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If you have sold or otherwise transferred all of your Ordinary Shares in Parallel Media Group plc ("PMG" or the "Company"), please forward this document (together with the accompanying Forms of Proxy) immediately 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. If you have sold or transferred only part of your holding in PMG you should retain this document.

Application will be made for the New Ordinary Shares proposed to be created pursuant to the Share Capital Reorganisation to be admitted to trading on AIM. It is expected that the Admission will become effective and that dealings in the New Ordinary Shares will commence on or around 27 October 2008.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the 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, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the United Kingdom Listing Authority nor the London Stock Exchange has examined or approved the contents of this document.

THE WHOLE OF THIS DOCUMENT SHOULD BE READ. YOUR ATTENTION IS DRAWN, IN PARTICULAR, TO THE LETTER FROM THE SENIOR INDEPENDENT DIRECTOR OF PMG WHICH IS SET OUT IN PART I OF THIS DOCUMENT, WHICH CONTAINS A UNANIMOUS RECOMMENDATION BY THE INDEPENDENT DIRECTORS THAT YOU VOTE IN FAVOUR OF THE RESOLUTIONS.

PARALLEL MEDIA GROUP PLC

(Incorporated and registered in England with registered number 00630968)

SHARE CAPITAL REORGANISATION AMENDMENTS TO CONVERTIBLE LOAN AGREEMENTS APPROVAL OF WAIVERS OF OBLIGATIONS UNDER RULE 9 OF THE TAKEOVER CODE NOTICE OF ANNUAL GENERAL MEETING AND NOTICE OF GENERAL MEETING

Dowgate Capital Advisers Limited ("Dowgate"), which is authorised and regulated in the United Kingdom by the FSA, is acting as nominated adviser to the Company in connection with the proposed Admission and will not be acting for any other person or otherwise be responsible to any person for providing the protections afforded to clients of Dowgate or for advising any other person in respect of the proposed Admission. No representation or warranty, express or implied, is made by Dowgate as to any of the contents of this document and accordingly, no liability is accepted by Dowgate for the accuracy of any information or opinions contained in this document or for any omission of any material information for which it is not responsible.

No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company or Dowgate. Without prejudice to the Company's obligations under the AIM Rules, neither the delivery of this document nor any subscription made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

This document is not for distribution in, or into, the United States of America, Canada, Australia, South Africa or Japan. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered directly or indirectly in, or into, the United States of America, Canada, Australia, South Africa or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act 1933 (as amended) or under the securities legislation of any state of the United States of America, Canada, Australia, South Africa or Japan and they may not be sold directly or indirectly within the United States of America, Canada, Australia, South Africa or Japan or to or for the account of any national, citizen or resident of the United States of America, Canada, Australia, South Africa or Japan or to an US person (within the definition of Regulation S made under the United States Securities Act 1933 (as amended)).

This document does not constitute an offer, or the solicitation of an offer, to subscribe or buy any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

A notice convening the Annual General Meeting of the Company for 2008 to be held at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA at 9.00 a.m. on 24 October 2008 is set out at the end of this document. Shareholders will find enclosed a white Form of Proxy for use in connection with the Annual General Meeting.

A notice convening a General Meeting of the Company to be held at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA at 9.15 a.m. on 24 October 2008 or, if later, immediately following the Annual General Meeting convened for the same day is also set out at the end of this document just before the notice convening the Annual General Meeting. Shareholders will find enclosed a blue Form of Proxy for use in connection with the General Meeting.

Both of the enclosed Forms of Proxy should be completed, signed and returned to Capita Registrars Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU in accordance with the instructions printed thereon as soon as possible and to be valid must arrive not later than 48 hours before the time fixed for the relevant meeting. The return of a Form of Proxy will not preclude a member from attending, speaking or voting in person at the Annual General Meeting or the General Meeting should they so wish.

Copies of this document are available from the Company's registered office from the date of this document until the date of the General Meeting. This document will also be available for download from the Company's website, www.parallelmediagroup.com.

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SHARE CAPITAL REORGANISATION

Number of Existing Ordinary Shares	413,037,700
Number of New Ordinary Shares to be created pursuant to the Share Capital Reorganisation	413,040,000
Maximum number of New Ordinary Shares which may be issued pursuant to the conversion rights under the Proposed New Loan Terms and the Debt Option	1,507,474,614
Maximum number of New Ordinary Shares which may be issued pursuant to the Malaysian Settlement and the Creditor Settlement	133,695,487
Enlarged Share Capital	2,054,210,101
Percentage of the Enlarged Share Capital on Admission represented by the maximum New Ordinary Shares which may be issued pursuant to the conversion rights under the Proposed New Loan Terms and the Debt Option	73.4%
Number of Options and Warrants outstanding immediately following Admission ¹	46,868,952

1. In addition Lazam and Trafalgar hold certain conversion rights as set out in paragraph 6 of Part IV.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2008

Date of this document	29 September
Latest time and date for receipt of completed white Form of Proxy for Annual General Meeting	9.00 a.m. on 22 October
Latest time and date for receipt of completed blue Form of Proxy for General Meeting	9.15 a.m. on 22 October
Annual General Meeting	9.00 a.m. on 24 October
General Meeting	9.15 a.m. on 24 October
Record date for Share Capital Reorganisation	6.00 p.m. on 24 October
Admission and commencement of dealings in New Ordinary Shares	8.00 a.m. on 27 October
New Ordinary Shares credited to CREST members' accounts	8.00 a.m. on 27 October
Despatch of definitive share certificates for New Ordinary Shares in certificated form by not later than	7 November
Despatch of cheques or credit of CREST members' accounts in respect of fractional sale proceeds by not later than	7 November

If any details contained in the timetable above should change, the revised times and dates will be notified by means of an announcement through a Regulatory Information Service.

ISIN	GB00B3DBYG43
AIM Symbol	PAA.L
Company Web Site	www.parallelmediagroup.com

DEFINITIONS

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

“1985 Act”	the Companies Act 1985 (as amended)
“2006 Act”	the Companies Act 2006
“Act”	the 1985 Act and the 2006 Act
“Admission”	the admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the market of that name, operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange
“Annual General Meeting”	the annual general meeting of the Company for 2008, to be held at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA at 10.00 a.m. on 24 October 2008, notice of which is set out at the end of this document
“Approved Scheme”	the Company’s Approved Discretionary Share Option Scheme as adopted by the Company on 10 August 2001, further details on which are set out in paragraph 8 of Part IV
“Barclays Wealth”	Barclays Wealth Trustees (Jersey) Limited (formerly Walbrook Trustees (Jersey) Limited)
“Board” or “Director”	the directors of the Company as at the date of this document, whose names appear in paragraph 2 of Part IV of this document
“Capita Registrars”	a trading name of Capita Registrars Limited
“Casey Waiver”	the waiver by the Panel of the obligations under Rule 9 of the Takeover Code in relation to Pierce Casey as described in Part I of this document
“Ciclitira Concert Party”	those parties whose names are set out in paragraph 5.1 of Part IV of this document
“Ciclitira Concert Party Waiver”	the waiver by the Panel of the obligations under Rule 9 of the Takeover Code in relation to the Ciclitira Concert Party as described in Part I of this document
“Company” or “PMG”	Parallel Media Group Plc
“Creditor Settlement”	the proposed issue of up to 79,662,894 New Ordinary Shares to settle certain creditors totalling £199,157
“Debt Option”	the revised loan agreements to be entered into with certain members of the Ciclitira Concert Party including, <i>inter alia</i> , the right to convert approximately £336,000 of short term debt in the Company into approximately 201,600,000 New Ordinary Shares, the outline terms of which have been agreed in principle and a summary of them being set out in paragraphs 4.3, 4.4 and 4.5 of Part IV of this document
“Deferred B Shares”	the new deferred B shares of the Company to be created pursuant to the Share Capital Reorganisation
“Diluted Share Capital”	the Enlarged Share Capital and assuming (a) New Ordinary Shares are issued to Lazam and Trafalgar following the exercise in full of the conversion rights they hold to convert their loan monies into New Ordinary Shares and (b) 46,868,952 New Ordinary Shares are issued pursuant to the exercise in full of all outstanding Options and Warrants
“Dowgate”	Dowgate Capital Advisers Limited, the Company’s nominated adviser
“Enlarged Share Capital”	the New Issued Share Capital and assuming that (a) 1,507,474,614 New Ordinary Shares are issued to the Lenders and David Ciclitira following the exercise in full of all conversion rights held by them to convert their loan monies into New Ordinary Shares under, respectively, the Proposed New Loan Terms

and the Debt Option, (b) 54,032,593 New Ordinary Shares are issued in respect of the Malaysian Settlement and (c) 79,662,894 New Ordinary Shares are issued in respect of certain creditors

“Existing Ordinary Shares”	the ordinary shares of 0.5 pence each in the share capital of the Company in issue at the date of this document
“Final Redemption Date”	1 July 2010
“FSA”	Financial Services Authority
“Forms of Proxy”	the white form of proxy for use in connection with the Annual General Meeting and the blue form of proxy for use in connection with the General Meeting
“GCap”	GCap Media plc
“General Meeting”	the general meeting of the Company, to be held at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA at 10.15 a.m. on 24 October 2008 or, if later, immediately following the Annual General Meeting, to consider and if thought fit, approve the Resolutions
“Group”	the Company and its subsidiaries at the date of this document
“HMRC”	Her Majesty’s Revenue and Customs, being the government department responsible for the administration and collection of taxation in the United Kingdom
“Independent Directors”	Leonard H Fine and Barry Edward Adams
“Independent Shareholders”	the holders of Existing Ordinary Shares, other than members of the Ciclitira Concert Party and Mr Casey
“Issued Share Capital”	the 413,037,700 Existing Ordinary Shares in issue as at the date of this document
“Lazam”	Lazam Properties Limited
“Lenders”	those persons who have advanced loan monies to the Company pursuant to the terms of the Loan Agreements, details of whom are set out in paragraph 6.1.1 of Part IV of this document
“Loan Agreements”	the convertible loan agreements entered into between the Company and each of the Lenders, a summary of the principal terms being set out in paragraph 6 of Part IV of this document
“LOCOG”	the London Organising Committee for the Olympic Games
“Malaysian Settlement”	the proposed issue of 54,032,593 New Ordinary Shares in settlement of a loan agreement with Snowy Invest and Trade Inc., further details of which are set out in paragraph 6.1.9 of Part IV of this document
“New Issued Share Capital”	the 413,040,000 New Ordinary Shares in the share capital of the Company in issue immediately following the Share Capital Reorganisation and Admission
“New Ordinary Shares”	the new ordinary shares of 0.01 pence each in the share capital of the Company to be created following the Share Capital Reorganisation
“Notice of Annual General Meeting”	the notice convening the Annual General Meeting which is set out at the end of this document
“Notice of General Meeting”	the notice convening the General Meeting which is set out at the end of this document and which appears before the Notice of Annual General Meeting
“Options”	the share options granted pursuant to the Approved Scheme and the Unapproved Scheme
“Panel”	the Takeover Panel
“Proposals”	means: (a) the Ciclitira Concert Party Waiver (b) the Casey Waiver (c) the Share Capital Reorganisation

- (d) the amendments to the Loan Agreements pursuant to the Proposed New Loan Terms
- (e) the Debt Option
- (f) the Malaysian Settlement
- (g) the Creditor Settlement
- (f) Admission

“Proposed New Loan Terms”	the proposed amendments to the terms of the Loan Agreements as set out in Part I and paragraph 7 of Part IV of this document
“Registrar”	Capita Registrars Limited, The Registry, 34 Beckenham Road, BR3 4TU
“Regulatory Information Service”	any service by which companies can disseminate information to AIM in accordance with the AIM Rules
“Resolutions”	the resolutions set out in the Notice of General Meeting
“Share Capital Reorganisation”	the proposed share consolidation and share sub-divisions and redesignation of the ordinary share capital, as set out in Resolution 3 of the Notice of General Meeting
“Shareholders”	a holder(s) of Existing Ordinary Shares
“Takeover Code”	The City Code on Takeovers and Mergers, published by the Panel
“Trafalgar”	Trafalgar Capital Specialized Investment Fund, FIS
“Unapproved Share Option Scheme”	the Company’s Unapproved Discretionary Share Option Scheme as adopted by the Company on 10 August 2001, further details of which are set out in paragraph 8 of Part IV of this document
“Waivers”	the Casey Waiver and the Ciclitira Concert Party Waiver
“Warrants”	the warrants granted by the Company to Lazam and Trafalgar over 31,706,202 Existing Ordinary Shares as set out in paragraph 6 of Part IV of this document

PART I

LETTER FROM THE SENIOR INDEPENDENT DIRECTOR OF PARALLEL MEDIA GROUP PLC

(Incorporated and registered in England with registered number 00630968)

Directors:

David Ciclitira (Chairman)**
Leonard H Fine (Non-Executive Director)*
Barry Edward Adams (Non-Executive Director)*

Registered Office:

3-12 Harbour Yard
Chelsea Harbour
London
SW10 0XD

* *The Independent Directors*

** a member of the Ciclitira Concert Party

29 September 2008

To the holders of Ordinary Shares and for information purposes only to the holders of Options and Warrants

Dear Shareholder,

SHARE CAPITAL REORGANISATION AMENDMENTS TO CONVERTIBLE LOAN AGREEMENTS APPROVAL OF WAIVERS OF OBLIGATIONS UNDER RULE 9 OF THE TAKEOVER CODE NOTICE OF ANNUAL GENERAL MEETING AND NOTICE OF GENERAL MEETING

1. Introduction

The audited accounts of the Company for the year to 31 December 2007, which were announced on 30 June 2008, referred to the fact that the Directors were to conduct a review of the financial structure of the Company's business including, *inter alia*, a possible amendment to the terms of certain Loan Agreements previously entered into by the Company.

The Directors have now completed their review and, in light of the Company's inability to make the repayments on the Loan Agreements as they fall due, have reached agreement in principle with the Lenders who have advanced loan monies under the Loan Agreements to amend the terms of those Loan Agreements such that they are financially more beneficial to the Company in that the dates for repayment of the loan monies are to be deferred to July 2010. In consideration for the Lenders agreeing to defer the repayment dates, the Company has also agreed with the Lenders to, *inter alia*, a reduction in the price at which the loans may convert into shares in the Company and the introduction of a premium payable by the Company on either the redemption or conversion of the loans.

As the amended conversion price under the Proposed New Loan Terms will be less than the current nominal value of the Ordinary Shares, it will be necessary to re-organise the Company's share capital.

Following the implementation of the Proposals, Mr David Ciclitira, through the Ciclitira Concert Party, could potentially hold up to 73.8 per cent. of the issued share capital of the Company, based on the assumptions set out in paragraph 10 of this Part I. Similarly, Mr Pierce Casey (one of the Company's existing shareholders and a Lender) could potentially hold up to 39.2 per cent. of the issued share capital, again based on certain assumptions as set out in paragraph 10 of this Part I. Given that, in both cases, the maximum respective interests of either the Ciclitira Concert Party or Mr Pierce Casey could exceed 29.9 per cent. of the issued share capital, Shareholder approval is required for respective waivers of Rule 9 of the Takeover Code which would otherwise require them to make an offer to acquire all remaining shares in issue in the capital of the Company that are not held by them. Further details of these requirements are set out in paragraphs 9 and 10 of this Part I below.

Shareholder approval is also required to effect the Share Capital Reorganisation.

The Company's accounts for 2007 were prepared on a going concern basis on the grounds that an agreement would be reached with the Lenders to amend the existing terms of the Loan Agreements. This document sets out the Proposed New Loan Terms under which such an agreement has been reached with the Lenders in principle, subject to approval by Shareholders, the background to and reasons for the Resolutions and the recommendation of the Independent Directors for Shareholders to vote in favour of the Resolutions.

Shareholders should be aware that, as a consequence of these proposed changes and the implementation of the Proposals, the Lenders, following conversion pursuant to the Proposed New Loan Terms of all the monies outstanding under the Loan Agreements, could be entitled to hold approximately 63.6 per cent. of the Enlarged Share Capital.

Shareholders should also be aware that, in the event that the Resolutions are not passed then the proposed amendment to the Loan Agreements and the Share Capital Reorganisation will not proceed. The Company would, in such circumstances, face an uncertain future. The Company may be unable to meet its obligations to repay the loan monies advanced to the Company pursuant to the Loan Agreements and the Directors may need to consider alternative options (if available) to finance the Company to ensure its continued existence.

2. Proposed Amendments to Loan Agreements

As at the date of this document, the Company has entered into Loan Agreements with the Lenders pursuant to which loan monies with an aggregate principal amount and accrued interest up to 30 June 2008 of £2.05 million have been advanced to the Company. These Loan Agreements have slightly differing terms, further details of which are set out in detail in paragraph 6.1.1 of Part IV. In summary, the principal terms of the Loan Agreements are as follows:

<i>Amount</i>	<i>Interest Rate</i>	<i>Conversion price</i>	<i>Latest repayment/conversion date</i>
£ 1.175m	0%	1.25p	30 November 2008
£ 0.012m	Euro Libor + 3%	1.50p	30 November 2008
£ 0.865m	Euro Libor + 2%	1.25p/1.65p ¹	30 September 2008

Note:

1. The conversion price of 1.65p applies where the Lender has elected to receive the interest thereon.

In addition, the Company reached an agreement in principle, as set out in paragraph 7.2 of Part IV, whereby a further £125,000 will be advanced to the Company bringing the total outstanding loan monies to £2.18 million.

