit			
Games and gambling	883	723	2,307
Interactive services	1,413	1,235	4,702
Dating	329	923	1,406
Consolidated	2,625	2,881	8,415
Segment result for period			
Games and gambling	623	265	1,901
Interactive services	458	(858)	870
Dating	(242)	(405)	(709)
Unallocated central costs	(3,988)	(3,912)	(27,432)
Consolidated loss for the period	(3,149)	(4,910)	(25,370)

There is no significant inter-segment revenue included in neither of the segments which is required to be eliminated.

4. LOSS PER SHARE

The basic loss per share for the six months ending 30 June 2007 of 0.41p has been calculated by dividing the net loss for the period of £3.149m (2006: £25.37m) by the weighted average number of 766,356,541 shares in issue during the period (2006: 581,251,181). The Company has potentially dilutive ordinary shares being share options issued to staff and shares contracted to be issued.

4. LOSS PER SHARE continued

For the periods ended 30 June 2007, 31 December 2006 and 30 June 2006 the diluted loss and earnings per share is calculated on the same basis as basic loss and earnings per share because the effect of the potential ordinary shares reduces the net loss per share and is therefore anti-dilutive.

The deferred shares are not included in the earnings per share or diluted earnings per share. These shares have no voting rights and are non-convertible and therefore do not form part of the ordinary share capital used for the loss per share calculation.

5. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Six months ended 30 June 2007 £'000	*Six months ended 30 June 2006 £'000*	*Year ended 31 Dec 2006 £'000*
Loss for the period	(3,149)	(4,910)	(25,370)
New shares issued	1,257	1,391	5,052
Additions to Capital reserves	187	629	914
Minority Interest	–	(357)	(357)
Net reduction in shareholder funds	(1,705)	(3,247)	(19,761)
Opening shareholders funds	17,833	37,594	37,594
Closing shareholder funds	16,128	34,347	17,833

6. SHARE CAPITAL

	30 June 2007 No.	*30 June 2007 £*	*31 Dec 2006 No.*	*31 Dec 2006 £*
Authorised				
Ordinary shares of 1p each	1,200,000,000	12,000,000	1,200,000,000	12,000,000
Deferred shares of 1p each	900,000,000	9,000,000	900,000,000	9,000,000
Total	2,100,000,000	21,000,000	2,100,000,000	21,000,000
Allotted, called up and fully paid				
Ordinary shares of 1p each	824,742,053	8,247,421	696,964,276	6,969,643
Deferred shares of 1p each	690,822,639	6,908,226	690,822,639	6,908,226
Total	1,515,564,692	15,155,647	1,387,786,915	13,877,869

During the year the following share issues took place:

Date of Notice	*Description*	*Funds Raised £*	*Shares Issued No.*	*Nominal Value £*	*Share Premium £*
15 February 07	Placing	762,500	67,777,777	677,778	84,722
5 May 07	Loan conversion	250,000	25,000,000	250,000	–
5 May 07	Loan conversion	250,000	25,000,000	250,000	–
5 May 07	Loan conversion	100,000	10,000,000	100,000	–
Total		1,362,500	127,777,777	1,277,778	84,722

7. POST BALANCE SHEET EVENTS

On 2 July 2007 the Company announced that a Spanish investment group, Kasei 2000, had been granted an option to acquire the Company's subsidiary, The Gaming Channel Ltd, for a consideration of £5.25 million. On 19 September 2007 the Company announced that the duration of the option period had been extended to allow for a continuation in the negotiations with Kasei 2000.

7. POST BALANCE SHEET EVENTS continued

On 16 July 2007 the Company raised £375,000 (gross) through a placing of 37,500,000 new ordinary shares at 1p each.

On 8 August 2007 the Company raised £500,000 (gross) through a placing of 50,000,000 new ordinary shares at 1p each.

On 7 September 2007 the Company announced the cessation of trading of its subsidiary company Finlaw 532 Ltd which trades under its brand name, Avenues.

8. OTHER

Copies of unaudited interim results have not been sent to shareholders, however copies are available on request from the Company Secretary at the Company's registered office, Northumberland House, 155-157 Great Portland Street, London, W1W 6QP.

PART IV

Financial information on Fresh Interactive Technologies, S.A.

The following financial information does not constitute statutory accounts and has been extracted and translated from Fresh's annual unqualified audited accounts for the years ended 31 December 2004, 2005 and 2006 without any material changes.

Income statement

	Year ended 31 Dec 2006 (audited) Euro 000's	*Year ended 31 Dec 2005 (audited) Euro 000's*	*Year ended 31 Dec 2004 (audited) Euro 000's*
Revenue	1,953	1,801	1,256
Cost of sales	(128)	(380)	(73)
Gross profit	**1,825**	**1,421**	**1,183**
Administrative costs	(1,713)	(1,324)	(1,338)
Operating profit/(loss)	**112**	**97**	**(155)**
Finance income	–	3	3
Finance expense	(16)	(14)	(8)
Profit on ordinary activities before taxation	**96**	**86**	**(160)**
Taxation	–	–	–
Profit for the financial period	**96**	**86**	**(160)**
Dividend per share	**–**	**–**	**–**

Balance sheet

	31 Dec 2006 (audited) Euro 000's	*31 Dec 2005 (audited) Euro 000's*	*31 Dec 2004 (audited) Euro 000's*
Non-current assets	**343**	**158**	**179**
Trade and other receivables	987	1,136	391
Short term financial investments	2	–	68
Cash and cash equivalents	105	7	95
Current assets	**1,094**	**1,143**	**554**
Total assets	**1,437**	**1,301**	**733**
Trade and other payables	(772)	(578)	(250)
Bank loans and overdrafts	–	(154)	–
Current liabilities	**(772)**	**(732)**	**(250)**
Net current assets	**322**	**411**	**304**
Net Assets	**665**	**569**	**483**
Capital and reserves			
Issued capital	102	102	102
Share premium	463	2,422	2,422
Other reserves	4	4	4
Retained earnings	96	(1,959)	(2,045)
Equity shareholders' funds	**665**	**569**	**483**

Notes to the accounts

1. ACTIVITIES OF THE COMPANY

Fresh Interactive Technologies, S.A was incorporated on 22 May 2000, its principal activities consist of the development of software and the exploitation of applications and services in relation to digital television. The company's address is C/General Fanjul 2B, oficina 3-4, 28044 Madrid, Spain.

2. ACCOUNTING POLICIES

(a) Intangible assets

Intangible assets include research and development costs and the expenses incurred in the development of application software. Intangible assets are stated at cost less accumulated amortisation.

The accrued costs of each individual project represent the company's investment in development work which allow the company to secure its position as a market leader. The costs are capitalised once the recognition criteria for their technical success and marketability are met. The amortisation policy of the company is to amortise these capitalised development costs over their useful economic lives which is expected to be between 3 and 4 years.

The application software includes externally acquired software and software developed internally by the company. The capitalised application software costs are amortised over a 3 year period using the straight-line method. The maintenance costs of the application software are expensed to the income statement as incurred.

(b) Tangible fixed assets

Fixed assets are stated at cost net of depreciation. Costs of modernisation or improvement are capitalised only if they result in an increase in capacity, efficiency, productivity or an extension of useful economic life. Costs of repairs and maintenance are expensed to the income statement as incurred.

Depreciation is calculated to write off the fixed assets on a straight-line basis over the expected useful economic lives of the assets concerned. The annual rates used for this purpose are:

Technical installations	12.5 %
Furniture	10.0 %
Computer equipment	33.0 %

(c) Accounts receivable

The company provides for trade debts where it considers the recoverability of the amounts owed to be in doubt.

(d) Grants

Grants are received in relation to certain projects undertaken by the company. The proportion of the grant recognised as income during the year is based upon the company's assessment of the level of completion of the associated project at the end of the financial year.

(e) Accounts payable

The accounts payable are classified between short term and long term creditors. Amounts payable within 12 months of the accounting reference date are classified as short term creditors and amounts payable after 12 months are classified as long term creditors.

(f) Short term financial investments

The short term financial investments constitute treasury letters and deposits and are recorded at the price of acquisition.

(g) Corporate Income Tax

The Corporate Income Tax expense is calculated based on the profit before tax. According to the prudence principle, potential future benefits arising from brought forward Corporate Income Tax losses are not recognised in the income statement.

2. ACCOUNTING POLICIES continued

(h) Foreign Currency Transactions

Transactions in foreign currencies are translated into Euros at the rate of exchange prevailing at the time of the transaction. Assets and liabilities in foreign currencies are translated into Euros at the rate of exchange prevailing at the end of the financial year.