The Proposed New Loan Terms that have been agreed in principle with the Lenders to amend the existing Loan Agreements provide that, *inter alia*:

- A. the monies advanced under the Loan Agreements are to be repaid by the Company on or before 1 July 2010 (subject to earlier repayment at the election of the Company at any time from 1 July 2009) being an extension of approximately twenty four months to the existing periods contained in the Loan Agreements;
- B. the Lenders may elect to convert the loan monies advanced to the Company into New Ordinary Shares at any time from 1 July 2010 or, where the Company elects to repay any amount of the loan monies earlier than such date, at the time of early repayment;
- C. the conversion price contained in the Loan Agreements is to be reduced to 0.25 pence;
- D. a premium is to be payable on either repayment or conversion equal to 25 per cent. of the principal amount and accrued interest outstanding to the Lender where such amount and interest is repaid on or before 1 July 2009 or 50 per cent. where such amount is repaid on or before 1 July 2010 with such premium to be calculated in the event of early conversion or redemption on a pro rata basis from the date on which the Proposed New Loan Terms take effect to the date of conversion or redemption; and
- E. the premium will be payable through the conversion into New Ordinary Shares issued to Lenders at the revised conversion price, unless the Company elects, at its own discretion, to satisfy the premium in cash.

In the event that the loan monies due to the Lenders are converted under the Proposed New Loan Terms in full on the Final Redemption Date, the Lenders would receive a total of 1,305,874,614 New Ordinary Shares, representing 63.6 per cent. of the Enlarged Share Capital. At the conversion price of 0.25 pence, this is equivalent to £3.26 million, being the outstanding amount of £2.18 million and the maximum premium of 50 per cent..

Further details of the Proposed New Loan Terms are set out in paragraph 7 of Part IV.

The effect of the Proposed New Loan Terms could be to substantially dilute the interests of existing Shareholders. However, Shareholders should be aware that the Company is currently unable to repay as they fall due between now and December 2008 the loan monies advanced to the Company pursuant to the Loan Agreements and the agreement of the Lenders to amend the terms of the Loan Agreements, as outlined above, is considered necessary for the future survival of the business. The Directors are seeking the approval of shareholders under Resolution 4.b.i. for the authority to allot up to 1,305,874,614 New Ordinary Shares in respect of the Proposed New Loan Terms.

3. Other Financing Arrangements

By way of an agreement dated 28 September 2006 (as amended on 7 August 2007), Lazam advanced £750,000 to the Company, secured under a debenture agreement. On 18 June 2008, Lazam agreed to substitute the terms of this agreement such that the outstanding loan monies of £530,000 (£220,000 having been repaid through certain re-payments prior to 18 June 2008) have been reduced by the payment of £330,000 and so that the outstanding principal amount and accrued interest became £199,205 repayable in nine equal installments, with the final payment due on or before 6 September 2009. Lazam is entitled to convert some or all of the outstanding amount prior to 6 September 2009 into shares.

No premium is payable on redemption or conversion of the loan agreement entered into with Lazam. A summary of the terms of the agreement dated 18 June 2008 is set out in paragraph 6.1.2 of Part IV of this document. A summary of the terms of the debenture agreement is set out in paragraph 6.1.3 of Part IV.

On 29 April 2008, Trafalgar Capital Specialized Investment Fund, FIS ("Trafalgar") agreed to vary the terms of a series of convertible loan agreements totalling €1,040,000 previously entered into between the Company and Trafalgar between the dates of 16 May 2007 and 25 February 2008 in order to consolidate the earlier agreements and extend the period by 30 months. A summary of the terms of the amendment agreement are set out in detail in paragraph 6.1.4. of Part IV.

In addition, on 13 June 2008, Trafalgar agreed to advance a further €600,000 loan monies to the Company, with such monies to be repayable over 30 months in equal monthly cash instalments of €20,000 plus a redemption premium of 15 per cent. of the monies advanced. The monies have been used by the Company for the payment of £330,000 to Lazam as described above. The monthly installments may be converted by Trafalgar into shares at any time prior to 31 October 2010 and Trafalgar may also call on the Company to issue up to an additional 5,000,000 shares to it at a price of £0.01 per share prior to such date. Further details of the terms of the convertible debenture agreement are set out in paragraph 6.1.5 of Part IV.

The Company has also agreed in principal with certain members of the Ciclitira Concert Party to extend the repayment dates of loan monies advanced by them to the Company in the aggregate sum of £336,000 to at least December 2009. The outline terms agreed with the relevant members of the Ciclitira Concert Party in relation to loan conversion rights, the price at which the loan monies may be converted into New Ordinary Shares, the payment of a redemption premium on redemption or conversion of the loan monies are the same as those agreed with the Lenders under the Proposed New Loan Terms.

4. Proposed Malaysian Settlement and Creditor Settlement

Under the terms of a convertible loan agreement dated 29 September 2006, a summary of which is set out in paragraph 6.1.9 of Part IV of this document, and as at 25 August 2008, PMG owed a total of £266,197.44 to Snowy Invest and Trade Inc. ("Snowy"), being the principal amount of £252,455.71 and accrued interest of £13,741.73. Under the terms of the agreement, the Company shall satisfy the outstanding amount, together with a premium of 60 per cent. (taking the value of the total liability to £417,670.86) by an issue of shares. The Company is proposing to enter into an agreement with Snowy with the intention, *inter alia*, to settle this outstanding liability by the issue of a total of 75,000,000 New Ordinary Shares, of which 20,967,407 have already been allotted.

Finally, the Company has agreed to settle certain creditors, amounting to a total of £199,157, by the issue of up to 79,667,894 New Ordinary Shares.

The Directors are seeking authority of Shareholders, under Resolution 4.b.iii, to allot the remaining 54,032,593 shares to Snowy and the 79,662,894 to certain creditors.

5. Share Capital Reorganisation

The Company presently has in excess of 8,800 Shareholders. This adds a considerable cost to the overheads of the Company caused by the need to send annual accounts to each Shareholder and the associated registrars costs. Over 98 per cent. of Shareholders, by number, have holdings with a value (at the closing middle price on 25 September 2008, the latest practicable date prior to the posting of this document, of 0.28 pence per share) of £10 or less. This is approximately equivalent to the level of dealing costs on the London Stock Exchange. In addition, the nominal value of each share needs to be reduced so as to enable the Company to change the terms of the Loan Agreements. Accordingly, the Company is proposing to carry out the Share Capital Reorganisation, the effect of which will be to reduce the number of Shareholders and to reduce the nominal value of each share.

Under the Proposals, the Existing Ordinary Shares will be consolidated and sub-divided into New Ordinary Shares on the basis of and according to the steps set out in the Resolutions.

It is proposed that every 4,000 Existing Ordinary Shares are consolidated into 1 new ordinary share of £20.00 each. As the number of Existing Ordinary Shares is not divisible by 4,000, it is proposed that Leonard Fine will subscribe for 2,300 ordinary shares prior to the consolidation. Unless your holding of shares therefore equals or exceeds 4,000 Existing Ordinary Shares then you will be left with a fractional entitlement to the resulting ordinary shares if the Resolutions are approved. Any fractions arising as a result of the consolidation will be aggregated and sold in the market on your behalf and, where the amount of the proceeds is £3.00 or more, the net proceeds of the sale (after costs) will be returned to you in proportion to your fractional entitlement. Proceeds of less than £3.00 will be retained by the Company.

You will, of course, be free at any time on or before 6.00 p.m. on 24 October 2008 to acquire or sell such number of Existing Ordinary Shares which will result in your holding of Existing Ordinary Shares being exactly divisible by 4,000. In this event, you will not be left with any fractional entitlements. **However, you must ensure that all such transfers are lodged with the Registrars by 4.30 p.m. on 24 October 2008 in order that these may be registered by the record date for the Share Capital Reorganisation, namely 6.00 p.m. on 24 October 2008.**

The Board further proposes that immediately thereafter, the ordinary share capital of the Company is reorganised by sub-dividing and re-classifying each newly created ordinary share of £20.00 into 1 new ordinary share of 40 pence each and 1 new Deferred B Share of £19.60 each. The new ordinary shares of £0.40 so created will then be further sub-divided into 4,000 New Ordinary Shares so as to create a new par value of 0.01 pence per share.

If you are in any doubt with regard to your current shareholding of Existing Ordinary Shares or have any queries on the Share Capital Reorganisation then you should contact the Registrars, Capita Registrars, on the following telephone number 0871 664 0321 (calls cost 10 pence per minute, including VAT, plus your service providers' network extras), or from outside the UK +44 208 639 3399 (calls to the helpline from outside the UK will be charged at the applicable international rate).

The New Ordinary Shares will have the same rights as those currently attached to the Existing Ordinary Shares under the Company's articles of association, including those relating to voting and entitlement to dividends.

The Deferred B Shares will have no value or voting rights and you will not be issued with a share certificate in respect of the Deferred B Shares.

New share certificates will be issued in respect of the New Ordinary Shares.

The exercise price of the Warrants will be unaffected by Share Capital Reorganisation.

6. Background on the Company

PMG is an international sports marketing, media and consultancy company which owns, creates and operates international sporting events. The Company's portfolio of sporting events and rights is currently focused on golf and the emerging markets in Asia where the sports sponsorship market is growing, driven by the interest of European luxury brands. PMG's portfolio, is managed from offices in London and Hong Kong and currently includes:

- The UBS Hong Kong Open, which celebrates its 50th anniversary in November 2008;
- The Ballantine's Championship in Korea, which was staged for the first time in March 2008;
- Omega Hills World Cup of Golf, for which PMG has secured Omega as the title sponsor through until 2018;
- A new Ladies European Tour ("LET") event, due to take place in Korea in November 2008; and
- The Kazakhstan Open.

The UBS Hong Kong Open and the Ballantine's Championship are currently the Company's largest revenue generators and contributed around £7.1 million in turnover in the 12 month period to 30 June 2008. PMG's list of blue chip sponsors includes: UBS, Pernod Ricard, Omega, AEG, Hugo Boss, Emirates, BMW and Samsung.

In 2007, PMG developed significant new areas of business including the LET event in Korea mentioned above and a commercial partnership with GCap to develop sponsor packages for the London 2012 Olympics.

Asia Pipeline

PMG is continuing to build sponsorship and media event rights in Asia and internationally, which should continue the growth that the Company is experiencing. Current opportunities include:

- PMG is bidding, in partnership with the Korean golf channel, SBS Golf, to promote the Women's World Cup from 2011 onwards;
- In addition to the LET event mentioned above, PMG is in discussions with regard to another new LET event from 2009 onwards;
- PMG is in discussions with regard to the staging of a new European Tour Seniors event in Malaysia from 2009 onwards; and
- The Company has been approached to become a global golf consultant to one of Korea's main international brands.

The London 2012 Olympics

PMG is the exclusive commercial partner to GCap in relation to sponsorship packages for the London 2012 Olympic Games. PMG and GCap will create promotional packages for the Olympic programme and LOCOG sponsors for which PMG will receive 15 per cent. of the gross billings.

Current Trading

PMG now has a portfolio of sponsorship and media event rights in Asia and internationally that continue well into the next decade offering significant long term visibility of revenues which should underpin the value of the Company. In 2009, PMG is positioning itself to benefit from the increasing focus of Olympic sponsor spend targeted at the London 2012 games. The combination of new events, additional sponsorship sales in golf and growing revenues from other sports sponsorship is an exciting environment in which PMG expect to grow and prosper.

Future Prospects

PMG's recent history has been driven by the success of certain golf events in Asia, however PMG's capabilities encompasses a far broader sporting expertise, with experience in rugby, cricket and sailing.

PMG currently controls four world recognised sports events in its golf tournaments in Asia. From this base, PMG plans to build a business that controls eight significant world recognised sports events by 2012. With a history of working across many different sports, PMG expects that these eight events will be drawn from differing sporting disciplines thus broadening the opportunities that PMG will be able to offer to sponsors.

Discussions are also underway with GCap to become a Tier Three LOCOG sponsor. The Directors believe that this should give PMG a opportunity to approach Olympic Programme sponsors such as Coca Cola, Samsung and LOCOG sponsors such as Lloyds Bank and British Airways for them to purchase four year sponsorship packages.

PMG's role in the partnership with GCap is to create packages and conclude the sales. In order to fully benefit from this opportunity, PMG may look to significantly increase its staff in London.

7. Additional Requirements for Capital

The Directors believe that the current instability in the financial markets precludes the possibility of a fund raising at the present time. However since additional capital will be required to enable the Company to expand the London team, the Directors are seeking the authority from Shareholders, under Resolution 4.b.vii, to allot up to 60 per cent. of the New Issued Share Capital for cash on a non-pre-emptive basis. At 0.28 pence per share (being the closing middle price on 25 September, the last practical day prior to the publication of the document) this would enable the Company to raise approximately £694,000, before expenses.

Any additional equity financing may be dilutive to Shareholders and debt financing, if available, may place restrictions on the Company's financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion. There is no guarantee that the then prevailing

market conditions will allow for such fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the market price or higher.

The Company's capital requirements will depend on numerous factors, including its ability to maintain and expand its existing business and it is difficult for the Directors to predict the timing and amount of the Company's capital requirements with accuracy. If the Company's capital requirements vary materially from its plans, the Company may require further capital.

8. Historical Financial Information on the Company

Historical financial information on the Company for the three years to 31 December 2007 is set out in Part II.

On 29 September 2008, the Company announced its half-yearly results for the period ended 30 June 2008. An extract of these are set out in Part III of this document.

9. Background to the Waivers

David Ciclitira, a member of the Ciclitira Concert Party, is the Executive Chairman of PMG. Following the Share Capital Reorganisation, David Ciclitira will have a beneficial interest, through the Ciclitira Concert Party, in approximately 64,664,000 New Ordinary Shares, representing 15.7 per cent. of the Company's New Issued Share Capital. Barclays Wealth, a member of the Ciclitira Concert Party, has also loaned monies in the principal sum of £1.175m pursuant to the terms of a Loan Agreement it has entered into with the Company.

More information on the members of the Ciclitira Concert Party is set out in paragraph 5.1 of Part IV of this document, including the intention to consolidate the aggregate equity interests and Loan Agreements currently held by the Ciclitira Concert Party into a single ownership vehicle.

David Ciclitira has been one of the principal funders of PMG. Since 2003, Mr Ciclitira has, directly and indirectly through members of the Ciclitira Concert Party, invested over £2 million in both equity and loan notes, representing around half of the capital raised by the Company in the same period.

Barclays Wealth first advanced its £1.175 million under a loan agreement in August 2003 as part of a total advance of £2.22 million to be repaid after 5 years, with the balance being advanced by Snowy Trade & Investments Inc.. At the time of the advance, David Ciclitira held shares carrying more than 50 per cent. of the voting rights of the Company. The conversion price of the loan monies advanced was 6.75 pence per share and, assuming full conversion of the monies advanced under the loan agreements, David Ciclitira's shareholding would have been 52.4 per cent. of the Company's voting rights.

Since 2003, there was a small further advance of monies under loan agreements in 2005 and then in 2006, the terms of the loan agreements were amended. At the time of the restructuring, the total sums advanced by the Ciclitira Concert Party under the loan agreements had increased to £1.6 million. Under this restructuring, it was agreed that the terms of the £1.175 million originally advanced by Barclays Wealth would be amended to include a new conversion price of 1.25 pence. The balance was repaid by an issue of equity. There were also issues of equity to other lenders and to various investors as part of a placing at 1.25 pence. Following the restructuring, the Ciclitira Concert Party's shareholding was 29.5 per cent.. At the time of the announcement of this restructuring, David Ciclitira confirmed that it was his intention to exercise his conversion rights whenever it was reasonably possible to do so, so long as such an exercise would not require Mr Ciclitira, and any person deemed to be acting in concert with him, to make an offer for the Company under Rule 9 of the Takeover Code.

Under the Proposed New Loan Terms, the Ciclitira Concert Party would hold conversion rights over a maximum of approximately 704,893,056 New Ordinary Shares. If the Ciclitira Concert Party exercised their conversion rights in full, it would be interested in up to 68.8 per cent. of the Enlarged Share Capital of the Company, assuming no other monies due under the Loan Agreements were converted and no other shares were issued for any other reasons.

In addition, there is currently approximately £336,000 of short term debt from members of the Ciclitira Concert Party to the Company which is outstanding. The Company has agreed the outline terms of the Debt Option to be entered into with those members of the Ciclitira Concert Party to convert this debt into ordinary shares in the Company on terms similar to the Proposed New Loan Terms. A maximum of 201,600,000 New Ordinary Shares may be issued to the Ciclitira Concert Party under this option agreement. Further details are set out in paragraph 4.5 of Part IV of this document. The exercise of the Debt Option would increase the maximum interest of the Ciclitira Concert Party in the voting rights of the Company to 73.6 per cent., assuming no other monies due under the Loan Agreements were converted and no Options or Warrants were exercised.

David Ciclitira currently holds options which are currently exercisable over 9,885,750 Existing Ordinary Shares in the Company with exercise prices of either 1.25 pence or 15 pence. Further information on the Options is set out in paragraph 8 of Part IV of this document. The Company is proposing, subject to, *inter alia*, approval from HMRC, to amend the exercise price on all existing Options to 0.25 pence following the Share Capital Reorganisation. Such a move would align the interests of Shareholders, holders of Options and Lenders and also enable the Company to broaden the equity involvement of the Company's employees through the issue of new options to staff. It should be noted that Options currently represent less than 1 per cent. of the Enlarged Share Capital. The exercise by David Ciclitira of his Options would further increase the maximum interest of the Ciclitira Concert Party in the voting rights of the Company by 0.2 per cent. to 73.8 per cent. assuming no other monies due under the Loan Agreements were converted and no other Options or Warrants were exercised.

Approval is therefore being sought on a poll of Shareholders, other than the Ciclitira Concert Party, for a waiver of obligations of Rule 9 of the Takeover Code in all these respects.

Mr Casey holds 2,000,000 Existing Ordinary Shares and has advanced £0.44 million loan monies to the Company pursuant to the terms of a Loan Agreement. Under the Proposed New Loan Terms, Mr Casey would hold conversion rights over a

maximum of 262,654,200 New Ordinary Shares. If Mr Casey exercised his conversion rights in full, he would be interested in up to 264,654,200 New Ordinary Shares representing 39.2 per cent. of the Enlarged Share Capital, assuming no other monies due under the Loan Agreements were converted into New Ordinary Shares and no Options or Warrants were exercised. Approval is therefore being sought on a poll of Independent Shareholders, other than Mr Casey, for a waiver of obligations of Rule 9 of the Takeover Code in this respect.

10. Takeover Code

Resolutions 1 and 2 to be proposed at the General Meeting, which will each be taken on a poll of Shareholders, other than in each case members of the Ciclitira Concert Party and Mr Casey respectively, deal with the proposed grant to each of the Ciclitira Concert Party and Mr Casey of a waiver of Rule 9 of the Takeover Code relating to the Proposed New Loan Terms which could result in their respective interests in shares carrying more than 30 per cent. of the voting rights of the Company.

Details on the Ciclitira Concert Party and Mr Casey are set out in paragraphs 5.1 and 5.2 respectively, of Part IV of this document. The Ciclitira Concert Party and Mr Casey are not acting in concert with each other as defined by the Takeover Code.

The Takeover Code is issued and administered by the Panel. The Takeover Code applies, *inter alia*, to all offers for public companies which have their registered office in the UK, Channel Islands and the Isle of Man and which are considered to have their place of central management and control in these jurisdictions. The Company falls under the jurisdiction of the Takeover Code. Accordingly, Shareholders are entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, when any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which he and persons acting in concert with him are interested), carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code that person, and any persons acting in concert with him, is normally required to make a general offer to all of the Company's shareholders to acquire the remaining shares in that company not held by him and his concert party.

Similarly, where 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 a company, but does not hold shares carrying more than 50 per cent. of the voting rights of the company, a general offer is required if any further interest in shares is acquired by any such person, or persons acting in concert with him.

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 acquired during the 12 months prior to the announcement of the offer.

(i) The Ciclitira Concert Party Waiver

At the date of this document, the Ciclitira Concert Party is interested in aggregate in 64,673,719 Existing Ordinary Shares representing approximately 15.7 per cent. of the Issued Share Capital. Following the Share Capital Reorganisation, the Ciclitira Concert Party's aggregate holding will become approximately 64,664,000 New Ordinary Shares, representing approximately 15.7 per cent. of the Company's New Issued Share Capital.

Assuming that;

1. the maximum number of 704,893,056 New Ordinary Shares are issued to members of the Ciclitira Concert Party on conversion of the loan monies advanced to the Company under the Loan Agreements, pursuant to the Proposed New Loan Terms;
2. the maximum number of 201,600,000 New Ordinary Shares are issued to members of the Ciclitira Concert Party on exercise of the Debt Option; and
3. the Options held by Mr Ciclitira over 9,885,750 New Ordinary Shares are exercised in full;

then, in aggregate, the Ciclitira Concert Party would be interested in 981,042,806 New Ordinary Shares representing approximately 73.8 per cent. of the revised issued share capital of the Company. Such issued share capital assumes that no further New Ordinary Shares are issued, no rights held by other Lenders are exercised to convert monies advanced under their respective Loan Agreements into New Ordinary Shares and that no Options or Warrants over New Ordinary Shares are exercised, other than those held by the Ciclitira Concert Party.

	Number of Existing Ordinary Shares	Number of New Ordinary Shares following the Share Capital Reorganisation	Maximum number of New Ordinary Shares that may be issued pursuant to Proposed New Loan Terms	Maximum number of New Ordinary Shares that may be issued pursuant to Debt Option	Maximum number of New Ordinary Shares that may be issued pursuant to Options and Warrants	Maximum number of New Ordinary Shares	Maximum percentage of Enlarged Share Capital'
David Ciclitira	39,090,117	39,088,000			9,885,750	48,973,750	3.7%
Barclays Wealth	2,237,797	2,236,000	704,893,056			707,129,056	53.2%
Luna Trading Ltd 56 Ennismore	4,366,463	4,364,000				4,364,000	0.3%
Gardens ELY Ltd	3,108,759	3,108,000		77,400,000		80,508,000	6.1%
Elysian Group Ltd	15,870,583	15,868,000		124,200,000		140,068,000	10.5%
	64,673,719	64,664,000	704,893,056	201,600,000	9,885,750	981,042,806	73.8%

Note:

1. Assuming no further New Existing Shares are issued, no rights held by other lenders are exercised to convert

monies advanced under their respective loan agreements into New Existing Shares and that no Options or Warrants are exercised, other than those held by the Ciclitira Concert Party.

It is the intention of Barclays Wealth to establish a new vehicle into which all the holdings and interests of the Ciclitira Concert Party in the Company will be transferred. There will be no change in the underlying beneficial interests in the Company as a consequence of this re-organisation. Notification of this change will be made in due course.

The Panel has agreed, subject to the passing of Resolution 1 at the General Meeting on a poll by the Independent Shareholders, to waive the obligation of any member of the Ciclitira Concert Party to make a general offer to Shareholders under Rule 9 of the Takeover Code that would otherwise arise as a result of the issues outlined above.

Following the Proposals and depending on the number of New Ordinary Shares received by the Ciclitira Concert Party following the conversion pursuant to the Proposed New Loan Terms, of monies advanced under the Loan Agreements, the exercise of the Debt Option and the exercise of the Options, the Ciclitira Concert Party may in aggregate hold more than 50 per cent. of the Company's enlarged voting share capital. Accordingly, the Ciclitira Concert Party together with any person acting in concert with it may increase their aggregate interests in New Ordinary Shares without incurring any further obligation under Rule 9 to make a general offer, although individual members of the Ciclitira Concert Party will not be able to increase their percentage holdings through or between a Rule 9 threshold without Panel consent.

(ii) The Casey Waiver

At the date of this document, Mr Casey is interested in 2,000,000 Existing Ordinary Shares, representing approximately 0.5 per cent. of the Issued Share Capital. Following the Share Capital Reorganisation, this should continue to be 2,000,000 New Ordinary Shares, representing 0.5 per cent. of the Company's New Issued Share Capital.

Assuming that the maximum number of approximately 262,654,200 New Ordinary Shares are issued to Mr Casey on conversion of the £0.44 million advanced under the Loan Agreements pursuant to the Proposed New Loan Terms, then Mr Casey would be interested in approximately 264,654,200 New Ordinary Shares representing approximately 39.2 per cent. of the revised issued share capital of the Company. Such issued share capital assumes that no further New Ordinary Shares are issued, no rights held by other Lenders are exercised to convert monies advanced under their respective Loan Agreements into New Ordinary Shares and that no Options over New Ordinary Shares are exercised.

The Panel has agreed, subject to the passing of Resolution 2 at the General Meeting on a poll by the Independent Shareholders, to waive the obligation of Mr Casey to make a general offer to Shareholders under Rule 9 of the Takeover Code that would otherwise arise as a result of the issue outlined above.

Following the Proposals and depending on the number of New Ordinary Shares received by Mr Casey following the conversion of the £0.44 million advanced under the Loan Agreements pursuant to the Proposed New Loan Terms, then Mr Casey may hold more than 30 per cent. of the Company's enlarged voting share capital but will not hold shares carrying more than 50 per cent. of such voting rights and any further increase in its interests in shares will be subject to the provisions of Rule 9 of the Takeover Code.

(iii) Future Intentions of the Ciclitira Concert Party and Mr Casey

David Ciclitira, on behalf of the Ciclitira Concert Party, and Mr Casey have separately confirmed to the Company that neither of them is proposing, following any increase in their percentage interest in New Ordinary Shares as a result of the conversion, pursuant to the Proposed New Loan Terms, of monies advanced under the Loan Agreements into New Ordinary Shares, to seek any change in the composition of the Board or any other aspect of the Company's business.

David Ciclitira, on behalf of the Ciclitira Concert Party, and Mr Casey have also separately confirmed that they have no intention to change the locations of the Group's respective places of business or the continued employment of their employees and management, including any material change in conditions of employment, nor will there be any redeployment of the fixed assets of the Group, as a result of the conversion, pursuant to the Proposed New Loan Terms, of monies advanced under the Loan Agreements into New Ordinary Shares.

11. Related Party Transactions

Proposed New Loan Terms, issue of Debt Option to David Ciclitira and re-pricing of Options held by David Ciclitira

David Ciclitira is a Director of PMG and, through the Ciclitira Concert Party, holds more than 10 per cent. of the Issued Share Capital and is therefore deemed to be a substantial shareholder of the Company for the purposes of the AIM Rules.

The Proposed New Loan Terms, the Debt Option and the re-pricing of the Options therefore constitute related party transactions for the purposes of AIM Rule 13.

Where a company whose shares are quoted on AIM enters into a related party transaction, the directors independent to the transaction are required to consider, having consulted with the Company's nominated adviser, that the terms of the transaction are fair and reasonable insofar as its shareholders are concerned.

Taking into account the Company's current inability to meet the repayments on the Loan Agreements as they fall due and hence the need to reach a settlement with the Lenders and taking into account the reasons outlined in paragraph 9 above, the Independent Directors, having consulted with Dowgate, the Company's nominated adviser, consider that the terms of each of the related party transactions with David Ciclitira (and the members of the Ciclitira Concert Party) are fair and reasonable insofar as Shareholders are concerned.

Issue of New Ordinary Shares to Mr Casey pursuant to the Proposed New Loan Terms

On or following Admission, Mr Casey may be issued with up to 262,654,200 New Ordinary Shares representing approximately

13.8 per cent. of the Enlarged Share Capital as set out in this Part I. As such, Mr Casey is also a substantial shareholder and so the Proposed New Loan Terms is a related party transaction for the purposes of AIM Rule 13.

Where a company whose shares are quoted on AIM enters into a related party transaction, the directors independent to the transaction are required to consider, having consulted with the Company's nominated adviser, that the terms of the transaction are fair and reasonable insofar as its shareholders are concerned.

Taking into account the Company's current inability to meet the repayments on the Loan Agreements as they fall due and hence the need to reach a settlement with the Lenders, the Independent Directors, having consulted with Dowgate, the Company's nominated adviser, consider that the terms of the related party transaction with Mr Casey are fair and reasonable insofar as Shareholders are concerned.

12. Annual General Meeting

You will find set out at the end of this document, a notice convening the Annual General Meeting of the Company for 2008 to be held at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA at 9.00 a.m. on 24 October 2008 for the purpose of considering, and if thought fit, passing the following resolutions:

1. To receive and adopt the audited accounts for the year ended 31 December 2007.
2. To re-appoint PKF (UK) LLP as the Company's auditors and authorise the Directors to fix their remuneration.

13. Action to be taken in respect of the Annual General Meeting

You will find included at the end of this document a white Form of Proxy for use by Shareholders at the Annual General Meeting. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete and return the white Form of Proxy in accordance with the instructions printed thereon. To be valid, completed white Forms of Proxy must be received by the Registrars, Capita Registrars Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and in any event not later than 9.00 a.m. on 22 October 2008, being 48 hours before the time appointed for holding the General Meeting. Completion of a white Form of Proxy will not preclude you from attending the meeting and speaking and voting in person if you so choose.

14. General Meeting

You will find also set out towards the end of this document, a notice convening a General Meeting of the Company to be held at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA at 9.15 a.m. on 24 October 2008 (or, if later, immediately following the Annual General Meeting) for the purpose of considering, and if thought fit, passing the following resolutions:

1. to approve the Ciclitira Concert Party Waiver in respect of Rule 9 of the Takeover Code;
2. to approve the Casey Waiver in respect of Rule 9 of the Takeover Code;
3. to approve the Share Capital Reorganisation as follows:
 - a. to consolidate each of the Existing Ordinary Shares into new ordinary shares of £20 each on the basis that every 4,000 Existing Ordinary Shares will be consolidated into one new ordinary share. The treatment of any fractions arising as a result of the Consolidation is explained in paragraph 5 of this Part I above;
 - b. subdivide each new ordinary share of £20 into one new ordinary share of 40 pence each and one Deferred B Share of £19.60. The ordinary shares of £0.40 created will have exactly the same rights as those of the Existing Ordinary Shares. The Deferred B Shares will have very limited rights which will effectively render them economically valueless with no voting rights, although they continue to represent a proportion of the Company's permanent capital until such time as they are cancelled by a subsequent resolution of the holders of the Company's ordinary shares;
 - c. to further subdivide each of the new ordinary shares of 40 pence each created following the consolidation and sub-division referred to above into 4,000 New Ordinary Shares of 0.01 pence;
 - d. to authorise the Directors to sell fractional share entitlements in the market in accordance with the Company's articles of association;
 - e. to amend the Company's articles of association to contain, *inter alia*, the rights and restrictions attaching to the Deferred B Shares;
4. to grant authority to the Directors to allot shares as follows:
 - a. to grant the Directors the authority to issue and allot New Ordinary Shares up to a nominal value of £303,464 under section 80 of the Act representing 735 per cent. of the New Issued Share Capital following the passing of the Resolutions;
 - b. to grant the Directors the authority pursuant to section 95 of the Act to allot equity shares for cash without the application of section 89 of the Act requiring the Company offer shares to existing shareholders on a pre-emptive basis in respect of:
 - i. New Ordinary Shares up to a nominal value of £130,588 in respect of both the settlement of the premium

and the conversion of any monies advanced under the Loan Agreements pursuant to the Proposed New Loan Terms, which represents approximately 316 per cent. of the total New Issued Share Capital following the passing of the Resolutions;

- ii. New Ordinary Shares up to a nominal value of £20,160 in respect of the settlement of the premium and the conversion of any monies advanced pursuant to the Debt Option, which represents approximately 49 per cent. of the total New Issued Share Capital following the passing of the Resolutions;
- iii. New Ordinary Shares up to a nominal value of £13,370 in respect of the Malaysian Settlement and the Creditor Settlement, which represents approximately 32 per cent. of the total New Issued Share Capital following the passing of the Resolutions;
- iv. New Ordinary Shares up to a nominal value of £42,502 in respect of the conversion of any monies advanced under the various loan agreements previously entered into between the Company and each of Trafalgar Capital Specialized Fund, FIS and Lazam Properties Limited which represents approximately 103 per cent. of the total New Issued Share Capital following the passing of the Resolutions;
- v. New Ordinary Shares up to a nominal value of £3,171 in respect of the Warrants, which represents approximately 8 per cent. of the New Issued Share Capital of the Company following the passing of the Resolutions;
- vi. the allotment of New Ordinary Shares to Shareholders proportionate (as nearly as may be) to the respective number of New Ordinary Shares held by them following the passing of the Resolutions; and
- vii. New Ordinary Shares up to a nominal value of £24,783 in respect of the issue of any additional shares for cash, which represents approximately 60 per cent. of the total New Issued Share Capital of the Company following the passing of the Resolutions.

To be passed, Resolution 1 requires a majority of not less than 50 per cent. of the Independent Shareholders voting on a poll in person or by proxy in favour of each Resolution.

Resolution 2 similarly requires a majority of not less than 50 per cent. of the Shareholders, other than Mr Casey, voting on a poll in person or by proxy in favour of the Resolution.

Resolutions 3 and 4 are proposed as special resolutions and will therefore require 75 per cent. or more of Shareholders voting in person or by proxy in favour of each Resolution.

As Mr. Ciclitira has an interest in Resolution 1, he has not taken part in any decision of the Independent Directors relating to the Ciclitira Concert Party Waiver.

No member of the Ciclitira Concert Party will vote on Resolution 1 and Mr Casey will not vote on Resolution 2. All Shareholders are permitted to vote on Resolutions 3 and 4.