The non-realised exchange differences at the end of the financial year, calculated in accordance with the above paragraph, are recognised as liabilities in the balance sheet in the case of exchange gains and expensed to the income statement in the case of exchange losses.

(i) Provisions of risks and expenditures

The provisions included in the balance sheet at the year end relate to the estimated potential reimbursement of grants in case of an inspection by the governmental provider of the relevant grant.

(j) Revenues and expenditures

Revenues and expenditures are recognised in the income statement at the date on which they are incurred. However, according to the prudence principle, only the realised profits are recognised during the financial year and losses, even if they are assumed to be only possible, are recognised as soon as they are known.

3. INTANGIBLE FIXED ASSETS

The details of the balances and the movements during the years ended 31 December 2005 and 31 December 2006 are as follows:

	Development costs €000s	*Application software €000s*	*Total €000s*
Cost			
As at 31 December 2004	887	212	1,099
Movement	73	–	73
As at 31 December 2005	960	212	1,172
Amortisation			
As at 31 December 2004	887	203	1,090
Charge for year	73	9	82
As at 31 December 2005	960	212	1,172
Net book value			
As at 31 December 2005	–	–	–
As at 31 December 2004	–	9	9

	Development costs €000s	*Application software €000s*	*Total €000s*
Cost			
As at 31 December 2005	960	212	1,172
Movement	268	4	272
As at 31 December 2006	1,228	216	1,444
Amortisation			
As at 31 December 2005	960	212	1,172
Charge for year	87	–	87
As at 31 December 2006	1,047	212	1,259
Net book value			
As at 31 December 2006	181	4	185
As at 31 December 2005	–	–	–

4. TANGIBLE FIXED ASSETS

The details of the balances and the movements during the years ended 31 December 2005 and 31 December 2006 are as follows:

	Technical installations €000s	*Furniture €000s*	*Computer equipment €000s*	*Total €000s*
Cost				
As at 31 December 2004	30	89	240	359
Additions	–	–	17	17
As at 31 December 2005	30	89	257	376
Depreciation				
As at 31 December 2004	15	38	207	260
Charge for year	4	9	19	32
As at 31 December 2005	19	47	226	292
Net book value				
As at 31 December 2005	11	42	31	84
As at 31 December 2004	15	51	33	99

	Technical installations €000s	*Furniture €000s*	*Computer equipment €000s*	*Total €000s*
Cost				
As at 31 December 2005	30	89	257	376
Additions	–	–	26	26
As at 31 December 2006	30	89	283	402
Depreciation				
As at 31 December 2005	19	47	226	292
Charge for year	3	10	15	28
As at 31 December 2006	22	57	241	320
Net book value				
As at 31 December 2006	8	32	42	82
As at 31 December 2005	11	42	31	84

5. LONG TERM RECEIVABLES

The details of the balances and the movements during the years ended 31 December 2005 and 31 December 2006 are as follows:

	Principal €000s	*Interest €000s*	*Financial guarantees €000s*	*Total €000s*
As at 31 December 2004	60	10	1	71
Charges for year	–	3	–	3
Repayments	–	–	–	–
As at 31 December 2005	60	13	1	74
As at 31 December 2005	60	13	1	74
Charges for year	–	3	–	3
Repayments	–	–	(1)	(1)
As at 31 December 2006	60	16	–	76

The long term receivables relate to loans receivable from directors of the company. Interest is charged at a rate of 1% above the base rate of the Bank of Spain. In 2006 interest was charged at 4%.

6. DEBTORS

	31 December 2006 €000s	*31 December 2005 €000s*	*31 December 2004 €000s*
Trade debtors	1,073	1,069	390
Amounts receivable from group companies	13	–	11
Amounts receivable from associated companies	–	–	30
Other debtors	4	146	181
	1,090	1,215	612
Provision for doubtful debts	(103)	(79)	(221)
	987	1,136	391

7. CAPITAL AND RESERVES

The details of the balances and the movements during the years ended 31 December 2005 and 31 December 2006 are as follows:

	Issued share capital €000s	*Share premium account €000s*	*Legal reserve €000s*	*Profit and loss reserve €000s*	*Profit for year €000s*	*Total €000s*
As at 31 December 2004	102	2,422	4	(1,885)	(160)	483
Transfer of prior year result	–	–	–	(160)	160	–
Profit for the year	–	–	–	–	86	86
Cancellation of brought forward losses	–	–	–	–	–	–
As at 31 December 2005	102	2,422	4	(2,045)	86	569
As at 31 December 2005	102	2,422	4	(2,045)	86	569
Transfer of prior year result	–	–	–	86	(86)	–
Profit for the year	–	–	–	–	96	96
Cancellation of brought forward losses	–	(1,959)	–	1,959	–	–
As at 31 December 2006	102	463	4	–	96	665

7. CAPITAL AND RESERVES continued

The share capital is made up of 101,899 ordinary shares with a nominal value of €1.00 each. The share capital is allotted, called up and fully paid.

The details of the shareholders with more than 10% of the issued share capital of the company as at 31 December 2006 is as follows:

Shareholder	*Percentage holding*
Fresh Inversiones, S.L.	52.20%
Aracnet Partners, S.L.	13.50%
Avanzit S.L.	13.00%
Dalbergia, S.L.	10.00%

During the year ended 31 December 2006 after the agreement of the [Junta General Ordinaria], authority was given for the brought forward losses up to 31 December 2005 to be offset against the share premium account.

8. OTHER CURRENT LIABILITIES

A breakdown of other current liabilities included in short term creditors in the balance sheet is as follows:

	31 December 2006 €000s	*31 December 2005 €000s*	*31 December 2004 €000s*
IVA payable	93	19	10
Social Security and other employment taxes	72	56	56
Other creditors	159	107	52
Commissions and bonuses payable	68	–	–
	392	182	118

9. EXPENSES

(a) The indirect labour costs incurred in the year are as follows:

	Year ended 31 December 2006 €000s	*Year ended 31 December 2005 €000s*	*Year ended 31 December 2004 €000s*
Social security costs	208	166	156
Other social expenses	56	60	61
	264	226	217

(b) The number of persons employed by the company are as follows:

	31 December 2006 €000s	*31 December 2005 €000s*	*31 December 2004 €000s*
Directors	1	1	1
Administration	1	1	1
Marketing & sales	5	4	4
Director of operations	1	1	1
Systems	1	1	–
Project heads	3	3	2
Analysts	4	5	2
Programmers	11	8	12
	27	24	23

10. TAX LOSSES

The company has the following brought forward tax losses which can be offset against future profits:

Year of loss	*Final year of utilisation*	*Amount €000s*
2001	2016	720
2003	2018	701
2004	2019	160
		1,581

11. GUARANTEES WITH THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

The company does not have any guarantees or contingent liabilities.

PART V

Information on the Concert Party

The shareholders of Fresh will be receiving New Ordinary Shares in YooMedia as part of the Acquisition and the Placing and therefore are deemed, save for Baring, for the purposes of the Takeover Code, as acting in concert with each other, therefore, forming the Concert Party. The members of the Concert Party and summary information on each member of the Concert Party are set out below.

Baring will become a shareholder of Fresh by way of the Baring Investment (more fully described in paragraph 4 of Part I of this document). Baring is not in concert for the purposes of the Takeover Code with the Concert Party or any members of the Concert Party.

The Concert Party consists of:

1. Kasei which is a company incorporated in Spain. The shareholders of Kasei are:

   a. Asesoria Digital S.L., which owns 168,036 ordinary shares of €1 each in the capital of Kasei, being one-third of the issued share capital of Kasei. Asesoria Digital S.L. is an investment company. Asesoria Digital S.L. is owned by Rafael Martín Sanz, one of the Proposed Directors, and his wife, Elena Arroyo Botana, each of whom own 50% of the issued share capital. Rafael Martín Sanz is a director of Kasei.

      Mr. Rafael Martín Sanz, aged 52, holds a degree in Economics and Business Administration at the Universidad Complutense de Madrid. He is also a member of the Spanish Association of Economists. He was the Chairman of Television y Sonido (TELSON) from 1990 to 2002, Director of Page Ibérica, S.A. and Amper, S.A. and Chairman of Avanzit TMT from 2000 to 2002.

      He has also worked in Spanish local government from 1982 to 1987, with the Government of Castilla-La Mancha where he held the positions of General Director of PYMEs (medium size companies), Vice-Counsel of Economics and Inland Revenue, Deputy Counsel of the President and Counsel of the Presidency of the Autonomous Government of Castilla-La Mancha.

   b. Next Inversiones Inmobiliarias, S.L., which owns 168,036 ordinary shares of €1 each in the capital of Kasei, being one-third of the issued share capital of Kasei. Next Inversiones Inmobiliarias, S.L.'s business activities comprise holding investments in real estate properties and companies. Next Inversiones Inmobiliarias, S.L. is 100% owned by Marcos Antonio Fernández Fermoselle and his immediate family. Marcos Antonio Fernández Fermoselle is a director of Kasei.