Following the amendments to the various loan agreements as described in this document and including the effects of trading since 30 June 2008, the aggregate outstanding debt of the Company as at the date of this document is approximately £4.32 million. This compares to the market capitalisation of the Company of £1.14 million (at the closing middle price on 25 September 2008, being the last practical day prior to the publication of this document, of 0.28 pence) giving an enterprise value of £5.45 million, of which Independent Shareholders would have an interest in 17.5 per cent..

Assuming the maximum number of shares was issued under the proposed New Loan Terms, the Debt Option, the Malaysian Settlement and the Creditor Settlement then the issued share capital would increase to 2,054,210,101 shares implying market capitalisation of the Company of £5.65 million (at the closing middle price on 25 September 2008, being the last practical day prior to the publication of this document, of 0.28 pence). The outstanding debt would have been reduced to £1.69 million and thus the enterprise value would be £7.34 million, of which Independent Shareholders would have an interest in 13.0 per cent..

If any of the Resolutions are not passed, with the exception of Resolution 3, the Directors may need to consider other options to finance the continuing existence of the Company.

Any additional equity financing may be more dilutive to Shareholders than the arrangements described in this document and debt financing, if available, may place restrictions on the Company's financing and operating activities. There is no guarantee that the then prevailing market conditions will allow for such fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the current market price.

15. Action to be taken in respect of the General Meeting

You will find included at the end of this document a blue Form of Proxy for use by Shareholders at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the blue Form of Proxy in accordance with the instructions printed thereon. To be valid, completed blue Forms of Proxy must be received by the Registrars, Capita Registrars Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and in any event not later than 9.15 a.m. on 22 October 2008, being 48 hours before the time appointed for holding the General Meeting. Completion of a blue Form of Proxy will not preclude you from attending the meeting and speaking and voting in person if you so choose.

16. Recommendation by Independent Directors

The Independent Directors, who have been so advised by Dowgate, consider the Proposals to be fair and reasonable, and in the best interests of the Company and its Shareholders. In providing advice to the Independent Directors, Dowgate has taken into account the Directors' commercial assessments.

Accordingly, the Independent Directors unanimously recommend that you vote in favour of the Resolutions.

Yours faithfully

Leonard Fine

Senior Independent Director

PART II

HISTORICAL FINANCIAL INFORMATION RELATING ON PARALLEL MEDIA GROUP PLC

EXTRACTS FROM THE AUDITED ACCOUNTS OF PARALLEL MEDIA GROUP PLC FOR THE THREE YEARS ENDED 31 DECEMBER 2005, 31 DECEMBER 2006 AND 31 DECEMBER 2007

The following financial information does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information displayed below is an abridged version of the Company's published financial statements for those years, which contained unqualified audit reports and which have been filed with the Registrar of Companies.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000	Year ended 31 December 2005 £'000
Continuing operations				
Revenue		5,195	4,561	2,582
Cost of sales		(3,744)	(2,738)	(1,593)
Gross profit		1,451	1,823	989
Administrative expenses		(3,205)	(1,302)	(1,297)
Loss on disposal of investments		(112)	–	–
Profit on disposal of investments		32	–	–
Restructuring costs		–	(399)	–
Operating (loss)/profit		(1,834)	122	(308)
Finance costs		(286)	(204)	–
Investment income		14	–	–
Share of operating loss in associates		–	(329)	(157)
Profit on sale of associated undertakings		–	770	(389)
(Loss)/profit on ordinary activities before tax		(2,106)	359	156
Taxation		–	–	(392)
(Loss)/profit for the year		(2,106)	359	(1,090)
Attributable to:				
Minority interests		(1)	(1)	11
Equity holders of the parent		(2,105)	360	(1,079)
(Loss)/profit for the financial year		(2,106)	359	(1,068)
(Loss)/earnings per share				
	3			
- basic		(0.58)p	0.43p	(4.86p)
- diluted		(0.58)p	0.30p	(4.86p)

CONSOLIDATED BALANCE SHEET

	Note	GROUP		COMPANY	
		Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Non-current assets					
Property, plant & equipment		24	23	24	21
Intangible assets		2,545	2,681	2,545	2,681
Investments		180	243	1,230	1,225
Total non-current assets		2,749	2,947	3,799	3,927
Current assets					
Trade receivables		655	406	714	514
Cash		837	305	835	305
Total current assets		1,492	711	1,549	819
Current liabilities					
Financial liabilities – borrowings		716	778	716	778
Financial liabilities – convertible loans	4	2,868	–	2,868	–
Trade and other payables		2,796	1,644	2,735	1,524
Total current liabilities		6,380	2,422	6,319	2,302
Net current liabilities		(4,888)	(1,711)	(4,770)	(1,483)
Non-current liabilities – financial borrowings		(422)	(2,808)	(422)	(2,808)
Net liabilities		(2,561)	(1,572)	(1,393)	(364)
Equity					
Share capital		3,064	2,481	3,064	2,481
Share premium		2,077	1,560	2,077	1,560
Equity element of convertible loans		92	88	92	88
Other reserves		557	557	557	557
Capital redemption reserve		5,034	5,034	5,034	5,034
Foreign translation reserve		177	244	–	–
Retained earnings		(13,453)	(11,427)	(12,217)	(10,084)
Total equity		(2,452)	(1,463)	(1,393)	(364)
Minority interests		(109)	(109)	–	–
Equity attributable to equity holders of the parent		(2,561)	(1,572)	(1,393)	(364)

CONSOLIDATED CASH FLOW STATEMENT

	GROUP		COMPANY	
	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000	Year ended 31 December 2007 £'000	Year ended 31 December 2006 £'000
Cash flows from operating activity				
Operating (loss)/profit	(1,834)	121	(1,862)	(43)
Depreciation	7	4	5	4
Amortisation of intangibles	136	32	136	32
Profit on disposal of investments	(32)	–	–	–
Charge for fair value of options over vesting period 33		–	33	–
(Increase)/decrease in debtors	(233)	1,364	(199)	1,384
Increase in creditors	925	(508)	984	(763)
Foreign exchange	36	(101)	36	298
Cash (used in)/generated from operations	(995)	945	(899)	946
Interest paid	(80)	(62)	(79)	(61)
Net cash (used in)/generated from operations	(1,075)	883	(978)	885
Cash flow from investing activities				
Purchase of property, plant & equipment	(8)	(11)	(8)	(11)
Sale of Associated companies	–	1,605	–	1,606
Costs incurred on sale of associated companies	–	(252)	–	(252)
Sale of other investments	100	15	–	15
Investments	(5)	–	(5)	–
Interest received	14	–	14	–
Purchase of golf events	–	(2,065)	–	(2,065)
Net cash generated from/(used in) investing activities	101	(708)	1	(708)
Cash flow from financing activities				
Bank facility repaid	–	(1,058)	–	(1,058)
Cash received from bank loan	–	300	–	300
Cash received from convertible loans	350	1,276	350	1,276
Convertible loans repaid	(76)	(2,186)	(76)	(2,186)
Issue of shares	862	1,235	862	1,235
Loan received	751	100	751	100
Loans repaid	(381)	–	(381)	–
Loan received from director	–	356	–	356
Net cash generated from/(used in) financing activities	1,506	23	1,506	23
Net increase/(decrease) in cash and cash equivalents	532	198	529	200
Cash and cash equivalents at beginning of the year	305	107	305	105
Cash and cash equivalents at end of year	837	305	834	305

NOTES TO THE FINANCIAL INFORMATION

1. ACCOUNTING POLICIES

Basis of preparation

The Group's financial statements were prepared in accordance with UK GAAP until 31 December 2006. From 1st January 2007 the group and company has prepared financial statements for the first time in accordance with IFRS as adopted by the European Union, and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The group incurred a loss after tax of £2.1m during the year ended 31 December 2007, and at that date the group had net liabilities of £2.6m and net current liabilities of £4.9m. The directors have prepared trading and cash flow forecasts for the group for the period to 31 December 2009.

These forecasts included the assumption that a substantial proportion of the convertible loans totalling £2.9m at the Balance Sheet Date would be extended. In the period from 1 January to 26 June 2008, convertible loans totalling £0.7m were cancelled or repaid. In June 2008, PMG agreed the extension of £2.1m of the outstanding £2.2m of convertible loan to extend their conversion or repayment date beyond 31 December 2009. In the opinion of the directors, this has substantially improved the group's short term financial position.

The forecasts also incorporate trading assumptions, including increased sponsorship from existing tournaments, and agreement for the group to stage an additional tournament in 2009.

Based on the above, the directors believe these forecasts to be realistic, and consequently have prepared the financial statements on the going concern basis, which assumes that the group will continue in operational existence for the foreseeable future.

IFRS transition

The Group's results for the year ended 31 December 2007 are the first results to be reported under IFRS. The Groups date of transition to IFRS is 1 January 2006 and the adoption date is 1 January 2007.

In the year ended 2006, the company accounted for share-based payments and Financial Instruments disclosure and presentation, as required by International Accounting Standard (IAS) 32 and IFRS 2. A review of the financial statements was conducted and the impact of the transition from UK GAAP to IFRS was assessed. No additional changes to the 2006 results were required as a result of the impact of moving to IFRS and no further reconciliation is therefore required or provided.

Significant Judgements and Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts in the financial statements. The area involving a high degree of judgement or complexity is the valuation of intangible assets with a carrying value of £2.5m. The intangible assets represent rights to operate golf events on dates in the European Tour Calendar and are included in the financial statements at cost of acquisition less amortisation. Management are required to assess potential impairment and confirm the appropriateness of the useful life and amortisation period which may materially impact results for the year.

Basis of consolidation

The consolidated financial statements incorporate the results of the Company and all of its subsidiary undertakings as at 31 December 2007 using the acquisition method of accounting. Under the acquisition method the results of subsidiary undertakings are included from the date of acquisition. On disposal, the results are included up to the date of disposal.

The financial statements are prepared in accordance with International Financial Reporting Standards and Interpretations in force at the reporting date. The company has not adopted any standards or interpretations in advance of required implementation dates. It is not expected that adoption of standards or interpretations which have been issued by the International Accounting Standards Board but not adopted, will have a material impact on the financial statements.

Intangible Assets

The rights to promote European Tour golf events were acquired in September 2006 and included in the Balance Sheet as intangible assets in the audited financial statements for the year ended 31 December 2006. These assets are amortised over their expected life of 20 years. Intangible Assets are held at cost less amortisation.

Impairment

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of assets is the greater of their net selling price and value in use.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Property, Plant & Equipment

Depreciation is provided on office equipment, fixtures & fittings so as to write them off over their anticipated useful lives. Office equipment, fixtures & fittings are depreciated at 20% on a straight line basis

The carrying amounts of property, plant and equipment are reviewed for amendments to the residual value, this is performed annually or sooner, if there is an indication that they may be impaired.

Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables

Trade payables are stated at their nominal value.

Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary reporting format is geographic segments.

Turnover and revenue recognition

Turnover includes sponsorship, management fees, consulting fees, and income from sales of broadcasting rights.

Revenue is recognised when the Group has earned the right to receive consideration for its performance, measured on the following basis:

- (i) Management fees and other fees earned – on rendering of services to third parties.
- (ii) Income from sales of sponsorship and commercial rights – on a straight line basis in accordance with the terms of the agreement.
- (iii) Income from sale of broadcasting rights – on delivery of the programmes to broadcasters in accordance with the terms of the agreement.

Barter transactions

When services are rendered in exchange for dissimilar goods or services, the revenue generated for the services rendered is measured at the fair value of the goods or services received, adjusted for the amount of any cash or cash equivalents transferred.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. Differences on exchange arising on translation of subsidiaries are charged directly to equity. All other exchange differences have been charged to the Income Statement.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date except that the recognition of deferred tax assets is limited to the extent that the Group anticipates making sufficient taxable profits in the future to absorb the reversal of underlying timing differences. Deferred tax balances are not discounted.

Leases

Rentals under operating leases are charged to the Income Statement as incurred.

Available for sale financial assets

Available for sale financial assets comprise equity investments (and exclude investment in subsidiaries). Subsequent to initial recognition, available for sale financial assets are stated at fair value. Movements in fair values are taken directly to equity, with the exception of impairment losses which are recognised in the Income Statement. Fair values are based on prices quoted in an active market, if such a market is available. If an active market is not available, the group establishes the fair value of financial instruments by using a valuation technique, usually discounted cashflow analysis. When an investment is disposed, and cumulative gains and losses previously recognised in equity are included in the Income Statement. Dividends are recognised in the Income Statement when the right to receive payments is established.

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.

Share based payments

The group has applied the exemption available under IFRS 1 and elects to apply IFRS 2 only to awards of equity instruments made after 7 November 2002 that had not vested by 1 January 2006.

Options are measured at fair value at grant date using Black-Scholes model. The fair value is expensed on a straight line basis over the vesting period, based on an estimate of the number of options that will eventually vest. Cash settled share based payment transactions results in the recognition of a liability at its current fair value.

2. SEGMENT REPORTING

	Turnover			Pre-tax (loss)/profit			Net assets/(liabilities)		
	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended	Year ended
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	2007	2006	2005	2007	2006	2005	2007	2006	2005
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Analysis by Geographic Market Group									
Asia	4,610	3,489	491	606	411	(89)	57	(10)	(502)
Europe	585	997	1,776	(2,705)	285	(542)	(1,935)	(870)	(4,073)
Americas	–	75	315	(7)	(8)	(70)	(683)	(692)	(779)
	5,195	4,561	2,582	(2,106)	688	(701)	(2,561)	(1,572)	(5,354)
Associates									
Asia	–	–	–	–	(329)	(389)	–	–	246
	–	–	–	–	(329)	(389)	–	–	246
Total	5,195	4,561	2,582	(2,106)	359	(1,090)	(2,561)	(1,572)	(5,108)
Analysis by sport									
Golf	5,070	3,876	2,582						
Rugby	69	315	–						
Football	–	231	–						
Sailing	56	139	–						
Total	5,195	4,561	2,582						

3. (LOSS)/EARNINGS PER SHARE

	Year ended 31 December 2007	Year ended 31 December 2006	Year ended 31 December 2005
(i) Basic			
(Loss)/ Profit for the financial year (£'000)	(2,106)	360	(1,090)
Weighted average number of shares in issue	364,205,784	82,769,941	22,203,505
(Loss) / Earnings per share	(0.58p)	0.43p	(4.86p)
(ii) Diluted			
(Loss)/Profit for the financial year (£'000)	(2,106)	360	(1,090)
Add back interest charged on convertible loans where the impact of these loans is dilutive (£'000)	138	60	163
Revised (loss) /profit (£'000)	(1,968)	420	(927)
Weighted average number of shares in issue	364,205,784	82,769,941	22,203,505
Weighted average of potential dilutive effect of ordinary shares issuable under:			
- Convertible loan agreements		57,623,270	
	Note 1	140,393,211	Note 1
(Loss)/Earnings per share	(0.58p)	0.30p	(4.72p)

Note 1

Diluted earnings per share for the financial years ended 31 December 2007 and 2005 is calculated on the same basis as basic loss per share because the effect of the potential ordinary shares (share options and convertible loans) reduces the net loss per share and is therefore anti-dilutive.

4. FINANCIAL LIABILITIES – CONVERTIBLE LOANS

Convertible loans as at the 31 December 2007 are shown as current liabilities due within one year with conversion or repayment required in 2008. Convertible loans as at the 31 December 2006 are included within financial borrowings due in more than one year.

	31 December 2007 £'000	31 December 2006 £'000
Convertible loans due within a year	2,868	
Convertible loans due in more than a year		2,468

The value of the convertible loans at the Balance Sheet date has been determined in accordance with IAS 32, as described more fully under accounting policies, note 1. IAS 32 requires the separate recognition of the debt and equity components of the amounts received, with equity components shown directly in equity reserves. The convertible loan notes are convertible or repayable within one year.

Loan Amount (£000)	Debt element of convertible loan (£000)	Interest rate	Conversion Price (p)	Latest conversion or repayment date
1,175	1,163	0%	1.25p	30 th November 2008 ^{*1}
135	133	Euro Libor +3%	1.5p	30 th November 2008
785	777	Euro Libor +2%	1.65p/1.25p	Three months after publication of Financial statements for the year ended 31 st December 2007 ^{*2}
704	669	Euro Libor +3%	1.65p/1.25p	Three months after publication of Financial statements for the year ended 31 st December 2007 ^{*3}
126				Being unpaid interest
2,868				

^{*1} The convertible loan of £1,175,000 is owed to Walbrook Trustees (Jersey) Limited, who are trustees of a discretionary trust (the Tokyo Settlement) of which D Ciclitira is a potential beneficiary.

^{*2} Interest is accrued at 2% above Euro Libor, if the lenders call for interest to be paid, the loans can be converted into ordinary shares at the price of 1.65 pence, however, if the lenders do not call for the accrued interest to be paid, the loans can be converted into ordinary shares at a price of 1.25 pence.

^{*3} This loan is secured via a fixed and floating charge. Interest is accrued at Euro Libor + 3%. The loan can be converted into ordinary shares at a price of 1.25 pence. The loan can be converted into ordinary shares at any time between now and a date 3 months after the publication of the Company's audited annual report and accounts for the year ended 31 December 2007. The lender has the right to call for monthly repayments of principle of £37,500 and accrued interest up to the date which is three months after publication of the accounts for the year ended 31 December 2007 at which time the outstanding amount of the loan can be converted or repaid at the option of the lender.