      Mr. Fernández Fermoselle, aged 45, studied Business Administration in the United States (1984) and holds a Master's degree in Property Management from Universidad Politénica de Madrid (1989).

      Mr. Fernández Fermoselle has been employed in several companies (Revlon Professional, Kraft Foods España, S.A. and Leo Burnett Company Limited) before joining his family owned group in 1987. He was also employed as Chief Executive Officer of Parquesol Inmobiliaria Y Proyectos, S.A. until 1998. Since 1998 he has been Executive Chairman of Parquesol. Mr Fernández Fermoselle has also acted as Chairman of Real Valladolid SAD between 1998 and 2000. He was appointed as a Director of the Spanish listed company Iberdrola Renovables SA in November 2007.

   c. Davainser S.L., which owns 168,036 ordinary shares of €1 each in the capital of Kasei, being one-third of the issued share capital of Kasei. Davainser S.L.'s business activities comprise holding investments in real estate properties and companies. Davainser S.L. is owned 99.703% by Trinidad Capital, S.L. and 0.297% by David Serrano, the son-in-law of Serafín González Morcillo. Serafín González Morcillo is a director of Kasei.

      Trinidad Capital, S.L. is 100% owned by Inverpart S.A., which is 100% owned by Serafín González Morcillo and his immediate family.

      Mr. González Morcillo studied for a degree in Industrial Engineering at ETSII Universidad Politécnica de Barcelona (1964-1970) and holds a general business administration qualification with Instituto de Estudios Superiores de la Empresa (1982).

      Mr. González Morcillo has been employed by several companies in the financial services sector, such as Bancoval, Cualladó, Caja de Ahorros de Cuenca y Ciudad Real, Caja de

Ahorros de Zaragoza, Aragón y Rioja, Intercaser, La Montañesa, before setting up his own group of companies.

He is currently the Chairman of TSI Ingeniería de Imagen, Ágora, NACE, Gecina, and is a director of Grupo Isolux and Quixote Airport.

Kasei is a special purpose vehicle that was established to invest in Fresh. In addition to receiving New Ordinary Shares as part of the Acquisition, Kasei is participating in the Placing. Kasei itself does not trade.

The members of Kasei (save for Davainser S.L.) Rafael Martín Sanz and Marcos Fernández Fermoselle, have previously co-invested in the IT and real estate sectors over several years and are shareholders together in several private and publicly held businesses. The proposed investment in YooMedia is the first co-investment undertaken by them via Kasei.

2. Fresh Inversiones, which is a company incorporated in Spain. Fresh Inversiones is an investing company which holds 94.75% of the issued share capital of Fresh prior to completion of the Baring Investment and the exercise of the Kasei Share Option. The shareholders of Fresh Inversiones are:

   a. José-Luis Vazquez Antolinez, one of the Proposed Directors, who owns 98.96% of the issued share capital in Fresh Inversiones; and

   b. Mr. Jesús Manuel Solana Contreras, who owns 1.04% of the issued share capital in Fresh Inversiones. Mr. Contreras is certified as a telecommunication engineer by the Universidad Politécnica de Madrid, and holds a PDD (Programa de Desarollo Directivo) from IESE Business School. He participated as marketing director of Retevision (now Abertis Telecom) in the privatisation of the Retevision group, and had input into the business plan of Quiero TV. Mr. Contreras joined Fresh as CEO in July 2000, participating in the launch of the company until his departure in December 2003. Mr. Contreras is currently employed by CISCO (formerly Scientific Atlanta) as a Broadcast Sales Director for Southern Europe.

3. Goboal Asociados S.L. ("Goboal"), which owns 1.50% of the issued share capital of Fresh prior to completion of the Baring Investment and exercise of the Kasei Share Option, is wholly owned by the de Heredia family. Goboal focuses on diversified small investments and has had a historic small shareholding in Fresh.

4. Mr. Jaime Vallori Amorós, who owns 1.25% of the issued share capital of Fresh prior to completion of the Baring Investment and exercise of the Kasei Share Option. Jaime Vallori Amorós has a Degree in Physic Sciences from the Universidad Complutense of Madrid. He started his career as a software engineer for Spanish companies, including Telefonica. Mr. Vallori Amorós joined Fresh in 2001 as a Software Analyst, and is now a project manager for Fresh.

5. Mr. José Gozalbo Sidro, who owns 2.5% of the issued share capital of Fresh prior to completion of the Baring Investment and exercise of the Kasei Share Option. José Gozalbo Sidro is a computing engineer with a qualification from the Universidad Jaume I of Castellón, Spain. He started his career as a project manager, and afterwards became a technical director for a software company in eastern Spain operating in the fields of artificial vision and advanced interfaces. He joined Fresh in 2001 as a project manager, and became the Chief Technical Officer of the company in 2004.

PART VI

Additional Information

1. Responsibility

1.1 The Directors, whose names are set out on page 3 of this document, accept responsibility for the information contained in this document but excluding the information contained in Part V of this document which relates to the Concert Party. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 The Concert Party, whose names are set out in Part V of this document, accept responsibility for the information contained in Part V which relates to the Concert Party. To the best of the knowledge and belief of the Concert Party (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors', the Proposed Directors' and other interests

2.1 The voting rights (within the meaning of Chapter 5 of the DTR) of the Directors and the Proposed Directors and their respective families (as defined in the AIM Rules) all of which are beneficial unless otherwise stated and of connected persons within the meaning of the Act, in the issued ordinary share capital of the Company as at the date of this document and as it will be immediately following Admission, the existence of which is known to, or could, with reasonable diligence, be ascertained by the Directors, together with the percentages which such interests represent of the Existing Ordinary Shares in issue and of the New Ordinary Shares on Admission are or will be as follows:

	No. of Existing Ordinary Shares as at 30 January 2008	*% of Existing Ordinary Shares in issue as at 30 January 2008*	*No. of New Ordinary Shares on Admission*	*% of New Ordinary Shares on Admission*
Dr. M Sinclair	26,700,660	2.93	254,761	1.28
J Swingewood	14,432,366	1.58	60,044	0.30
N MacDonald	554,429	0.06	21,079	0.11
J Fenn	14,432,366	1.58	28,116	0.14
R Blake	30,128	0.00	30	0
J L Vázquez Antolinez[1]	Nil	Nil	1,180,242	5.95
R M Sanz[2]	Nil	Nil	8,617,848	43.44

1 The New Ordinary Shares will on Admission be held through Fresh Inversiones.

2 The New Ordinary Shares will on Admission be held by Kasei. Asesoria Digital S.L. owns one-third of the share capital of Kasei and is 100% owned by R M Sanz and his wife.

2.2 Save as disclosed above, none of the Directors or Proposed Directors or any persons connected with them (within the meaning of Rule 3 of the DTR) has any interest, beneficial or non-beneficial, in the share capital of the Company.

2.3 As at the date of this document and immediately following Admission, so far as the Directors are aware, the only persons who are directly or indirectly interested (within the meaning of Chapter 5 of the DTR) in 3 per cent. or more of the Company's capital are, and will be, as follows:

Name of Shareholder	No. of Existing Ordinary Shares as at 30 January 2008	% of Existing Ordinary Shares as at 30 January 2008	No. of New Ordinary Shares on Admission	% of New Ordinary Shares on Admission
Invesco Asset Management	163,152,182	17.88	163,152	0.82
Leo Noe	48,242,874	5.29	48,242	0.24
Peter Wilkinson	41,454,601	4.54	41,454	0.21
Highbridge	Nil	Nil	2,620,944	13.21
Platinum	9,740,956	1.07	2,142,859	10.80
Fresh Inversiones[1]	Nil	Nil	1,180,242	5.95
Kasei[2]	Nil	Nil	8,617,848	43.44
Baring	Nil	Nil	3,899,830	19.66

1 J L Vázquez Antolinez, one of the Proposed Directors, is a director of Fresh Inversiones.

2 R M Sanz, one of the proposed Directors, and his wife through their ownership of Asesoria Digital S.L. own 33.3% of the issued share capital of Kasei.

2.4 Save for the Concert Party, the Company is not aware of any person or persons who either alone or, if connected, jointly following the completion of the Proposals will (directly or indirectly) exercise or could exercise control over the Company.

2.5 The Company's Shareholders listed in this paragraph 2 do not have different voting rights to other holders of Ordinary Shares.

2.6 The Directors are not aware of any arrangements in place or under negotiation which may, at a subsequent date, result in a change of control of the Company.

2.7 As at 30 January 2008 (the latest practicable date prior to the publication of this document), the Company had granted options over 16,284,250 Ordinary Shares to the Directors as follows:

Name	*Options*	*Exercise Price*	*Issue Date*	*Expiry*
Michael Sinclair	7,000,000	15p	23/06/2005	22/12/2014
	700,000	1.225p	29/11/2003	29/05/2013
Neil MacDonald	1,584,250	1p	23/06/2005	22/12/2014
John Swingewood	7,000,000	15p	23/06/2005	22/12/2014

2.8 The names and details of the members of the Concert Party are set out in Part V of this document:

2.9 As at the close of business on 30 January 2008 (the latest practicable date prior to the publication of this document), Seymour Pierce, joint broker to YooMedia, did not hold any Ordinary Shares as principal and no Ordinary Shares on a discretionary basis nor has Seymour Pierce dealt in Ordinary Shares on behalf of discretionary clients in the twelve months prior to the date of this document.

2.10 As at the close of business on 30 January 2008 (the latest practicable date prior to the publication of this document), Hoodless Brennan, joint broker to YooMedia, held 5,219,000 Ordinary Shares as principal and no Ordinary Shares on a discretionary basis nor has Hoodless Brennan dealt in Ordinary Shares on behalf of discretionary clients in the twelve months prior to the date of this document.

2.11 Seymour Pierce has dealt in Ordinary Shares in the twelve months prior to publication of this document for non-discretionary clients as follows:

No. of Ordinary Shares	*Date*	*Trade*	*Price (p)*
500,000	23/03/2007	Sell	1.00
500,000	10/05/2007	Sell	1.00
500,000	15/05/2007	Sell	0.85
500,000	08/06/2007	Sell	0.90
500,000	02/07/2007	Sell	1.00
500,000	26/07/2007	Sell	0.90
10,000,000	09/08/2007	Sell	1.00
4,500,000	09/08/2007	Sell	1.00
34,650,000	09/08/2007	Sell	1.00
50,000,000	09/08/2007	Sell	1.00
500,000	20/08/2007	Sell	8.00
500,000	20/08/2007	Sell	0.80
500,000	21/08/2007	Sell	0.75
500,000	31/08/2007	Sell	0.85
500,000	07/09/2007	Sell	0.75
500,000	14/09/2007	Sell	0.75
500,000	02/10/2007	Sell	0.80
444,736	31/10/2007	Sell	0.50

2.12 Hoodless Brennan has dealt in aggregate in Ordinary Shares in the twelve months prior to publication of this document for non-discretionary clients as follows:

No. of Ordinary Shares	*Month*	*Trade*	*Volume Weighted Average Price (p)*
36,087,261	February to April 2007	Buy	1.44
2,059,013	February to April 2007	Sell	1.18
144,741,472	May to July 2007	Buy	1.07
3,747,607	May to July 2007	Sell	0.88
30,610,182	August to October 2007	Buy	0.98
5,132,440	August to October 2007	Sell	0.70
800,276	November 2007	Buy	0.54
3,765,000	November 2007	Sell	0.47
819,689	December 2007	Buy	0.23
2,190,888	December 2007	Sell	0.28
559,322	January 2008	Buy	0.18
1,162,428	January 2008	Sell	0.09

2.13

(a) Save as disclosed in this paragraph 2.13, neither the Concert Party, nor any member of their immediate families nor any person acting in concert with the Concert Party nor any person with whom the Company or any person acting in concert with the Concert Party has an arrangement, owns, controls or (in the case of the Concert Party and their immediate families) is interested, directly or indirectly, in any relevant securities nor has any such person dealt in any relevant securities in the twelve months prior to the date of this document.

(b) Neither the Concert Party nor any person acting in concert with the Concert Party nor any associate of the Concert Party has any arrangement in relation to relevant securities.

(c) Save as disclosed in this paragraph 2, neither the Company, nor any of the Directors, nor any member of their immediate families, nor any associated company of the Company, nor any pension fund or employee benefit trust of the Company or of any subsidiary or associated company of the Company, nor any person with whom the Company or any associates of the Company has an arrangement, nor any person whose investments are managed on a discretionary basis by a fund manager (other than an exempt fund manager) connected with the Company, owns, controls or (in the case of the Directors and their immediate families) is interested, directly or indirectly, in any relevant securities nor any securities of the Concert Party, nor has any such person dealt in any relevant securities nor any securities of the Concert Party in the twelve months prior to the date of this document. For the purposes of this paragraph, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status.

(d) Save as disclosed in this paragraph 2, neither the Company nor any person acting in concert with the Company, nor any associate of the Company has any arrangement in relation to relevant securities.

(e) Save as disclosed in this paragraph 2, no connected adviser (as defined in the Takeover Code) (other than an exempt principal trader) to the Company (nor any person controlling, controlled by or under the same control as such connected adviser) or any associate of the Company (falling within paragraph 2.13(k)(B)(i) below) or of the Concert Party, owned or has any interest in any relevant securities at the date of this document nor has any such person dealt therein in the twelve months prior to the date of this document.

(f) No agreement, arrangement or understanding (including any compensation agreement) exists between the Concert Party, any person acting in concert with the Concert Party and any of the Directors, recent directors, Shareholders or recent shareholders of the Company having any connection with or dependence upon the matters referred to in Part I of this document.

(g) There are no external financing arrangements being sourced in connection with the Proposals. There are therefore no arrangements in place nor any required for the payment of interest on, repayment of or security for any liability (contingent or otherwise) as a result of the Proposals.

(h) The Concert Party does not have any arrangement, including an indemnity or option arrangement, or any agreement or understanding, formal or informal of whatever nature, relating to the relevant securities which may be an inducement to deal or refrain from dealing.

(i) No relevant securities have been borrowed or lent by the Concert Party.

(j) No relevant securities have been borrowed or lent by any person or persons acting in concert with the Company.

(k) References in this paragraph 2 to:

(A) "arrangement" include an indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing;

(B) an "associate" are to:

(i) subsidiaries and associated companies of YooMedia or, as the case may be, the Concert Party and companies of which any such companies are associated companies;

(ii) connected advisers (as defined in the Takeover Code) to YooMedia or, as the case may be, the Concert Party and a company included within (i) above, including persons controlling, controlled by or under the same control as such banks, financial or other professional advisers;

(iii) the Directors or, as the case may be, the Concert Party, and the directors of any company covered within (i) above (together, in each case, with their immediate families and related trusts);

(iv) the pension funds of YooMedia or, as the case may be, of the Concert Party or of any company included within (i) above; and

(v) employee benefit trusts of YooMedia or, as the case may be, of the Concert Party or of any company included within (i) above.

(C) a "bank" does not apply to a bank whose sole relationship with YooMedia, the Concert Party or a company included within (B)(i) above is the provision of normal commercial banking services;

(D) "derivative" include any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying securities;

(E) "relevant securities" means Ordinary Shares and securities convertible into, or rights to subscribe for Ordinary Shares, options (including traded options) in respect of Ordinary Shares, derivatives referenced to Ordinary Shares or short positions, (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery in each case in respect of Ordinary Shares; and

(F) ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of “associated company” status and “control” means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of the company which are currently exercisable at a general meeting, irrespective of whether the holding, or aggregate holdings, gives de facto control.