5. DISPOSAL OF UNDERTAKINGS

- In the year ended 31 December 2007 there were no disposal of undertakings.
- In the year ended 31 December 2006 the profit on the disposal of associated undertakings of £770,000 relates to a profit on disposal of Parallel Media Asia (2003) Ltd of £785,000, a loss on disposal of Sports Tourism Ltd of £7,500 and a loss on disposal of True World Ltd of £7,500. The restructuring costs are the costs incurred in relation to the September 2006 fund raising and restructuring of the Asian operations.
- In the year ended 31 December 2005 the profit on the disposal of associated undertaking of £156,000 relates to the disposal of Broadcast Innovations Limited. The loss on sale of subsidiary of £157,000 relates to the sale of Parallel Media Italia SRL.

6. POST BALANCE SHEET EVENTS

In the year ended 31 December 2007, Post Balance Sheet events were identified as follows:

The financial structure of the business is being reviewed by the board and the management team. During the first six months of 2008, convertible loans totaling £0.5m were repaid following the drawdown of £448,000 of medium term lending. A further £0.2m of convertible loans were cancelled. The remaining £2.2m nominal of convertible loan are due for

redemption between September and December 2008. Loan note holders holding £2.1 million of these convertible loan notes have committed to extend the period of the loan notes beyond December 2008 subject to the approval of the Company's shareholders. The Company will write to shareholders in due course with the detailed proposal. The directors have consequently prepared the financial statements on a going-concern basis.

Further to an agreement between RAM Media Ltd in Administration (RAM) and PMG dated 22nd May 2006 relating to the Fifpro World XI Player Awards, RAM Investment Group PLC (RIG) undertook to guarantee to PMG the performance by RAM of its obligations. In February 2008, PMG agreed to release RIG from the guarantee in exchange for the cancellation of the convertible loan of £125,000 (together with accrued interest).

In February 2008, PMG agreed to draw down a further €290,000 of medium term lending (as part of a facility announced in November 2007).

In April 2008, PMG agreed to consolidate and extend its medium term debt. Individual loans at the Balance Sheet date totalling £651,000 and repayable between 12 and 18 months, were consolidated and extended for repayment over a 30 month period.

In June 2008, PMG agreed to draw down a further £448,000 of medium term lending which has been applied to reducing the convertible loan notes. In the period to June 2008, amounts totalling £518,000 were repaid to convertible loan note holders.

In June 2008, loan note holders holding £2.1 million of convertible loan notes have committed to extend the period of the loan notes beyond December 2008 subject to the approval of the Company's shareholders. The Company will write to shareholders in due course with the detailed proposal. The directors have consequently prepared the financial statements on a going-concern basis.

PART III

EXTRACT FROM THE HALF-YEARLY UNAUDITED REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2008

The following financial information does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information set out below is an extract from the interim half-yearly financial information for the six months ended 30 June 2008.

“CHAIRMAN’S STATEMENT

Overview

The last six months have been an exciting time for PMG. It has been a time of growth for both areas of PMG’s business, the golf business based in Hong Kong and Seoul, and the London based International Sales and Consultancy business.

Asia

PMG has successfully promoted the Ballantine’s Championship, the first PGA European Tour event to be staged in Korea, one of the world’s largest golf markets with over 5 million golfers. The Ballantine’s Championship is Korea’s largest golf tournament, and the success of this event which generated revenues for PMG of around £4.4m in the first half, coupled with PMG’s involvement with the new Ladies European Tour (“LET”) event to be played in November, the Korean Ladies Masters, has confirmed PMG as the ‘main player’ in Korean golf.

The extension of the current title sponsorship agreement with UBS has further strengthened the Hong Kong Open, the event celebrates its 50th year this November and I am pleased to say PMG have already attracted significant new sponsorship.

International

PMG has strengthened its agreement with Mission Hills, confirming long-term commission revenue for the Omega Mission Hills World Cup of Golf through to 2018. PMG has also re-signed its golf consultancy agreement with Omega.

At the time of publication, PMG is receiving significant interest from Olympic sponsors in its new commercial relationship with GCap, for the promotion of the 2012 London Olympic Games on the GCap network, which includes Capital Radio.

Financial Review

Turnover for the six months to 30 June 2008 increased 158% to £4.8m (2007: £1.9m) principally due to the staging of the inaugural Ballantine’s Championship. The increase in costs of sales reflects the direct costs of the Ballantine’s event with the result that Gross Profit for the six months to 30 June 2008 increased 34% to £0.9m (2007: £0.7m) with costs of sales increasing to £3.9m (2007: £1.2m) in order to deliver the Ballantine’s Championship. Gross margins going forward may be expected to increase as the event matures and demand for secondary sponsorship increases.

PMG has continued to invest in additional resources to grow its business both in Hong Kong, Seoul and in London, particularly in relation to its new partnership with GCap. In the period under review the operating loss was £0.22m (2007: £0.17m). The loss for the period after finance costs was £0.34m (2007: £0.32m).

The cash balance at the 30 June 2008 was a positive £0.76m. During the period PMG entered into new loans of £0.7m. This cash was applied to reduce convertible loans totalling £0.55m and to repay medium term loans totalling £0.2m. The remaining convertible loans totalling £2.2m are due for redemption between September and December 2008. Loan notes totalling £2.05m of these have committed to extend the period of the loan notes to July 2010 subject to the approval of the Company’s shareholders.

I am pleased to bring to your attention the results of the recent judgment in the case of RAM Media Limited (in administration) vs The Greek Ministry of Culture. The court awarded £2.4m plus costs to RAM Media Limited. PMG is RAM Media’s largest creditor in relation to the Fifpro World XI awards that were scheduled to take place in 2006. PMG’s claim in relation to this matter is €0.875m (plus accrued interest) out of a total creditor claim of £1.3m. The Company is awaiting information on the proportion of the claim and timing of amounts to be paid.

Board

I would like to take this opportunity to thank our Board members who continue to contribute to PMG’s growth and development. I would also like to thank the major stakeholders in the business, who are tremendously supportive and increasingly active in helping us shape and deliver on our plans. We are currently reviewing options which will simplify the capital structure and consolidate the current share holder base.

Future Prospects

The second half of 2008 will see PMG staging two events: the 50th Hong Kong Open (which contributed around £2.5m of the Group’s revenue in 2007) and the 1st Korean Ladies Masters, with a consequential increase in revenues compared to the same period last year. The Company’s accounts for 2007 included the one-off recognition of £1.13 million of costs, the majority of which relate to the creation and development of new sporting assets. Administration expenses for the second half of 2008 are therefore unlikely to be as high as last year. The directors remain confident

of returning to profit in 2008 and beyond.

Looking further ahead, PMG is continuing to build sponsorship and media event assets in Asia and internationally, which should continue the growth that we are experiencing. As mentioned in previous statement, the Company's priority will be to develop new assets, such as the Ballantine's Championship, which should offer significant long term visibility of revenues. As well as the new LET event in November 2008, PMG is in advance discussions to create several new events in 2009. PMG now has a portfolio of events and sponsorship deals that continue in to the next decade and which, together with the opportunities in the pipeline, should underpin the creation of long term value for shareholders.

In 2009, PMG is positioning itself to benefit from the increasing focus of Olympic sponsor spend targeted at the London 2012 games. The combination of new events, additional sponsorship sales in golf and growing revenues from other sports sponsorship is an exciting environment in which PMG expect to grow and prosper.

David Ciclitira

Chairman

26 September 2008

**CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

	Notes	6 months to 30 June 2008 unaudited £'000	6 months to 30 June 2007 unaudited £'000	12 months to 31 December 2007 audited £'000
Continuing operations				
Revenue		4,842	1,873	5,195
Cost of Sales		(3,914)	(1,181)	(3,744)
Gross Profit		928	692	1,451
Administrative Expenses		(1,150)	(894)	(3,205)
Profit/(Loss) on disposal of Investments		–	32	(80)
Operating (Loss)/Profit		(222)	(170)	(1,834)
Investment Income		–	–	14
Finance cost		(124)	(153)	(286)
(Loss)/Profit on ordinary activities before tax		(346)	(323)	(2,106)
Taxation		–	–	–
(Loss)/Profit for the period		(346)	(323)	(2,106)
Attributable to:				
Minority Interests		–	(1)	(1)
Equity Holders of the parent		(346)	(322)	(2,105)
		(346)	(323)	(2,106)
Earnings/(loss) per share				
	4			
Basic		(0.08p)	(0.09p)	(0.58p)
Diluted		(0.08p)	(0.09p)	(0.58p)

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008

	Notes	30 June 2008 unaudited £'000	30 June 2007 unaudited £'000	31 December 2007 audited £'000
Non-current assets				
Property, Plant & Equipment		19	27	24
Intangible Assets		2,477	2,613	2,545
Investments		55	180	180
Total non-current assets		2,551	2,820	2,749
Current Assets				
Trade Receivables		459	1,290	655
Cash		762	571	837
Total current assets		1,221	1,861	1,492
Current Liabilities:				
Financial Liabilities - borrowings	6	(766)	(753)	(716)
Financial Liabilities - convertible loans	7	(2,226)	-	(2,868)
Trade & Other payables		(2,674)	(1,812)	(2,796)
Total current liabilities		(5,666)	(2,565)	(6,380)
Net current assets/(liabilities)		(4,445)	(704)	(4,888)
Non-current liabilities				
Financial Liabilities - financial borrowings	8	(1,011)	(3,309)	(422)
Total non-current liabilities		(1,011)	(3,309)	(422)
Net Liabilities		(2,905)	(1,193)	(2,561)
Equity				
Share Capital	9	3,064	2,860	3,064
Share premium		2,077	1,865	2,077
Equity element of convertible loans		92	92	92
Other reserves		557	557	557
Capital redemption reserve		5,034	5,034	5,034
Foreign translation reserve		177	-	177
Retained earnings		(13,799)	(11,493)	(13,453)
Total Equity		(2,798)	(1,085)	(2,452)
Minority Interest		(107)	(108)	(109)
Equity attributable to equity holders of the parent		(2,905)	(1,193)	(2,561)

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2008

	30 June 2008 unaudited £'000	30 June 2007 unaudited £'000	31 December 2007 audited £'000
Cash flows from operating activity			
Operating (Loss)/Profit	(222)	(170)	(1,834)
Depreciation	6	7	7
Amortisation of intangibles	68	68	136
Profit on disposal of investments	–	(32)	(32)
(Increase)/decrease in debtors	382	(831)	(233)
Increase/(decrease) in creditors	(187)	84	925
Foreign exchange	2	–	36
Cash (used in)/generated from operations	49	(874)	(995)
Interest paid	(61)	(66)	(80)
Net cash (used in)/generated from operations	(12)	(940)	(1,075)
Cash flow from investing activities			
Purchase of property, plant & equipment	(1)	(11)	(8)
Sale of other investments	–	95	100
Investments	–	–	(5)
Interest received	8	–	14
Net cash generated from/(used in) investing activities	7	84	101
Cash flow from financing activities			
Bank facility repaid	–	(25)	–
Cash received from convertible loans	–	350	350
Convertible Loans repaid	(548)	–	(76)
Issue of shares	–	684	862
Loan received	693	340	751
Loans repaid	(215)	(227)	(381)
Net cash generated from/(used in) financing activities	(70)	1,122	1,506
Net increase/(decrease) in cash and cash equivalents	(75)	266	532
Cash and cash equivalents at beginning of the year	837	305	305
Cash and cash equivalents at end of the period	762	571	837

CONSOLIDATED CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2008

The table below sets out the movements in reserve for the six months ended 30 June 2007:

	Share Capital	Share Premium	Equity reserve	Other reserves	Capital Redemption	Forex reserve	P&L	Total
At 1 January 2007	2,481	1,560	88	557	5,034	244	(11,347)	(1,383)
(Loss) for the period	-	-	-	-	-	-	(322)	(322)
Equity element of convertible loan	-	-	4	-	-	-	-	4
Foreign exchange	-	-	-	-	-	13	-	13
Proceeds of share issue	379	-	-	-	-	-	-	379
Share premium arising in period	-	417	-	-	-	-	-	417
Costs written off against share premium	-	(112)	-	-	-	-	-	(112)
As at 30 June 2007	2,860	1,865	92	557	5,034	257	(11,669)	(1,004)

The table below sets out the movements in reserve for the six months ended 30 June 2008:

	Share Capital	Share Premium	Equity reserve	Other reserves	Capital Redemption	Forex reserve	P&L	Total
At 1 January 2008	3,064	2,077	92	557	5,034	177	(13,453)	(2,452)
(Loss)/Profit for the period	-	-	-	-	-	-	(346)	(346)
Equity element of convertible loan	-	-	-	-	-	-	-	-
Foreign exchange	-	-	-	-	-	-	-	-
As at 30 June 2008	3,064	2,077	92	557	5,034	177	(13,799)	(2,798)

NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The condensed financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with the International Accounting Standard (IAS) 34 Interim Financial Reporting.

The condensed consolidated Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with IFRS's. The comparative figures shown for the year ended 31 December 2007 do not constitute statutory accounts as they have been extracted from the statutory accounts which have been filed with the Registrar of Companies. These interim results are unaudited and do not constitute statutory accounts.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, except for the revaluation of financial instruments.

The same accounting policies, presentation and method of computation are followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2007.

3. SEGMENT INFORMATION

The following is an analysis of the revenue and results for the period, analysed by geography, the Group's primary basis of segmentation:

	Turnover		Profit/(Loss)		Net assets/(liabilities)	
	6 months to 30 June 2008 £'000	6 months to 30 June 2007 £'000	6 months to 30 June 2008 £'000	6 months to 30 June 2007 £'000	6 months to 30 June 2008 £'000	6 months to 30 June 2007 £'000
<u>GEOGRAPHIC MARKET</u>						
Group						
Asia	4,647	1,629	(371)	(309)	57	57
Europe	183	239	16	(17)	(2,291)	(567)
Americas	12	5	9	3	(676)	(684)
	4,842	1,873	(346)	(323)	2,910	(1,193)

4. EARNINGS/(LOSS) PER SHARE

	6 months to 30 June 2008 £	6 months to 30 June 2007 £	Year ended 31 December 2007 £
Earnings			
Earnings for the purpose of basic EPS	(345,919)	(322,199)	(2,106,000)
Earnings for the purpose of diluted EPS	(308,788)	(263,199)	138,000
Number of shares	Number	Number	Number
Weighted average number of shares for the purpose of basic EPS	413,037,700	345,586,372	364,205,784
Weighted average number of shares for the purpose of diluted EPS	613,189,000	562,662,216	616,333,332
Basic EPS	(0.08p)	(0.09p)	(0.58p)
Diluted EPS	(0.08p)	(0.09p)	(0.58p)

5. DIVIDENDS

No dividend was recommended or paid for the period under review.

6. FINANCIAL LIABILITIES – BORROWINGS

	Group	
	30 June 2008 £'000	31 December 2007 £'000
Bank facility	264	305
Medium Term Lending (repayable < 1 year)	502	411
	766	716

During the period, the group obtained new Medium Term borrowing in the amount of £693,000 that was applied to reduce convertible loan note holders. The loan is repayable in equal instalments over 30 months.

7. FINANCIAL LIABILITIES – CONVERTIBLE LOANS

	Group	
	30 June 2008 £'000	31 December 2007 £'000
Convertible loans	2,226	2,868

Loan Amount 30 June (£000)	Loan Amount 31 December (£000)	Interest rate	Conversion Price (p)	Latest conversion or repayment date
1,175	1,175	0%	1.25p	30 November 2008 ^{*1}
10	135	Euro Libor +3%	1.5p	30 November 2008 ^{*2}
785	785	Euro Libor +2%	1.65p/1.25p	Three months after publication of Financial statements for the year ended 31 December 2007 ^{*3}
200	704	Euro Libor +3%	1.65p/1.25p	Three months after publication of Financial statements for the year ended 31 December 2007 ^{*4}
56	69			Being rolled – up interest and the equity element of convertible loans
2,226	2,868			

^{*1} The convertible loan of £1,175,000 is owed to Walbrook Trustees (Jersey) Limited, who are trustees of a discretionary trust (the Tokyo Settlement) of which David Ciclitira is a potential beneficiary.

^{*2} In February 2008, PMG agreed to release RAM Investment Group from a guarantee in relation to the Fifpro World XI player awards in exchange for the cancellation of convertible loan notes of £125,000 (together with accrued interest).

^{*3} Interest is accrued at 2% above Euro Libor, if the lenders call for interest to be paid, the loans can be converted into ordinary shares at the price of 1.65 pence, however, if the lenders do not call for the accrued interest to be paid, the loans can be converted into ordinary shares at a price of 1.25 pence.

^{*4} This loan is secured via a fixed and floating charge. Interest is accrued at Euro Libor + 3%. The loan can be converted into ordinary shares at a price of 0.5 pence. The lender has the right to convert into ordinary shares or be repaid in 9 equal instalments from January 2009.