2.14 The Proposed Directors have held the following directorships or been partners in the following partnerships within the five years prior to the date of this document:

Proposed Director	*Current*	*Past*
J L Vázquez Antolinez	Creatia Gestion S.L. Fresh Interactive Technologies S.A Fresh Inversiones S.L. Wiener Business S.L.	None
R M Sanz	Alteba Servicios Inmobiliarios S.L. Asesoria Digital S.L Beagle Investment S.L. Estudios Piramide S.A. Grupo IT Deusto S.L. Parquesol Inmobiliaria y Proyectos S.A.	Amper S.A. Aprovechamiento de Residuos S.A. Asesoria Economica Empresarial S.L Avanzit S.A. Avanzit Tecnologia S.L Avanzit Telecom S.L. Avanzit Wireless S.A. Cableuropa S.A. Cartel Producciones Audiovisuales S.L. Cartel Teatro S.A. Cartera Telson S.L. Combustibles Peletizados S.A. Concentronic S.A. Corproacion Iberica de la Comunicacion S.A. Daiquiri Digital Pictures S.L Elerco Interinvest S.A. Erase Producciones S.L. Estudios 96 S.A. Europa Management Consulting S.A. Fernando Colomo Producciones Cinematograficas S.L. Fischen Laden S.L. Fotofilm S.A. Grupo Karpesa S.L. HD Spainbox 1250-1125 S.A. Moe Richardson Iberica SA Nuetec Cartera S.L. Ostra Deta S.A. Page Iberica S.A. Pantalla Digital SL Planifcacion Asesoramiento y Gestion Integral de Empresas S.L. Pronto Foto Espana S.L Sociedad Gestora de Telesvision Onda 6 S.A. Spain Mapping S.A. Suministros Cinematograficos S.A. Telecomunicaciones Sistemas e Ingenieria de Productos S.A. Teleproducciones de Marketing Asociadas S.L. Television y Sonido Telson S.A. Telson Servicios Audiovisuales S.L. Trabajos Medio Ambientales S.L. Union de Productores Cinematograficos S.L Videoreport S.A. Wat SA

2.15 Neither of the Proposed Directors has:

2.15.1 any unspent convictions in relation to indictable offences;

2.15.2 had any bankruptcy order made against him or entered into any voluntary arrangements;

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

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

2.15.5 been the owner of any asset which has been placed in receivership or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

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

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

3. Directors' and Proposed Directors' service contracts and other interests

3.1 The following agreements have been entered into by the Directors and the Company:

3.1.1 on 27 April 2004 Dr. Michael Sinclair entered into a service agreement with the Company pursuant to which he is employed as the Executive Chairman of the Company at a current annual salary (subject to review) of £250,000. The agreement continues until terminated by either party giving to the other not less than 24 months' notice in writing for so long as there are any personal guarantees given by Dr. Michael Sinclair in respect of the Group and otherwise on 12 months' notice in writing. Under the terms of the agreement he is also entitled to a discretionary bonus of up to 50 per cent. of his annual salary;

3.1.2 on 22 December 2004, Neil MacDonald entered into a service agreement with the Company pursuant to which he is employed as Managing Director of the Company at a current annual salary (subject to review) of £180,000. The agreement continues until terminated by either party giving to the other not less than 12 months' notice in writing. Under the terms of the agreement he is also entitled to a discretionary bonus of up to 50 per cent. of his annual salary;

3.1.3 on 20 December 2004, John Swingewood entered into a service agreement with the Company pursuant to which he is employed as an Executive Director of the Company at a current annual salary (subject to review) of £125,000. The agreement is for an initial term of 12 months and continues thereafter until terminated by either party giving to the other not less than 12 months' notice in writing. Under the terms of the agreement he is also entitled to a discretionary bonus of up to 50 per cent. of his annual salary. It has been agreed that this service agreement will terminate on conclusion of the Extraordinary General Meeting. John Swingewood will be paid the sum of £52,836.73, together with receiving the portion of the Directors' Shares set out in the table against his name in paragraph 8 of Part I of this document, in lieu of notice;

3.1.4 on 30 January 2002, Richard Blake entered into on a letter of appointment with the Company pursuant to which he is appointed as a Non-Executive Director of the Company for an annual fee of £30,000. The appointment continues until terminated by either party giving to the other not less than 6 months' notice in writing; and

3.1.5 on 16 December 2004, Jeremy Fenn entered into a letter of appointment with the Company pursuant to which he was employed as a Non-Executive Director of the Company for an annual fee of £30,000. The appointment is for an initial term of 6 months and continues thereafter until terminated by either party giving to the other not less than 6 months' notice in writing. It has been agreed that this letter of appointment will terminate on conclusion of the Extraordinary General Meeting. Jeremy Fenn will be paid the sum of £15,000, together with receiving the portion of the Directors' Shares set out in the table against his name in paragraph 8 of Part I of this document, in lieu of notice.

3.2 It is intended that immediately following Admission the following agreements will be entered into between the Company and the Proposed Directors:

3.2.1 an agreement between the Company and José Luis Vázquez Antolinez pursuant to which he is to be employed as Chief Executive Officer of the Company at an annual salary (subject to review) of £200,000. The agreement can be terminated by either party giving to the other not less than 12 months' notice in writing. Under the terms of the agreement he is also entitled to a discretionary bonus of up to 50 per cent. of his annual salary; and

3.2.2 a letter of appointment between the Company and Rafael Martín Sanz pursuant to which Rafael Martín Sanz is to be appointed as a Non-Executive Director of the Company for an annual fee of £30,000. The appointment continues until terminated by either party giving to the other not less than 6 months' notice in writing.

3.3 It is intended that immediately following Admission Dr. Michael Sinclair's contract will be amended so that he will be employed by the Company on a part-time basis and his salary will be reduced to £40,000 per year. Dr. Sinclair will spend one day per week on Company business. His notice period will be reduced to six months. Should Dr. Sinclair's contract be terminated other than through his resignation or for cause prior to the vesting or exercising of the Options to be granted to him as detailed in paragraph 9 of Part I of this document, he would be granted a period of two years in which to exercise these Options.

3.4 Save as described in this paragraph 3, no amendments have been made to service contracts or letters of appointment of the Directors during the 6 months preceding the date of this document.

4. The Acquisition Agreement and the Supplemental Agreements

4.1 The Acquisition Agreement

On 6 December 2007, the Company entered into the Acquisition Agreement with the Vendors pursuant to which it conditionally agreed to acquire 95.2% of the issued share capital of Fresh (subsequently increased to 100% pursuant to the terms of the Supplemental Agreements) and the Vendors have agreed to sell to the Company such Fresh Shares as are registered in their names following the exercise and completion of the Kasei Share Option.

The Acquisition Agreement is conditional on, *inter alia*, the completion of the Baring Investment, the completion of the exercise of the Kasei Share Option, completion of the Placing, the passing of the Resolutions, completion of the Settlement Agreements and Admission. The Acquisition Agreement is also conditional upon the transfer by Kasei to the Company of its issued Fresh Shares following the completion of the exercise of the Kasei Share Option and the transfer by Baring to the Company of its issued Fresh Shares following completion of the Baring Investment and each of Kasei and Baring entering into deeds of adherence to the Acquisition Agreement.

The consideration for the acquisition of 95.2% of the issued share capital of Fresh (subsequently increased to 100% pursuant to the terms of the Supplemental Agreements) is to be satisfied by the allotment and issue, credited as fully paid at the Placing Price per share, of the Consideration Shares.

The following is a summary of the other main provisions of the Acquisition Agreement:

(a) under the terms of the Acquisition Agreement, the Warrantor has given normal commercial warranties and an indemnity in respect of the tax liabilities of Fresh prior to Admission, such warranties and indemnity being limited as to time and amount;

(b) the purchase price under the terms of the Acquisition Agreement is subject to adjustment if the net asset value of Fresh on Admission is less than €6,215,000 (following completion of the Baring Investment) on a pound for pound basis (any such sum to only be payable as detailed in paragraph (c) below);

(c) the liability of the Warrantor to the Company under the Acquisition Agreement and the indemnity in respect of the tax liabilities of Fresh is limited to the lesser of £1,250,000 or the proceeds of sale which the Warrantor receives for the number of Consideration Shares allotted and issued to it pursuant to the Acquisition Agreement, such sum to only be payable out of the proceeds of sale which the Warrantor receives for some or all of such Consideration Shares;

(d) the Vendors have given certain undertakings regarding the conduct of Fresh between the date of the Acquisition Agreement and Admission. These include undertakings to continue to operate Fresh as a going concern, not to enter into any agreements or commitments outside the ordinary course of business or of an amount of over £30,000 or to incur capital expenditure over and above such amount and have further undertaken not to create, allot, issue, repay or redeem any share or loan capital in Fresh save as required for the purposes of the Baring Investment;

(e) the Vendors have also entered into certain restrictive covenants, under which they undertake for so long as they hold, together or with their associates, over 3% of the issued ordinary share capital of the Company, not to enter into any business which is in direct competition with the business of the Enlarged Group, or to canvass, solicit or cause to be canvassed or solicited any key distributors, customers or suppliers of the Enlarged Group or any employees of the Enlarged Group;

(f) the Vendors have agreed to enter into lock-in agreements under the terms of the Acquisition Agreement pursuant to which they will undertake to Seymour Pierce not to dispose of any interests in New Ordinary Shares for a period of 12 months from Admission and for a further 12 months thereafter to deal in their New Ordinary Shares only through Seymour Pierce so as to maintain an orderly market in the New Ordinary Shares. The lock-in provisions do not apply in certain limited circumstances including: in acceptance of a general offer for the whole of the issued ordinary share capital of the Company made in accordance with the Takeover Code (whether or not any such offer has been recommended by the board for the time being of the Company) or in executing an irrevocable undertaking to accept such an offer; or any disposal made to a person making an offer as aforesaid or to a person who has publicly announced an intention to make such an offer (during an offer period (as defined in the Takeover Code)); or pursuant to any compromise or arrangement made under the Act; or transfers to certain permitted family members or intra-group (as the case may be); or transfers made with the prior written consent of both Seymour Pierce and the Company. In addition the Warrantor is permitted to make disposals to satisfy any claims made under the Acquisition Agreement or to satisfy the indemnity in respect of the tax liabilities of Fresh (referred to in (a) above) or upon the unlawful termination by the Company of the service agreement which is to be entered into following Admission between José Luis Vázquez Antolinez and the Company or pursuant to certain permitted transfers to named individuals;

(g) the Company has agreed to give a limited number of warranties on the status of the Company in favour of the Vendors, and, as from the time of their entry into deeds of adherence to adhere to the Acquisition Agreement, Kasei and Baring, such warranties limited as to time and amount; and

(h) the Company has agreed to pay the fees of Fresh and the Vendors in respect of the Acquisition, such fees capped at a maximum amount of €1,200,000.