8. NON-CURRENT LIABILITIES - FINANCIAL BORROWINGS

	Group	
	30 June 2008 £'000	31 December 2007 £'000
Loans (1 to 2 years)	129	129
Other payables	161	53
Medium term lending (1 to 2 years)	721	240
	1,011	422

Other loans

The loan of £129,000 is payable to 56 Ennismore Gardens ELY Ltd (a company under the control of David Ciclitira). This loan is unsecured and non interest bearing.

Other payables

The amount of £161,000 due in more than one year relates to contractual payments due to ex-Malaysian partners.

Medium term lending

The amount of £721,000 included in medium term lending relates to monthly repayments due in more than one year.

9. ISSUED SHARE CAPITAL

Issued share capital as at 30 June 2008 is £3.06m being 413,037,700 ordinary shares of 0.5 pence and 199,831,545 deferred shares of 0.5 pence. There were no movements in the issued share capital of the Company in the period.

10. OTHER

Copies of unaudited interim results have not been sent to shareholders, however copies are available at www.parallelmediagroup.com or on request from the Company Secretary at the Company's Registered Office: 3-12 Harbour Yard, Chelsea Harbour, London, SW10 0XD.

11. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the Board of directors on 26 September 2008."

PART IV

ADDITIONAL INFORMATION

1. RESPONSIBILITY

- 1.1. The Directors, whose names are set out in paragraph 2.1. below, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules, save that: (a) Mr. Ciclitira, who has not participated in the Board's consideration of the Waivers or the related party transactions, takes no responsibility for the paragraph on page 15 entitled "Recommendation by Independent Directors" or for the Board's recommendation; and (b) the only responsibility accepted by the Independent Directors in respect of the information in this document relating to the Ciclitira Concert Party and to Mr Casey has been to ensure that such information has been correctly and fairly reproduced or presented (and no steps have been taken by the Independent Directors to verify this information). 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 members of the Ciclitira Concert Party accept responsibility for the information contained in this document which relates to each of them respectively. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3. Mr Casey, who is not a Director, accepts responsibility only for the information contained in this document which relates to him. To the best of his knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this document for which he is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. DIRECTORS

- 2.1. The Directors as at the date of this document and their functions are as follows:

Director	Function
David Ciclitira	Executive Chairman
Leonard H Fine	Non- Executive Director
Barry Edward Adams	Non-Executive Director

- 2.2. The business address of all the Directors is 3-12 Harbour Yard, Chelsea Harbour, London, SW10 OXD being the registered office of the Company.

3. DIRECTORS' SERVICE CONTRACTS

- 3.1. The services of David Ciclitira as executive chairman of the Company are supplied under the terms of a consultancy agreement, further details of which are set out in paragraph 4.1 of this Part IV.
- 3.2. Leonard H Fine was appointed a director of the Company on 11 August 2006. He does not have a letter of appointment. In the year to 31 December 2007, Leonard H Fine received fees of £12,000.
- 3.3. Barry Edward Adams was appointed a director of the Company on 11 August 2006. He does not have a letter of appointment. In the year to 31 December 2007, Edward Adams received fees of £12,000.
- 3.4. There have been no new Directors' service contracts or letters of appointment or amendments to existing Directors' service contracts or letters of appointment referred to in this paragraph 3 in the six months preceding the date of this document.

4. RELATED PARTY TRANSACTIONS

- 4.1. Under an agreement dated 6 April 2004 and as amended on 5 August 2008, Luna Trading Limited ("Luna") provides the services of David Ciclitira to the Company as its Group Chairman with particular responsibility for worldwide sales and international new business development. In consideration for the services provided under the agreement, PMG agrees to pay to Luna a fee of £221,000 per annum and re-imburses all reasonable expenses necessary for the performance of its duties. Such fee is subject to adjustment on the basis that it shall be reduced from £212,000 to £171,000 with effect from the time that certain loan monies advanced by Luna to the Company have been repaid in full by the Company but increased again to £221,000 in the event that the Company declares a profit in excess of £200,000 per annum and where the profit exceeds £500,000, in which circumstances it shall be increased further by

the payment of an amount equal to 10 per cent. of the amount of the profit in excess of £500,000. In the year to 31 December 2007, PMG paid consultancy fees of £200,000, remote office costs of £39,000 and re-imbursed business expenses of £51,000.

- 4.2. Luna Trading Ltd (“Luna”) provides a guarantee on PMG borrowings from Royal Bank of Scotland on which it charges interest. As at the date of this document these borrowings totalling £238,220 and are being repaid in monthly instalments of £26,027 with a final repayment date of 30 April 2009. Prior to September 2007, Luna was charging interest at the rate of 3.0 per cent. per month for the provision of the guarantee on the outstanding balance, which balance at that time was £300,000. From October 2007 the interest rate decreased to 1.5 per cent. per month, however the calculation remains over the original balance of £300,000 on the guarantee amount.
- 4.3. 56 Ennismore Gardens (ELY) Limited has made a loan to PMG in the sum of £207,000. This loan is unsecured and attracts interest at the rate of 14 per cent. per annum and was due to be repaid in March 2008.
- 4.4. Elysian Group Limited made a loan of £129,000 to PMG. This loan is unsecured and until June 2008 was non-interest bearing. From July 2008, Elysian Group Limited is charging interest at the rate of 14 per cent. per annum.
- 4.5. The Company has agreed terms in principle with 56 Ennismore Gardens (ELY) Limited and Elysian Group Limited to amend the terms on which their loan monies have been advanced to the Company. In consideration for the extension of the repayment loans of £336,000 (as set out in 4.3 and 4.4 above) to at least December 2009, 56 Ennismore Gardens ELY Limited and Elysian Group Limited are to be granted an option to convert these loans on broadly the same terms as the Proposed New Loan Terms. Should this Debt Option be exercised, the interest rate applied to these loans will be adjusted, retrospectively, to Euro Libor +4% in line with the Proposed New Loan Terms.
- 4.6. Barclays Wealth Trustees (Jersey) Limited (“Barclays Wealth”) (formally Walbrook Trustees (Jersey) Limited) has advanced loan monies to the Company in the principal sum of £1.175 million pursuant to the terms of a Loan Agreement entered into between (1) the Company and (2) Barclays Wealth, as trustees for the Tokyo Settlement Trust. Further details are set out in paragraph 5.1 of this Part IV. David Ciclitira is the sole beneficiary of the Tokyo Settlement Trust.

5. TAKEOVER CODE

5.1. *The Ciclitira Concert Party*

The following parties, shown with their respective holdings in PMG, constitute a concert party for the purposes of the Takeover Code:

	Number of Existing Ordinary Shares	Percentage of Issued Share Capital
David Ciclitira	39,090,117	9.5%
Barclays Wealth Trustees (Jersey) Limited	2,237,797	0.5%
Luna Trading Ltd	4,366,463	1.1%
56 Ennismore Gardens ELY Ltd	3,108,759	0.8%
Elysian Group Ltd	15,870,583	3.8%
TOTAL	64,673,719	15.7%

- 5.1.1. David Ciclitira is the Chairman of PMG. He holds an LLB from Kings College London, and is an Honorary Fellow of the Royal College of Art. He is a Blackstone exhibitor and qualified barrister at law. David was one of the four original shareholders of Europe’s first satellite television station, Satellite Television Plc, (“SATV”), renamed Sky following the sale in 1983 of 65% of SATV to Rupert Murdoch’s News Corporation. David remained with Sky as Deputy Managing Director until the end of 1986 when he left to found the PMG which he has led since its foundation. David Ciclitira’s business address is 312 Harbour Yard, Chelsea Harbour, London SW10 0XD.
- 5.1.2. Barclays Wealth, whose principal office is PO Box 248, 39-41 Broad Street, St Helier, Jersey JE4 5PS, is the trustee for two discretionary Jersey trusts. The first is the Tokyo Settlement trust, of which David Ciclitira is the sole beneficiary, and the second is the Ciclitira Settlement trust, of which the beneficiaries are David Ciclitira’s family. David Ciclitira is not a beneficiary of the Ciclitira Settlement trust. The shares in PMG held directly by Barclays Wealth are held as trustees of the Ciclitira Settlement trust and the Loan Agreements are held as trustees of the Tokyo Settlement trust.
- 5.1.3. Luna Trading Ltd (company number 52527) is a Jersey registered private limited company whose registered address is 39-41 Broad Street, St Helier, Jersey, JE4 5PS. The company is wholly owned by Barclays Wealth as trustees for the Tokyo Settlement Trust. David Ciclitira is a director of Luna Trading Limited.
- 5.1.4. 56 Ennismore Gardens (ELY) Limited (company number 5152105) is a private limited company registered in England and Wales and whose registered address is 3-12 Harbour Yard, Chelsea Harbour, London. The company is wholly owned by Barclays Wealth as trustees for the Ciclitira Settlement trust. David Ciclitira is a director of 56 Ennismore Gardens (ELY) Limited.

- 5.1.5. Elysian Group Ltd (company number 02058702) is a private limited company registered in England and Wales and whose registered address is 3-12 Harbour Yard, Chelsea Harbour, London. The company is a wholly owned subsidiary of 56 Ennismore Gardens (ELY) Limited. David Ciclitira is a director of 56 Ennismore Gardens (ELY) Limited.
- 5.1.6. It is the intention of Barclays Wealth to establish a new vehicle into which all the holdings and interests of the Ciclitira Concert Party in the Company will be transferred. There will be no change in the underlying beneficial interests in the Company as a consequence of this re-organisation.

5.2. *Mr Pierce Casey*

Mr Pierce Casey is a private equity specialist and entrepreneur with 25 years investment experience. Following qualification as a chartered accountant with Price Waterhouse he spent seven and a half years with DCC (a leading venture capital company) in Dublin and London. He was founder and CEO of Equity & Corporate Finance plc (1988-1997), which invested in and helped build a number of businesses including Walker Hamill (recruitment), Fayrewood (IT) and ComputerLinks (IT). In 1993 he led the buyout of Omnilogic (a \$250 million revenue IT distribution company) with the support of Apax Partners & Co and effected a successful turnaround prior to disposal in 1996. In 2001 he was co-founder and chairman of Imprint Group plc and helped build this company into a substantial international recruitment business with a market capitalisation of €200 million at the time of his retirement from the company in early 2007. He is currently chairman of his own diversified family office and serves as chairman / director of several private and public companies. He was a director of Apax Partners & Co from 1997 to 2001 and a director of Alchemy Venture Partners Ltd from 2001 to 2007. His address is 18 Fitzwilliam Place, Dublin 2, Republic of Ireland.

At the date of this document, Mr Casey's holding in PMG is 2,000,000 Existing Ordinary Shares, representing approximately 0.5 per cent. of the Issued Share Capital. Mr Casey has also advanced loan monies to the Company in the principal sum of £0.44 million pursuant to the terms of a Loan Agreement entered into between Mr Casey and the Company.

- 5.3 The Ciclitira Concert Party and the Mr Casey are not acting in concert as defined by the Takeover Code.

5.4. *Market Quotations*

- 5.4.1. The following table shows the middle market quotations of the Company, as derived from the Daily Official List for the first dealing day in each of the six months immediately before the date of this document and for 25 September 2008 being the latest practicable date prior to the posting of this document:

Date	Price (pence)
1 April	0.500
1 May	0.350
1 June	0.275
1 July	0.250
1 August	0.300
1 September	0.325
25 September	0.275

5.5. *Disclosure of Interests and Dealings in Shares*

5.5.1. Definitions

For the purposes of this paragraph 5.5. of Part V of this document:

- (i) "acting in concert" has the meaning attributed to it in the Takeover Code;
- (ii) "arrangement" includes any indemnity or option arrangements, 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;
- (iii) "associate" of any company means:
 - (a) its parent, subsidiaries and fellow subsidiaries, their associated companies, and companies of which any parent, subsidiaries, fellow subsidiaries or associated companies are associated companies (for this purpose 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);
 - (b) its connected advisers and persons controlling, or controlled by or under the same control as such connected advisers;
 - (c) its directors and the directors of any company covered in (a) above (together with their close relatives and related trusts);
 - (d) its pension funds or the pension funds of any company covered in (a) above;

- (iv) “connected adviser” has the meaning attributed to it in the Takeover Code;
- (v) “connected person” has the meaning attributed to it in sections 252 to 255 of the 2006 Act;
- (vi) “control” means a holding, or aggregate holdings, of interest in shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives de facto control;
- (vii) “dealing” or “dealt” includes the following:
 - (a) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities, or of general control of relevant securities;
 - (b) subscribing or agreeing to subscribe for relevant securities;
 - (c) the exercise of conversion of any relevant securities carrying conversion or subscription rights;
 - (d) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities; and
 - (e) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- (viii) “derivative” includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of a underlying security but which does not include the possibility of delivery of such underlying security;
- (ix) “disclosure date” means 25 September 2008, being the latest practical date prior to the posting of this document;
- (x) “disclosure period” means the period commencing on 26 September 2007, being the date 12 months prior to the posting of this document and ending on the disclosure date;
- (xi) “exempt principal trader” or “exempt fund manager” has the meaning attributed to it in the Takeover Code;
- (xii) being “interested” in relevant securities includes where a person:
 - (a) owns relevant securities;
 - (b) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
 - (c) by virtue of any agreement to purchase, option or derivative, has the rights or option acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
 - (d) is party to any derivative whose value is determined by reference to its price and which results, or may result, in his having a long position in it;
- (xiii) “paragraph (a) associate” means, in relation to a company, its parent, subsidiaries and fellow subsidiaries, their associated companies, and companies of which any parent, subsidiaries, fellow subsidiaries or associated companies are associated companies (for this purpose 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);
- (xiv) “relevant PMG securities” means shares in PMG and securities convertible into such shares, rights to subscribe for such shares and options (included traded options) in respect of such shares, or derivatives referenced to any of the foregoing;
- (xv) “relevant Ciclitira Concert Party securities” means shares in any member of the Ciclitira Concert Party and securities convertible into such shares, rights to subscribe for such shares and options (included traded options) in respect of such shares, or derivatives referenced to any of the foregoing;
- (xvi) “relevant securities” means relevant PMG securities or relevant Ciclitira Concert Party Securities; and
- (xvii) “short position” means any short position (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.

5.5.2. As at the close of business on the disclosure date:

- (i) The interests of the Directors and their respective immediate families, related trusts and connected persons, all of which are beneficial unless stated, in relevant PMG securities (excluding options which are disclosed

in paragraph (ii) below and conversion rights under the Loan Agreements which are disclosed in paragraph (iii) below) are:

Name	Number of Ordinary Shares	Percentage of Issued Share Capital
David Ciclitira*	64,673,719	15.7
Leonard H Fine	–	–
Barry Edward Adams	–	–

*David Ciclitira's interest is held through the Ciclitira Concert Party as detailed in paragraph 5.1. above.

- (ii) Options held by the Directors and their respective immediate families, related trusts and connected persons, all of which are beneficial unless stated, over relevant PMG securities are:

	Options	Option Price
D Ciclitira	280,000	0.15
D Ciclitira	9,605,750	0.0125
B E Adams	2,619,750	0.0125

The Company is proposing to amend the option price to 0.25 pence as set out in paragraph 8 of this Part IV. The Directors further propose to issue Options over 2,619,750 shares to Leonard Fine at 0.25 pence immediately following the General Meeting. Further details on the Options are set out in paragraph 8 of this Part IV.

- (iii) The conversion rights, post the Share Capital Reorganisation, of the Directors and their respective immediate families, related trusts and connected persons, all of which are beneficial unless stated, over relevant securities of the Company under the Loan Agreements are:

Name	Loan Agreements	Current Conversion Rights (in Existing Ordinary Shares)	Maximum Conversion Rights under Proposed New Loan Terms (in New Ordinary Shares)
David Ciclitira*	1,174,822	5,639,145	42,291,900
Leonard H Fine	–	–	–
Barry Edward Adams	–	–	–

*David Ciclitira's interest is held through the Ciclitira Concert Party as detailed in paragraph 5.1. above.

- (iv) Warrants held by Directors and their respective immediate families, related trusts and connected persons, all of which are beneficial unless stated, in relevant PMG securities are:

Name	Warrants	Exercise Price
David Ciclitira*	–	–
Leonard H Fine	–	–
Barry Edward Adams	–	–

*David Ciclitira's interest is held through the Ciclitira Concert Party as detailed in paragraph 5.1. above.