4.2 The Supplemental Agreements

On 25 January 2008, the Company (1) and the Vendors (2) entered into a deed of variation to the Acquisition Agreement whereby the long stop date for the posting of this document was extended to 29 February 2008. On 31 January 2008, the Company (1) and the Vendors (2) entered into a further deed of variation to the Acquisition Agreement whereby the Company agreed to vary the Acquisition Agreement such that it conditionally agreed to acquire 100% of the issued and to be issued share capital of Fresh. Certain consequential amendments were made to the Acquisition Agreement by the Supplemental Agreements including to the number of the Consideration Shares, certain of the warranties regarding the number of shares in Fresh to be acquired pursuant to the Acquisition Agreement and to the documents to be delivered, or to be procured, by the Vendors on Completion.

5. Material Contracts

5.1 The Company

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this document and are or may be material:

5.1.1 The Acquisition Agreement.

5.1.2 The Supplemental Agreements.

5.1.3 The Minority Rights Agreement.

5.1.4 The Settlement Agreements.

On 6 December 2007, the Company entered into the Settlement Agreements pursuant to which, conditionally on the approval by Shareholders of the terms of the Minority Rights Agreement, completion of the Baring Investment, completion of the Acquisition and the Placing and the occurrence of Admission as regards the Settlement Shares, the Company will settle all sums due by it to Highbridge and Platinum under the Convertible Loan Agreements by the allotment and issue to each of them of 2,620,944 Settlement Shares and 2,133,119 Settlement Shares respectively, taken for this purpose at the Placing Price per share together with the payment of certain interest accrued since 1 January 2008. The Company has also agreed to transfer to Highbridge and Platinum respectively half of the Mentor Warrants (as defined in paragraph 5.1.8 below) following Admission.

5.1.5 YooMedia Dating Group Limited.

On 3 February 2006, the Company completed the purchase of the 25 per cent. minority holding in its then 75 per cent. owned subsidiary, YooMedia Dating Group Limited. The consideration for this purchase was £1.25 million, satisfied by the allotment and issue of 19,230,778 Ordinary Shares at a price of 6.5p per Ordinary Share. Further consideration of £500,000 was due to be paid, also to be satisfied in Ordinary Shares, subject to the fulfilment of certain performance criteria. These have not been satisfied, and the further consideration is no longer payable.

5.1.6 The Noe Loan Agreement.

On 24 March 2006, the Company entered into a loan agreement with Mr. Leo Noe for the provision of short-term funding in the amount of £500,000. Interest and fees in the amount of £72,048 was also paid. The loan was repaid through the issue of Ordinary Shares to Mr. Noe in October 2006, who was further granted 1,178,418 warrants to subscribe for Ordinary Shares at a subscription price of 1.75p per Ordinary Share. The warrants are exercisable for a period of three years, and are due to expire on 3 October 2008.

5.1.7 The Highbridge Convertible Loan Agreement and the Platinum Convertible Loan Agreement.

On 10 May 2006 the Company entered into the Highbridge Convertible Loan Agreement and the Platinum Convertible Loan Agreement. These agreements are on identical terms. The maximum loan under each convertible loan agreement was £3,750,000, and an initial advance of £3,000,000 was made by each of Platinum and Highbridge. Each convertible loan agreement was for a term of two years, with interest accruing at 5% a year. During this period Highbridge and Platinum had the right to convert any of the principal and interest under the loans into Ordinary Shares at a conversion price equivalent to the lower of £0.055 and 90% of the volume weighted average price ("VWAP") of an Ordinary Share for the previous ten working days, subject to certain limitations. Conversion was limited to £120,000 in any seven-day period under each agreement. An arrangement fee of £90,000 is payable under each agreement. An amendment to each of the Highbridge Convertible Loan Agreement and the Platinum Loan Convertible Loan Agreement was agreed in April 2007, under which each of Highbridge and Platinum advanced a further £125,000 to the Company, and the weekly conversion limit was amended to £500,000. The conversion price was amended to the lower of £0.12 and 90% of the lowest five closing bids for the 20 consecutive trading days immediately prior to that conversion. A further amendment was agreed in August 2007, under which a further £400,000 was advanced to the Company, £200,000 by each of Platinum and Highbridge. The repayment date for the loans was brought forward to 15 October 2007. The termination and repayment of the Highbridge Convertible Loan Agreement and the Platinum Convertible Loan Agreement is now governed by the Settlement Agreements.

5.1.8 The Mentor Loan Agreement.

On 20 July 2006, the Company announced it had replaced its then existing facility with Lloyds TSB Bank Plc with a loan facility from Mentor Marketing & Investments Limited ("Mentor"). Under this loan facility, a sum of up to £2,400,000 was to be made available to the Company. An initial advance of £1,400,000 was made with a further two advances of £500,000 each to be made available on the performance of certain targets. Of these further advances, only £375,000 was drawn down. Mentor further guaranteed the Company's cardnet facility. Interest was payable on the loan at a rate equal to the base rate plus 5%. As part of this loan facility, the Company granted Mentor £1,000,000 of share warrants at £0.0163 per Ordinary

Share, which equalled 61,353,000 share warrants to subscribe for 61,353,000 Ordinary Shares (the "Mentor Warrants"). Each Mentor warrant was exercisable for a period of three years and entitled Mentor to subscribe for one Ordinary Share. The Mentor Warrants are due to expire on 2 November 2009. The loan facility further provided that in certain circumstances, Mentor would be entitled to a warrant fee equivalent to £30,000 per month over the term of the loan facility in place of the Mentor Warrants (up to a total value over the term of the loan of £630,000) (the "Warrant Fee"). This Warrant Fee would only be payable if Mentor did not exercise the Mentor Warrants, and the VWAP of the Ordinary Shares was not greater than or equivalent to 175% of the warrant exercise price for a period of 75 consecutive calendar days, or if the loan agreement was terminated for the Company's default. The loan facility was repaid in full by the Company on 17 August 2007, and it has been agreed with Mentor that the entire Warrant Fee will be paid following Admission or 31April 2008, whichever is earlier. Mentor has returned the Mentor Warrants to the Company and it has been agreed under the Settlement Agreements to transfer half the Mentor Warrants to Highbridge and half the Mentor Warrants to Platinum following Admission.

5.1.9 The Honeycone Joint Venture.

On 24 August 2006, the Company entered either directly or through its subsidiary company, The Gaming Channel Limited, into a number of related transactions with SGI Limited, or its related companies. This encompassed a joint venture agreement under which the Company assigned the intellectual property rights to the Group's innovative real time messaging system and certain rights to the game of Tringo (a mixture of bingo and Tetris) (the "Intellectual Property Rights") to the joint venture, Honeycone Limited ("Honeycone"). The Company further undertook to use its best efforts to obtain the novation of certain contracts relating to this intellectual property to the joint-venture company. SGI Limited lent Honeycone the sum of £1,100,000. The loan was repayable in three years, with no repayment of principal being made in the first year. Interest was payable at 9.5% per year. The failure to achieve the assignment of the above contracts relating to the Intellectual Property Rights to Honeycone was an event of default under the loan. Honeycone used the loan to purchase the Intellectual Property Rights from the Company or its subsidiaries. At the end of the loan period, The Gaming Channel Limited and SGI Limited each owned half of Honeycone. The intention was that the joint-venture partners would use their reasonable efforts to commercialise the Intellectual Property Rights. Dr. Michael Sinclair personally guaranteed Honeycone's repayment of the loan to SGI Limited. The Company did not manage to procure the novation of a certain contract to Honeycone in a timely manner, and SGI Limited obliged The Gaming Channel Limited to agree in January 2007 that the loan should thenceforth be repayable on demand, and that the Company should provide a minimum revenue guarantee throughout the remainder of the term of that contract, which has now terminated. In return for the Company's agreement to pay SGI Limited all revenues received from Fortune Fever, a television channel the Company operates on behalf of SGI Limited, and to pay the bandwidth and associated operating costs of this television channel, SGI Limited has agreed, for a period of three months terminating in October 2007 and then for another period of three months terminating on 31 January 2008 not to call the loan during this period, but to treat it as a term loan.

5.1.10 The Kasei 2007 Option.

On 29 June 2007 the Company entered into an option agreement with Kasei under which the Company granted Kasei an option to purchase The Gaming Channel Limited for a total sum of £5,650,000 (the "Option"). £800,000 of this sum was payable in advance as an option fee (the "Option Fee"). The Option Fee was payable in three instalments; the first instalment of £300,000 on 10 July 2007, the second instalment of £300,000 on 30 July 2007 and the final instalment of £200,000 on 30 August 2007. Kasei's obligation to pay the second and third instalments of the Option Fee is subject to its satisfactory completion of its due diligence. If Kasei does not exercise the option for any reason including the conclusion of a larger investment deal such as the Proposals, the Option Fee is repayable. On grant, the Option was exercisable by Kasei at any time up to and including 31 October 2007. Dr. Michael Sinclair provided a personal guarantee for the Company's obligation to repay the Option Fee to Kasei. The Option Fee will be repaid following Admission.

5.1.11 Irrevocable undertakings dated 31 January 2008 from each of the Directors addressed to the Company and Seymour Pierce to vote in favour of the Resolutions in respect of their aggregate holdings of 56,149,949 Ordinary Shares.

5.1.12 A subscription letter dated 6 December 2007 between the Company and Kasei (as amended by a supplemental letter dated 31 January 2008) pursuant to which, conditional on Admission, Kasei agreed to subscribe for 7,637,178 New Ordinary Shares at the Placing Price per Share.

5.1.13 On 13 December 2007, the Company sold the entire shareholding in its wholly owned subsidiary, YooMedia Dating Group Limited, which traded under the name "Dateline", to Dateline Holdings Limited, a consortium funded by Arc Management Holdings Limited and Capital Ideas Limited. The consideration was £250,000. The consent of the first charge holder, Mentor (as defined in paragraph 5.1.8 of this Part VI), to this sale was required, and was obtained only on the condition that the proceeds be put in escrow pending payment of the Warrant Fee (as defined in paragraph 5.1.8 of this Part VI). The share sale agreement contains standard warranty provisions. The Company has agreed, as part of the sale, to provide hosting services for a period of 5 months and has agreed to continue to provide hosting services thereafter on commercial terms.

5.2 Kasei

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by Kasei within the two years preceding the date of this document and are or may be material:

5.2.1 The Kasei 2007 Option; and

5.2.2 The Kasei Share Option.

5.3 Fresh

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by Fresh within the two years preceding the date of this document and are or may be material:

5.3.1 Short-Term Loan Agreement with Banco Santander

Fresh has an annual credit facility of up to €200,000, renewed in May of each year.

5.3.2 Short-Term Loan Agreement with BBVA

Fresh has an annual credit facility of up to €100,000, renewed in July of each year.

5.3.3 Short-Term Loan Agreement with La Caixa

Fresh has an annual credit facility of up to €100,000, renewed in April of each year.

5.3.4 Short-Term Loan Agreement with Caja Cantabria

Fresh has an annual credit facility of up to €150,000, renewed in June of each year.

5.4 Option Agreement

On 1 January 2007, the Chief Technical Officer of Fresh, José Gozalbo Sidro, was granted an option to acquire 1% of the Fresh Shares (1,019) from Fresh Inversiones for a price of €17,007.11 (equal to €16.69 per share). This option was amended on 3 December 2007 by a side letter between Mr. Gozalbo Sidro and Fresh Inversiones, pursuant to which Mr. Gozalbo Sidro agreed to accept New Ordinary Shares to a value equivalent to €17,007.11 in satisfaction of the option to acquire Fresh Shares. The amendment provides that if by 3 months after the date of the amendment the option over the New Ordinary Shares has not become capable of being exercised, Mr. Gozalbo Sidro will once again become entitled to acquire 1% of the Fresh Shares from Fresh Inversiones.

6. Middle-market quotations

Set out below are the closing middle-market quotations for an Ordinary Share as derived from the AIM Appendix to the Daily Official List for the first dealing day of each of the six months immediately preceding the date of this document and for 30 January 2008 (the latest practicable date prior to the publication of this document):

Date	*Price per Ordinary Share*
2 July 2007	1.03p
1 August 2007	0.88p
3 September 2007	0.98p
1 October 2007	0.88p
1 November 2007	0.60p
3 December 2007	0.48p
2 January 2008	0.15p
30 January 2008	0.15p

7. Material Change

7.1 Since 31 December 2006, being the last day of the financial period for which the Company's most recent audited financial statements have been prepared, there have been the following changes in the financial and trading position of the Company. During 2007 the Company has continued to incur operating losses. On 7 September 2007 the Company announced the cessation of trading of its subsidiary company Finlaw 532 Ltd which traded under the brand name "Avenues". On 13 December 2007, the Company disposed of YooMedia Dating Group Limited which traded under the brand name Dateline.

7.2 Other than the Baring Investment as disclosed in paragraph 4 of Part I of this document, since 31 December 2006 there have been no known material changes in the financial or trading position of Fresh.

8. General

8.1 Seymour Pierce has given and not withdrawn its written consent to the issue of this document with the references to Seymour Pierce in the form and context in which they appear.

8.2 No agreement, arrangement or understanding (including any compensation arrangement exists between the Concert Party or any person acting in concert with the Concert Party and any of the directors, recent directors, shareholders or recent shareholders of the Company, having any dependance upon the Proposals.

8.3 The New Ordinary Shares to be issued pursuant to the Proposals will be beneficially held by the persons as described in this document.

9. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Seymour Pierce Limited, 20 Old Bailey, London EC4M 7EN during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) up to and including Admission and at the Extraordinary General Meeting to be held on 25 February 2008:

9.1 the Memorandum and Articles of Association of YooMedia and the equivalent constitutional documents in respect of Fresh;

9.2 the audited consolidated accounts of the Group for the financial years ended 31 December 2005 and 2006;

9.3 the unaudited consolidated interim results of the Group, for the six months ended 30 June 2007;

9.4 the audited accounts of Fresh (together with accompanying reports) for the financial years ended 31 December 2004, 2005 and 2006;

9.5 each of the material contracts summarised in paragraph 5 of this Part VI;

9.6 the irrevocable undertakings to vote in favour of the Resolutions referred to in paragraph 5 of this Part VI;

9.7 the service contracts and letters of appointment of the Directors and the proposed service contract and letter of appointment of the Proposed Directors as summarised in paragraph 3 of this Part VI; and

9.8 the letter of consent from Seymour Pierce referred to in paragraph 8 of this Part VI; and

9.9 the full list of dealings by Hoodless Brennan as summarised in paragrpah 2.12 of this Part VI.

10. Availability of document

Copies of this document will be available free of charge during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the date following one month after the date of Admission at the registered office of the Company and at the offices of Seymour Pierce Limited, 20 Old Bailey, London EC4M 7EN.

Dated: 31 January 2008

YooMedia plc

(Incorporated in England and Wales with registered number 3609752)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the Company will be held at the Holiday Inn, Carburton Street, London W1W 5EE on 25 February 2008 at 10.00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions which will be proposed, as to Resolutions numbered 1, 2, 3, 5 and 6 as Ordinary Resolutions and, as to Resolutions numbered 4 and 7 to 10 as Special Resolutions:

ORDINARY RESOLUTIONS

1. THAT:

   (i) each issued ordinary share of 1p each in the capital of the Company registered in the name of a shareholder at 5.00 p.m. on 25 February 2008 (or such other time and/or date as the directors of the Company may determine) (the "Record Date") shall be subdivided into one ordinary share of 0.1p in the capital of the Company (the "Sub-Divided Share(s)") and nine A deferred shares of 0.1p each in the capital of the Company (having the rights and being subject to the restrictions set out in Resolution 4 below) (the "A Deferred Shares"));

   (ii) every 100 unissued ordinary shares of 1p each in the capital of the Company shall be consolidated into one ordinary share of £1 in the capital of the Company (the "New Ordinary Shares") and that the directors of the Company be and are hereby authorised to deal with fractions arising out of such consolidation at their discretion and in accordance with the Company's articles of association (the "Articles");

   (iii) every 1,000 issued Sub-Divided Shares shall be consolidated into one New Ordinary Share and the directors of the Company be and are hereby authorised to deal with fractional entitlements arising out of such consolidation at their discretion and in accordance with the Articles.