5.5.3. As at the close of business on the disclosure date, save as disclosed above:

- (i) no member of the Ciclitira Concert Party has any interest or right to subscribe for, or had any short positions in relation to, any relevant PMG securities, nor had they dealt in any relevant PMG securities during the disclosure period;
- (ii) no director of any member of the Ciclitira Concert Party has any interest or right to subscribe for, or had any short positions in relation to, any relevant PMG securities, nor had they dealt in any relevant PMG securities during the disclosure period;
- (iii) Mr Casey has no interest or right to subscribe for, nor had any short positions in relation to, any relevant PMG securities, nor had he dealt in any relevant PMG securities during the disclosure period;
- (iv) no person acting in concert with any member of the Ciclitira Concert Party has any interest in or right to subscribe for, or has any short positions in relation to, any PMG relevant securities, nor had any such person dealt in any relevant PMG securities during the disclosure period;
- (v) no person acting in concert with Mr Casey has any interest in or right to subscribe for, or has any short positions in relation to, any relevant PMG securities, nor had any such person dealt in any relevant PMG securities during the disclosure period;

- (vi) no paragraph (a) associate of PMG had any interest in or right to subscribe for, or had any short positions in relation to, any relevant PMG securities;
- (vii) none of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) had any interest in or right to subscribe for, or had any short positions in relation to, any relevant PMG securities, nor had any such persons dealt in any relevant PMG securities during the disclosure period;
- (viii) no pension fund of PMG or of a paragraph (a) associate of PMG had any interest in or right to subscribe for, or had any short positions in relation to, any PMG relevant securities;
- (ix) no employee benefit trust of PMG or of a paragraph (a) associate of PMG had any interest in or right to subscribe for, or had any short positions in relation to, any relevant PMG securities;
- (x) no connected adviser to PMG or to a paragraph (a) associate of the PMG or to a person acting in concert with PMG, nor any persons controlling, controlled by or under the same control as any such connected adviser (except for an exempt principal trader or exempt fund manager) had any interest in or right to subscribe for, or had any short positions in relation to, any relevant PMG securities;
- (xi) neither the Company nor any of the Directors (including any members of such Directors' respective immediate families, related trusts or connected persons) had any interest in or right to subscribe for, or had any short positions in relation to, any relevant Ciclitira Concert Party securities;
- (xii) the Company has not redeemed or purchased any relevant PMG securities during the disclosure period;
- (xiii) there were no arrangements which existed between the Company or any associate of the Company and any other person;
- (xiv) there were no arrangements which existed between any member of the Ciclitira Concert Party, or any person acting in concert with them, and any other person;
- (xv) there were no arrangements which existed between Mr Casey, or any person acting in concert with Mr Casey, and any other person;
- (xvi) no member of the Ciclitira Concert Party, nor any persons acting in concert with any member of the Ciclitira Concert Party, has borrowed nor lent any relevant PMG securities, save for any borrowed shares which have either been on-lent or sold;
- (xvii) Mr Casey, nor any persons acting in concert with Mr Casey, has not borrowed nor lent any PMG relevant securities, save for any borrowed shares which have either been on-lent or sold; and
- (xviii) neither PMG, nor any person acting in concert with PMG, has borrowed nor lent any relevant PMG securities, save for any borrowed shares which have either been on-lent or sold.

5.6. *Other Information*

- 5.6.1. No Shareholders have undertaken irrevocably to vote in favour of the Resolutions.
- 5.6.2. There has been no financing arrangement by any member of the Ciclitira Concert Party or by Mr Casey in respect of the Proposals whereby repayment or security depends on the Company.
- 5.6.3. Other than set out in this paragraph 5, there are no agreements, arrangements or understandings between any member of the Ciclitira Concert Party, or anyone in concert with them, and any other person for the transfer of any Ordinary Shares acquired by any member of the Ciclitira Concert Party.
- 5.6.4. Other than set out in this paragraph 5, there are no agreements, arrangements or understandings between Mr Casey, or anyone in concert with him, and any other person for the transfer of any Ordinary Shares acquired by Mr Casey.

6. MATERIAL CONTRACTS

- 6.1. During the two years immediately preceding the date of this document, the Company and its subsidiaries have not entered into any material contracts otherwise than in the ordinary course of business except as detailed below or in paragraph 4 of this Part IV:
 - 6.1.1. By a series of loan agreements (the "Loan Agreements") entered into between 30 October 2003 and 26 September 2006 (as amended subsequently) and made between the Company and each of (1) Chris Salter, (2) Harbour Nominees Limited, (3) La Fregondee (Jersey) Limited, (4) Patrick Delaney, Joan Kelly and Harvard Trustees Limited (5) Pierce Casey, (6) Barclays Wealth Trustees (Jersey) Limited (as trustee of the Tokyo Settlement), (7) Summersand Limited and (8) Sybling Investments Limited (together the "Lenders"), the Lenders together agreed to advance loan

monies to the Company in the principal sum of £1,959,822, in aggregate. Such Loan Agreements include the following terms:

- (i) interest shall accrue on the loan monies advanced by each Lender to the Company on a quarterly basis at the rate of 2 per cent. above the London Interbank Offeror Rate for euro deposits, save in respect of the Loan Agreement with Barclays Wealth Trustees (Jersey) Limited under which no interest accrues on the loan monies advanced to the Company and Harbour Nominees Limited under which interest accrues at the rate of 3 per cent. above the London Interbank Offer or Rate for Euro deposits;
- (ii) the loan monies together with all accrued and unpaid interest are to be repaid to the Company (unless converted into Ordinary Shares or a stipulated event of default occurs in relation to the Company prior to such date):
 - (A) on the date falling three months after the publication of the audited accounts of the Company for the year ended 31 December 2007;
 - (B) in respect of the Loan Agreement with Barclays Wealth Trustees (Jersey) Limited and Harbour Nominees Limited, 30 September 2008; or
 - (C) in respect of certain Loan Agreements only either:
 - (a) within 15 days of a Lender acquiring more than 50 per cent. of the Ordinary Shares in the Company or where the admission of the Company's Ordinary Shares to trading on AIM is cancelled; and
 - (b) where the Company receives net cash funds through the issue of equity and/or convertible loan stock in excess of £3.75 million between the date on which the relevant Loan Agreement is signed and 31 December 2006;
- (iii) the loan monies may be converted on the date falling 7 days after the date on which the Company's audited accounts for the year ending 31 December 2007 are published into Ordinary Shares at the conversion price of 1.25 pence per Ordinary Share or 1.65 pence where the Lender has elected to designate the loan monies drawn down into "interest paying loan".

6.1.2. By a deed of substitution (the "Lazam Deed of Substitution") dated 18 June 2008 entered into between (1) the Company and (2) Lazam Properties Limited ("Lazam"), the terms of a convertible loan agreement (the "Original Lazam Loan Agreement") dated 28 September 2006, as amended on 7 August 2007, entered into between the same parties Company and Lazam were substituted for the terms contained in the Lazam Deed of Substitution. Under the terms of the Lazam Deed of Substitution, the Company and Lazam agreed:

- (a) that the Company would repay to Lazam upon execution of the Lazam Deed of Substitution the sum of £330,000 together with accrued interest thereon in the amount of £22,643.59;
- (b) the Company shall repay to Lazam the balance of the outstanding loan monies in the principal sum of £186,413.81 and accrued interest of £12,791.59 in nine equal monthly instalments of £20,712.65, together with accrued interest thereon commencing 6 January 2009 and ending 6 September 2009 ("Final Repayment Date") and the Company is obliged to repay the loan monies outstanding to Lazam together with all accrued interest thereon on the Final Repayment Date;
- (c) on or prior to the Final Repayment Date, Lazam shall be entitled to convert some or all of the principal amount of the loan outstanding from the Company to it into Ordinary Shares at the conversion price of 0.50 pence per Ordinary Share or such lower price as any other person is issued shares in the Company after the date of the Lazam Deed of Substitution ("New Lazam Conversion Price");
- (d) interest shall accrue from the date of the Lazam Deed of Substitution on a quarterly basis on the principal amount advanced by Lazam to the Company at the rate of 3 per cent. above the London Interbank Offeror Rate for Euro deposits;
- (e) the Company agrees and undertakes to Lazam:
 - (i) not to borrow any further sums from any third party without the written consent of Lazam (such consent not to be unreasonably withheld or delayed) whilst any part of the loan monies advanced by Lazam to the Company and accrued interest thereon remain outstanding (save for the Company's existing banking facilities and any borrowings applied towards the repayment of the loan monies due to Lazam); and
 - (ii) to publish its audited accounts for the tax year 2007/2008 by 30 June 2008 and for the tax year 2008/2009 by 31 May 2009;
- (f) vary the terms of an option deed ("Option Deed") dated 7 August 2007 entered into between the Company

and Lazam pursuant to which Lazam was granted the option to subscribe for shares in the capital of the Company so that the subscription price payable by Lazam upon an exercise of the options contained in the Options Deed shall be deemed to amended to the New Lazam Conversion Price and so that Lazam may exercise its option on or before 6 September 2009.

6.1.3. A debenture between (1) the Company and (2) Lazam dated 07 August 2008 (“Lazam Debenture”) pursuant to which the Company granted to Lazam a fixed and floating charge over the undertaking and all property and assets of the Company both present and future to secure repayment of loan monies advanced to the Company by Lazam under the terms of the Lazam Deed of Substitution.

6.1.4. By a convertible loan restructuring amendment and consolidation agreement (the “Amendment and Consolidation Agreement”) dated 29 April 2008 entered into between (1) the Company and (2) Trafalgar Capital Specialized Investment Fund, FIS (“Trafalgar”), the terms of a series of convertible loan agreements (the “Original Trafalgar Loan Agreements”) entered into between 16 May 2007 and 25 February 2008 and made between the Company and Trafalgar were varied. Pursuant to the terms of the Original Trafalgar Loan Agreements, Trafalgar agreed to advance to the Company loan monies in the principal sum of €1,040,000 in aggregate. Under the terms of the Amendment and Consolidation Agreement, the Company and Trafalgar agreed to vary the terms of the Original Trafalgar Loan Agreements with effect from the date of the Amendment and Consolidation Agreement such that:

- (a) the principal amount outstanding from the Company to Trafalgar at 31 March 2008 shall be the sum of €970,481.20 (“New Principal Balance”);
- (b) the Company shall pay to Trafalgar the sum of €87,343,31;
- (c) the Company shall repay the amount of the New Principal Balance together with all other amounts due to Trafalgar under the terms of the Amendment and Consolidation Agreement on or before the date falling 30 months from the date of the Amendment and Consolidation Agreement (“Maturity Date”);
- (d) the Company shall redeem the outstanding New Principal Balance in cash on a monthly basis at a redemption premium of 12.5 per cent. and in addition make a final one off payment of €100,000 which payment shall be subject to a 12.5 per cent redemption premium together with an additional redemption premium of 0.75 per cent. for each month up to and including the Maturity Date;
- (e) the Company shall pay interest to Trafalgar at the rate of 8 per cent. per annum compounded with the outstanding amount of the New Principal Balance;
- (f) Trafalgar may elect to convert any of the monthly payments due to it from the Company under the Amendment and Consolidation Agreement into Ordinary Shares with such conversion to take place at the lower of 125 per cent. of the volume weighted average price (“VWAP”) of the Company’s Ordinary Shares on AIM on the day prior to the date of the Amendment and Consolidation Agreement and 85 per cent. of the lowest daily closing VWAP for the five consecutive trading days immediately prior to the date on which conversion is to take place;
- (g) the exercise price of the warrants previously granted by the Company to Trafalgar over 7,250,000 Ordinary Shares were amended to a number of different prices varying between £0.007875 to £0.0126;
- (h) the Company gave a number of covenants to Trafalgar including, *inter alia*, covenants to preserve the continued corporate existence of the Company, to maintain admission of the Ordinary Shares to trading on AIM, not modify the rights attaching to the Ordinary Shares in respect of dividends or liquidation nor issue any other class of share capital carrying any other rights which are more favourable than the Ordinary Shares (other than pursuant to a resolution passed by the Company’s shareholders), not enter into any amalgamation, demerger, reconstruction or joint venture, not incur any liability under any guarantee or indebtedness other than in the ordinary course of business, not declare any dividends or make any other distribution while an event of default under the Amendment and Consolidation Agreement is continuing, not permit the variation of any rights to the whole or any part of the assets of the Company other than in the ordinary course.

6.1.5. By a convertible debenture agreement (the “Convertible Debenture Agreement”) dated 13 June 2008 between (1) the Company and (2) Trafalgar Capital Specialized Investment Fund, FIS (“Trafalgar”), Trafalgar agreed to advance loan monies to the Company in the aggregate principal sum of €600,000 to be used for the purpose of part redeeming the existing senior lien issued by the Company to Lazam Properties Limited for its working capital requirements. The Convertible Debenture Agreement includes, *inter-alia*, the following terms:

- a. the Company shall repay the full amount of the loan monies together with all amounts due to Trafalgar under the agreement on or before 31 October 2010 (“Maturity Date”);
- b. the Company shall redeem the Loan in instalments in cash on a monthly basis at a redemption premium of 15 per cent. of the principal amount of the monies advanced under the agreement;
- c. interest shall accrue on the amount outstanding at the rate of 8.5 per cent. per annum to be compounded with the loan monies outstanding to Trafalgar on a monthly basis;

- d. Trafalgar may elect to convert any monthly payments due to it from the Company under the agreement into Ordinary Shares with such conversion to take place at the lower of 125 per cent. of the volume weighted average price ("VWAP") of the Company's Ordinary Shares on AIM on the day prior to the date of the Amendment and Consolidation Agreement and 85 per cent. of the lowest daily closing VWAP for the five consecutive trading days immediately prior to the date on which conversion is to take place;
- e. the Company shall also issue to Trafalgar up to 5,000,000 Ordinary Shares at a price of £0.01 per share upon notice being given by Trafalgar to the Company at any time prior to 30 April 2013; and
- f. the Company gave a number of covenants to Trafalgar including, *inter alia*, covenants to preserve the continued corporate existence of the Company, to maintain admission of the Ordinary Shares to trading on AIM, not modify the rights attaching to the Ordinary Shares in respect of dividends or liquidation nor issue any other class of share capital carrying any other rights which are more favourable than the Ordinary Shares (other than pursuant to a resolution passed by the Company's shareholders), not enter into any amalgamation, demerger, reconstruction or joint venture, not incur any liability under any guarantee or indebtedness other than in the ordinary course of business, not declare any dividends or make any other distribution while an event of default under the Amendment and Consolidation Agreement is continuing, not permit the variation of any rights to the whole or any part of the assets of the Company other than in the ordinary course.

6.1.6. A debenture between (1) the Company and (2) Trafalgar dated 17 June 2008 ("Trafalgar Debenture") pursuant to which the Company granted to Trafalgar a fixed and in part a floating charge over the undertaking, property, assets and rights (both present and future) of the Company to secure repayment of loan monies advanced to the Company by Trafalgar under the terms of the Amendment and Consolidation Agreement up to an aggregate limit of €1,600,000.

6.1.7. A deed of priority dated 19 June 2008 between (1) the Company (2) Trafalgar and (2) Lazam pursuant to which terms the parties agreed that the charge granted by the Company under the terms of the Trafalgar Debenture in favour of Trafalgar over the undertaking, property, assets and rights of the Company (both present and future) by way of security for the repayment of loan monies advanced to the Company by Trafalgar under the terms of the Amendment and Consolidation Agreement would rank in priority to the charge granted by the Company under the terms of the Lazam Debenture over the undertaking, property, assets and rights of the Company (both present and future) by way of security for the repayment of loan monies advanced to the Company by Lazam under the terms of the Lazam Deed of Substitution.

6.1.8. Warrants

The Warrants issued by PMG, as described in paragraphs 6.1.2, 6.1.4 and 6.1.5 above, may be summarised as follows:

Warrant Holder	Number of Warrants	Exercise Period		Exercise Price (pence)
		From	To	
Trafalgar	500,000	16/05/2007	29/04/2012	1.1105
Trafalgar	250,000	11/07/2007	29/04/2012	0.7875
Trafalgar	2,500,000	31/10/2007	01/11/2012	1.26
Trafalgar	1,000,000	31/10/2007	01/11/2012	0.7825
Trafalgar	3,000,000	25/02/2008	28/02/2013	1.0
Trafalgar	5,000,000	13/06/2008	30/04/2013	1.0
Lazam Properties Limited	19,456,202	17/06/2008	06/09/2009	0.5
	31,706,202			

Neither the number of Warrants in issue nor the exercise price will be affected by the Share Capital Reorganisation.

6.1.9. By an agreement dated 29 September 2006 between (1) the Company and (2) Snowy Invest and Trade Inc. ("Snowy"), Snowy agreed that an existing unsecured loan of £376,674, including accrued but unpaid interest of £52,946, should be lent on, *inter alia*, the following terms;

- a. no interest is payable on the outstanding amount;
- b. PMG may repay the loan in whole or in part at any time up to 30 November 2006 ("the Repayment Date");
- c. any amount outstanding on the Repayment Date shall be satisfied by the issue of shares calculated as the outstanding amount multiplied by 1.6 and the result divided by the higher of 0.5 pence and the average middle market closing price for PMG over the five days up to and including the Repayment Date.

6.1.10. By an agreement dated 1 August 2008 between (1) the Company and (2) Dowgate, the Company has agreed to pay a corporate finance fee of £40,000 in relation to the Proposals.

6.1.11. By a nominated adviser agreement dated 26 September 2008 between (1) the Company (2) the directors of the Company and (3) Dowgate, Dowgate was appointed to continue to act as nominated adviser to the Company for the purposes of the AIM Rules. The Company has agreed to pay to Dowgate an annual fee of £20,000 plus VAT and expenses, with such fee increasing to £25,000 per annum with effect from 1 January 2009. The agreement contains certain undertakings and indemnities given by the Company and its directors in respect of, *inter alia*, compliance

with the AIM Rules and all applicable laws and regulations. The agreement continues for an initial period of 12 months from the date on which the agreement is signed and thereafter is subject to termination by either party on the giving of 3 months' prior written notice.