2. THAT, subject to the passing of Resolution 1 above, the authorised share capital of the Company be and is hereby increased from £27,000,000 to £43,000,000 by the creation of an additional 16,000,000 New Ordinary Shares.

3. THAT, subject to the passing of Resolutions 1 and 2 above, the waiver in the terms described in the circular dated 31 January 2008 relating to and issued by the Company of which this notice of extraordinary general meeting forms part (the "Circular") by the Panel on Takeovers and Mergers of any requirement under Rule 9 of the City Code on Takeovers and Mergers for the members of the Concert Party (as defined in the Circular) to make a general offer for the ordinary share capital of the Company as a result of the allotment and issue of 7,637,178 Placing Shares (as defined in the Circular) to Kasei 2000 S.L. and the Consideration Shares (as defined in the Circular) to the Concert Party pursuant to the Acquisition (as defined in the Circular) pursuant to which the Concert Party would become the holders of 9,917,784 New Ordinary Shares (as defined in the Circular) (representing approximately 49.995 per cent. of the issued share capital of the Company following such issue of Ordinary Shares) be and is hereby approved by the independent Shareholders on a poll.

SPECIAL RESOLUTION

4. THAT, subject to the passing of Resolutions 1 to 3 above, the Articles be and are hereby amended by the addition of a new Article 4.3 as follows:

   "4.3 The A Deferred Shares shall have and enjoy the following rights and be subject to the following restrictions:

   4.3.1 As regards income:

   The A Deferred Shares shall confer upon the holders thereof as a class the right to receive 0.1p for each £999.999 of such dividends and other distributions as shall be resolved to be distributed out of the profits of the Company available for distribution the same to be distributed amongst the holders of the A Deferred Shares in proportion to the amounts paid up or credited as paid up thereon.

4.3.2 As regards capital:

In the event of the winding up of the Company or other return of capital the A Deferred Shares shall confer upon the holders thereof as a class the right to receive 0.1p for each £999.999 of the assets of the Company available for distribution amongst the members the same to be distributed amongst the holders of the A Deferred Shares in proportion to the amounts paid up or credited as paid up thereon.

4.3.3 As regards voting:

The A Deferred Shares shall not at any time confer on the holders thereof any right to attend or vote at any General Meeting of the Company or to receive notices thereof."

ORDINARY RESOLUTIONS

5. THAT, subject to the passing of Resolutions 1 to 4 above, the directors of the Company be and are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) of the Company provided that such power shall be limited to:

(i) the allotment of up to 7,682,790 Placing Shares (as defined in the Circular) in connection with the Placing (as defined in the Circular);

(ii) the allotment of up to 6,180,436 Consideration Shares (as defined in the Circular) pursuant to or in connection with the terms of the Acquisition Agreement (as defined in the Circular) as amended by the Supplemental Agreements (as defined in the Circular);

(iii) the allotment of up to 4,754,063 Settlement Shares (as defined in the Circular) in aggregate to Highbridge International LLC and Platinum Partners Value Arbitrage Fund LP, pursuant to the terms of the Settlement Agreements (as defined in the Circular);

(iv) the allotment of up to 228,061 Directors' Shares (as defined in the Circular) to Dr. Michael Sinclair upon the capitalisation of the debt due to him from the Company;

(v) the allotment of up to 20,525 Directors' Shares (as defined in the Circular) to Neil MacDonald upon the capitalisation of the debt due to him from the Company;

(vi) the allotment of up to 45,612 Directors' Shares (as defined in the Circular) to John Swingewood upon the capitalisation of the debt due to him from the Company;

(vii) the allotment of up to 13,684 Directors' Shares (as defined in the Circular) to Jeremy Fenn upon the capitalisation of the debt due to him from the Company;

(viii) the allotment of relevant securities otherwise than pursuant to paragraphs (i) to (vii) above up to an aggregate nominal amount of £6,612,471 to such persons and at such times and on such terms as they think fit,

provided that this aggregate authority shall (unless previously revoked or varied by the Company in general meeting) expire on the earlier of fifteen months from the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company following the passing of this resolution save that the Company may, before such expiry, make offers or agreements which would or might require relevant securities to be allotted after such expiry and the directors of the Company may allot relevant securities in pursuance of such offers or agreements as if this authority had not so expired and in this resolution references to the allotment of relevant securities shall have the same meaning as given in section 80 of the Act.

6. THAT, subject to the passing of Resolutions 1 to 5 above, and subject to and conditional upon Admission, the Minority Rights Agreement be and is hereby approved.

SPECIAL RESOLUTIONS

7. THAT, subject to the passing of Resolutions 1 to 6 above, the directors of the Company be and are hereby empowered pursuant to section 95(1) of the Act to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the authority conferred on them by Resolution 5 above

as if section 89(1) of the Act did not apply to any such allotment provided that such power be limited to:

(i) the allotment of up to 7,682,790 Placing Shares (as defined in the Circular) in connection with the Placing (as defined in the Circular);

(ii) the allotment of up to 6,180,436 Consideration Shares (as defined in the Circular) pursuant to or in connection with the terms of the Acquisition Agreement (as defined in the Circular) as amended by the Supplemental Agreements (as defined in the Circular);

(iii) the allotment of up to 4,754,063 Settlement Shares (as defined in the Circular) in aggregate to Highbridge International LLC and Platinum Partners Value Arbitrage Fund LP, pursuant to the terms of the Settlement Agreements (as defined in the Circular);

(iv) the allotment of up to 228,061 Directors' Shares (as defined in the Circular) to Dr. Michael Sinclair upon the capitalisation of the debt due to him from the Company;

(v) the allotment of up to 20,525 Directors' Shares (as defined in the Circular) to Neil MacDonald upon the capitalisation of the debt due to him from the Company;

(vi) the allotment of up to 45,612 Directors' Shares (as defined in the Circular) to John Swingewood upon the capitalisation of the debt due to him from the Company;

(vii) the allotment of up to 13,684 Directors' Shares (as defined in the Circular) to Jeremy Fenn upon the capitalisation of the debt due to him from the Company;

(viii) otherwise than pursuant to paragraphs (i) to (vii) above the allotment of relevant securities up to an aggregate nominal amount of £991,871,

provided that this aggregate authority shall (unless previously revoked or varied by the Company in general meeting) expire on the earlier of fifteen months from the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company following the passing of this resolution save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such offers or agreements as if this power had not so expired and in this resolution references to the allotment of equity securities shall have the meaning as given in section 94 of the Act.

8. THAT, subject to the passing of Resolutions 1 to 7 above, the name of the Company be changed to "Mirada PLC".

9. THAT, subject to the passing of Resolutions 1 to 8 above, and subject to and conditional upon Admission, the share premium account of the Company as it shall be immediately following Admission be and is hereby cancelled.

10. THAT, subject to the passing of Resolutions 1 to 9 above, and subject to and conditional upon Admission, the capital redemption reserve of the Company be and is hereby cancelled.

DATED this 31st day of January 2008

By Order of the Board
Georgia Gordon
Secretary

Registered Office:
Northumberland House
155-157 Great Portland Street
London
W1W 6QP

Notes:

1. Any member of the Company is entitled to appoint a proxy to exercise all or any of its rights to attend, speak and vote at the Meeting. A proxy need not be a member of the Company. A Form of Proxy is enclosed with this document. Completion and return of a Form of Proxy will not preclude a Shareholder from attending and voting at the meeting, or any adjournment thereof, in person.

2. To be valid, Forms of Proxy must be completed and deposited with the Company's registrars, Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time of the Meeting and in default will not be treated as valid.

3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you will need to complete a separate Form of Proxy in relation to each appointment. Please contact the Company's Registrar for the purpose of requesting additional Forms of Proxy. You will need to state clearly on each Form of Proxy how many shares the proxy was appointed in relation to. A failure to specify the number of shares each proxy appointment relates to or specifying a number of shares in excess of those held by the member will result in the proxy appointment being invalid.

4. In the case of joint holders, the signature of only one of the joint holders is required on the Form of Proxy but the vote of the first named on the register of members of the Company will be accepted to the exclusion of the other joint holders.

5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of the Meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by the enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

7. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 specifies that only those shareholders registered in the register of members of the Company 48 hours before the time set for the Meeting (or if the Meeting is adjourned, shareholders registered in the register of members of the Company not later than 48 hours before the time fixed for the adjourned Meeting) shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

8. Resolution 3 will be taken on a poll in accordance with the requirements of the Panel on Takeovers and Mergers for dispensations from Rule 9 of the City Code on Takeovers and Mergers.