6.1.12. By a broker agreement dated 30 June 2008 between (1) the Company and (2) Dowgate Capital Stockbrokers Limited ("DCS"), Dowgate was appointed to act as broker to the Company for the purposes of the AIM Rules. The Company has agreed to pay to Dowgate an annual fee of £5,000 plus VAT and expenses. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with the AIM Rules and all applicable laws and regulations. The agreement is subject to termination by either party on the giving of 1 months' prior written notice.

7. THE PROPOSED NEW LOAN TERMS

7.1 The Company has reached agreement in principle with each of the Lenders who were parties to the Loan Agreements as summarised in paragraph 6.1.1 above to vary the terms of each Loan Agreement such that:

- (a) interest shall accrue from the time that the Loan Agreements are varied on a quarterly basis on the principal amount advanced by the Lenders to the Company at the rate of 4 per cent. above the London Interbank Offeror Rate for Euro deposits;
- (b) the date by which the principal amount advanced by the Lenders to the Company and accrued interest thereon is to be redeemed is to be extended to 1 July 2010 (the "Revised Redemption Date"), save in respect of the Loan Agreement entered into between (1) the Company and (2) Summersand Limited ("Summersand"), pursuant to which terms the Company is to repay Summersand 50 per cent. of the principal amount of the loan (but not any accrued interest thereon) outstanding under their Loan Agreement three months after the publication of the audited accounts of the Company for the year ended 31 December 2007;
- (c) the Company shall pay to each Lender a redemption premium ("Redemption Premium") equal to:
 - (i) 25 per cent of the principal amount of the loan outstanding together with any accrued interest thereon from the Company to each Lender if such amount is repaid on or prior to 1 July 2009 ("Early Redemption Date"); or
 - (ii) 50 per cent. if such amount is repaid on or prior to the Revised Redemption Date, with such premium payable in cash at the election of the Company or otherwise through the issue of New Ordinary Shares at the conversion price of 0.25 pence per New Ordinary Share ("New Conversion Price") or such lower price as any other person is issued shares in the Company after the date on which the relevant Loan Agreement is to be varied;

with the Redemption Premium to be calculated on the relevant principal amount outstanding on a pro rata basis from the date on which the Loan Agreement is amended up to the date on which the loan monies are redeemed or converted;

- (d) each Lender may convert the principal amount of the loan monies due from the Company, all accrued interest thereon and the amount of the Redemption Premium into Ordinary Shares at the New Conversion Price where the Company elects to redeem the loan early at the Early Redemption Date; and
 - (e) the Company shall agree and undertake not to borrow any further sums from any third party without the written consent of each Lender (such consent not to be unreasonably withheld or delayed) whilst any part of the loan monies advanced by the Lender to the Company and accrued interest thereon remain outstanding (save for the Company's existing banking facilities and any borrowings applied towards the repayment of the loan monies due to the Lender).
- 7.2. On 23 September 2008, Chris Salter, who is a party to the Loan Agreements, has agreed in principle to advance a further £125,000 to the Company on the same terms as the Proposed New Loan Terms, subject to the Resolutions being passed at the General Meeting.

8. SHARE OPTION SCHEMES

On 10 August 2001, the Company created two share options schemes; the Approved Scheme and the Unapproved Scheme. Both schemes are administered by the remuneration committee of the Board and the rules of both schemes are broadly the same. Such terms include, *inter alia*, the following matters:

- (a) Grant of options: At any time within a 42 day period after an announcement of interim or final results (or at other such times as the Board may in exceptional circumstances determine), the Company may grant to any eligible employee an Option over the number of shares which it may in its discretion determine. An Option shall be granted by means of the Board resolving to issue an option certificate in the form of a deed;
- (b) Performance criteria: If the Board in its absolute discretion so determines, the exercise of an option may be conditional upon the performance of the employee to whom the option is granted;

- (c) Exercise of options: Subject to a Rule 9, an Option may be exercised in whole or in part following the third anniversary of the date on which Options were granted; and
- (d) Lapse of Options: An option shall lapse, *inter alia*, on the earliest of the 10th anniversary of the grant or the first anniversary of the option holder's death or within certain shorter time limits where the option holder ceases to be a director or employee of any participating company.

As at the date of this document, outstanding Options, granted under the Approved Scheme were as follows:

	Option Price	Date from which exercisable	Latest Expiry Date
237,500	0.15	21/1/2003	20/1/2013
4,800,000	0.0125	2/10/2006	1/10/2016

As at the date of this document, outstanding Options, granted under the Unapproved Scheme were as follows:

	Option Price	Date from which Exercisable	Latest Expiry Date
80,000	0.15	21/1/2003	20/1/2013
7,425,500	0.0125	2/10/2006	1/10/2016

The Company is proposing to amend the option prices under both the Approved Scheme and Unapproved Scheme of all Options currently in issue to 0.25 pence. This would align the interests of Shareholders, holders of Options and Lenders and also enable the Company to broaden the equity involvement of the Company's employees through the issue of new options to staff. It should be noted that Options currently represent less than 1 per cent. of the Enlarged Share Capital. Such amendments will require the approval from Her Majesty's Revenue and Customs and for the Company's auditors to certify that the adjustments in the context of the Share Capital Reorganisation are fair and reasonable.

The Directors also propose to grant Options over 2,619,750 New Ordinary Shares to Leonard Fine with an exercise price of 0.25 pence.

9. MATERIAL CHANGE

Save as disclosed in this document, there has been no material change in the trading or financial position of the Group since the date on which the last audited accounts were produced.

10. GENERAL

- 10.1. Dowgate has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which they appear.
- 10.2. The financial information set out in this document relating to the Company does not constitute statutory accounts within the meaning of Section 434 of the 2006 Act.

11. DOCUMENTS AVAILABLE FOR INSPECTION

- 11.1. Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of the Company, 3-12 Harbour Yard, Chelsea Harbour, London SW10 0XD, from the date of this document up to the time convened for the General Meeting and on the Company's website, [www. parallelmediagroup.com](http://www.parallelmediagroup.com):
- (i) the Memorandum of Association and Articles of Association of the Company;
 - (ii) the audited consolidated financial statements of the Company for the financial years ending 31 December 2005, 31 December 2006 and 31 December 2007 and the unaudited interim consolidated financial statements of the Company for the six months ended 30 June 2008;
 - (iii) the consultancy agreement referred to in paragraphs 3.1 and 4.1 of this Part IV;
 - (iv) the material contracts referred to in paragraph 6 of this Part IV;
 - (v) the consent letter referred to in paragraph 10 of this Part IV; and
 - (vi) this document.

Dated: 29 September 2008

NOTICE OF GENERAL MEETING

PARALLEL MEDIA GROUP PLC

(Incorporated and registered in England with number 00630968)

NOTICE IS HEREBY GIVEN that the General Meeting of Parallel Group plc (the "Company") will be held at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA on 24 October 2008 at 9.15 a.m. or, if later, immediately following the Annual General Meeting to consider and, if thought fit the following Resolutions of which 1 and 2 are proposed as ordinary resolutions and will be taken on a poll, Resolutions 3 and 4 will be proposed as special resolutions:

ORDINARY RESOLUTIONS

1. That each of the waivers granted by the Panel on Takeovers and Mergers on the terms described in paragraph 11 of Part I of the circular to shareholders dated 29 September 2008 (the "Circular"), conditional on the passing of this Resolution on a poll, of any requirement under Rule 9 of the City Code on Takeovers and Mergers for the Ciclitira Concert Party to make a general offer to the shareholders of the Company be and is hereby approved.
2. That the waiver granted by the Panel on Takeovers and Mergers on the terms on the terms described in paragraph II of Part I of the Circular, conditional on the passing of this Resolution on a poll, of any requirement under Rule 9 of the City Code on Takeovers and Mergers for Mr Pierce Casey, an existing shareholder of the Company, to make a general offer to the shareholders of the Company, be and is hereby approved.

SPECIAL RESOLUTIONS

3. That:
 - (a) the existing authorised share capital of the Company be and is hereby confirmed as £9,996,825.10 divided into 1,799,533,475 ordinary shares of 0.5p each and 199,831,545 deferred shares of 0.5p each and that the share capital of the Company be organised:
 - (i) by first consolidating and dividing all of the ordinary shares of 0.5p each in the capital of the Company in issue at the date of the passing of this resolution into ordinary shares of £20.00 each on the basis of one ordinary share of £20.00 for every 4,000 ordinary shares of 0.5p each, having the rights set out in the Company's Articles of Association;
 - (ii) by secondly sub-dividing each of the ordinary shares of £20.00 each in the capital of the Company in issue resulting from the consolidation referred to in sub-paragraph 3(a)(i) of this resolution into:
 - (A) 1 ordinary share of £0.40 each, having the same rights as those attached to the existing ordinary shares in issue prior to the consolidation referred to in sub-paragraph 3(a)(i) of this resolution and which rights are set out in the Company's existing articles of association; and
 - (B) and reclassifying as 1 deferred B share of £19.60 ("Deferred B Share"), having the rights set out in article 4.2 of the Company's existing articles of association, as amended by sub-paragraph 3(c) of this resolution;
 - (iii) by thirdly further sub-dividing and reclassifying each of the new ordinary shares of £0.40 each in the capital of the Company in issue resulting from the sub-division referred to in sub-paragraph 3(a)(ii)(A) of this resolution into 4,000 ordinary shares of 0.01p each ("New Ordinary Share");
 - (iv) by fourthly dividing all of the 1,386,493,475 ordinary shares of 0.5p each in the capital of the Company authorised but unissued on the date of the passing of this resolution (as confirmed pursuant to this resolution 3 (a) above) into New Ordinary Shares of 0.01p each in the capital of the Company on the basis of 50 New Ordinary Shares of 0.01p each for every 1 authorised but unissued ordinary share of 0.5p each;
 - (b) the directors be and they are hereby authorised to aggregate and sell any fractional entitlements to ordinary shares in the capital of the Company resulting from the Share Capital Reorganisation referred to in this resolution above pursuant to article 6.2 of the Company's Articles of Association and so that where the amount of the proceeds is less than £3.00, such proceeds may be retained by the Company; and
 - (c) the existing articles of association of the Company be and they are hereby amended by:
 - (i) the insertion of the following article in substitution for article 4.1:

"the authorised share capital of the Company is £9,996,825.10 divided into 69,737,713,750 ordinary shares of 0.01p each ("Ordinary Shares") and 199,831,545 deferred shares of 0.5p each ("Deferred

Shares”) and 103,260 deferred shares of £19.60 each (“Deferred B Shares”);

(ii) the insertion of the following new article 4.3 into the Company’s articles of association:

“The Deferred B Shares shall have the following rights and restrictions:

(1) *as regards income:*

the Deferred B Shares shall not entitle the holders thereof to receive any dividend or other distribution;

(2) *as regards voting:*

the Deferred B Shares shall not entitle the holders thereof to receive notice of or to attend or vote at any General Meeting of the Company;

(3) *as regards capital:*

on a return of capital on a winding up the holders of Deferred B Shares shall only be entitled to receive the amount paid up on such shares after the holders of the Ordinary Shares have received the sum of £1,000,000 for each Ordinary Share held by them and shall have no other right to participate in the assets of the Company; the Deferred Shares are liable to be cancelled without payment of any consideration to the holders thereof;

(4) *as regards transfers:*

the Deferred B Shares shall not be transferable without the consent of the Board; the Company is authorised at any time:

(a) to appoint any person to execute on behalf of the holders of the Deferred B Shares a transfer thereof and/or an agreement to transfer the same (without making any payment to the holders thereof and persons so entitled) to such persons as the Company may determine as holders thereof beneficially entitled thereto;

(b) pending any such transfer not to issue certificates for the Deferred B Shares;

(5) *as regards variation of rights:*

neither:

(a) the passing by the Company of any resolution for a reduction of capital involving the cancellation of the Deferred B Shares without any repayment of capital in respect thereof, or a reduction of share premium account, or the obtaining by the Company or the making by the Court of an order confirming any such reduction of capital or share premium account or the making effective of such order; nor

(b) the purchase by the Company in accordance with the provisions of the Act of any of its own shares or other securities or the passing of a resolution to permit any such purchase, shall constitute a variation of rights;

(6) *as regards further issues:*

the rights conferred by the Deferred B Shares shall not be varied or abrogated by the creation or issue of further shares ranking *pari passu* with or in priority to the Deferred Shares.”

4. That, conditional on the passing of Resolution 3 above:

(a) the directors be and they are hereby generally and unconditionally authorised in accordance with Section 80 of the Act to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to an aggregate nominal amount of £303,464, such authority to expire at the conclusion of the next Annual General Meeting of the Company, save that the Company may make an offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities pursuant thereto as if the authority conferred hereby had not expired and provided further that this authority shall be in substitution for and supersede and revoke any earlier such authority conferred on the directors to the extent not previously utilised; and

(b) the directors be and they are hereby generally empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the authority conferred by paragraph (a) of this resolution as if Section 89(1) of the Act did not apply to such allotment provided that this power shall be limited to:

(i) the allotment and issue of equity securities up to an aggregate nominal amount of £130,588 in connection with the proposed amendments to the Loan Agreements and the revised share conversion rights contained therein pursuant to the Proposed New Loan Terms;

- (ii) the allotment and issue of equity securities up to an aggregate nominal amount of £20,160.00 in connection with the Debt Option to be entered into by the Company with each of 56 Ennismore Gardens (ELY) Limited and Elysian Group Limited;
- (iii) the allotment and issue of equity securities up to an aggregate nominal amount of £13,370 in connection with the Malaysian Settlement and the Creditor Settlement;
- (iv) the allotment and issue of equity securities up to an aggregate nominal amount of £42,502 in connection with any amendments required to the share conversion rights contained in the loan agreements previously entered into between the Company and each of Trafalgar Capital Specialized Investment Fund, FIS and Lazam Properties Limited (details of which are set out in the Circular) resulting from the implementation of the Proposals and the Share Capital Reorganisation;
- (v) the allotment and issue of equity securities up to an aggregate nominal amount of £3,171 in connection with the Warrants;
- (vi) the allotment of equity securities in connection with an issue in favour of the holders of Ordinary Shares where the equity securities respectively attributable to the interests of all holders of Ordinary Shares are proportionate (as nearly as may be) to the respective number of Ordinary Shares held by them but subject to such exclusions or arrangements as the directors may deem necessary or expedient to deal with fractional entitlements arising or any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or stock exchange;
- (vii) the allotment (otherwise than pursuant to sub-paragraphs (i) to (vi) above) of equity securities for cash up to an aggregate nominal amount of £24,730;

and this power shall expire at the conclusion of the next Annual General Meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired and provided further that this power shall be in substitution for and supersede and revoke any previous power granted to the directors to the extent not previously utilised.

No member of the Ciclitira Concert Party will be voting its respective interest in 64,673,719 shares in the Company in relation to Resolution 1, such interests of the Ciclitira Concert Party together representing in aggregate approximately 15.7 per cent. of the Company's current issued share capital.

Pierce Casey will not be voting in respect of his interest in 2,000,000 shares in the Company in respect of Resolution 2 representing, in aggregate, 0.5 per cent. of the Company's current issued share capital.

By order of the Board

Martin Doherty
Secretary

Registered office:
3-12 Harbour Yard
Chelsea Harbour
London
SW10 0XD

Dated: 29 September 2008

Notes:

1. A member entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint a proxy to attend, speak and vote instead of him. A proxy need not be a member of the Company. More than one proxy may be appointed to exercise the rights attaching to different shares held by the member but a member may not appoint more than one proxy to exercise rights attached to any one share. A form of proxy is enclosed.
2. To be effective, completed forms of proxy and the power of attorney or other authority (if any) under which they are signed or a copy of that power or authority certified notarially or in accordance with the Powers of Attorney Act 1971 must be lodged in accordance with the instructions printed thereon, not later than 48 hours before the time appointed for the meeting or any adjourned meeting.
3. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person should he wish to do so.
4. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the register of members of the Company as at 6.00 p.m. on 22 October 2008 shall be entitled to attend and vote at this meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote at this meeting.

NOTICE OF ANNUAL GENERAL MEETING

PARALLEL MEDIA GROUP PLC

(Incorporated and registered in England with number 00630968)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2AA at 9.00 a.m. on 24 October 2008 to consider and, if thought fit, pass the following Resolutions as ordinary resolutions:

1. To receive and adopt the accounts for the year ended 31 December 2007 and the reports of the directors and auditors thereon.
2. To reappoint PKF (UK) LLP as auditors of the Company until the conclusion of the next Annual General Meeting at which accounts are laid before the members and to authorise the directors to fix their remuneration.

By order of the Board

Martin Doherty

Secretary

Registered office:
3-12 Harbour Yard
Chelsea Harbour
London
SW10 0XD

Dated: 29 September 2008

Notes:

1. A member entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint a proxy to attend, speak and vote instead of him. A proxy need not be a member of the Company. More than one proxy may be appointed to exercise the rights attaching to different shares held by the member but a member may not appoint more than one proxy to exercise rights attached to any one share. A form of proxy is enclosed.
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