

Parallel Media Group plc (the "Company")
Company number 630968

The following were passed as Special Resolutions at an Extraordinary General Meeting of the Company held at The National Liberal Club, Whitehall Place, London, SW1 2HE on Tuesday, 2nd August 2005

SPECIAL RESOLUTION

1. THAT the share capital of the Company be subdivided and reclassified as follows:-

- (i) each existing ordinary share of 5p in the capital of the Company in issue as shown in the Register of Members of the Company at the close of business on 2 August 2005 shall be subdivided into 10 shares of 0.5p each, one of such shares being reclassified as an ordinary share of 0.5p and 9 of such shares being reclassified as deferred shares of 0.5p each;
- (ii) the New Ordinary Share and the Deferred Share arising under paragraph (i) of this resolution shall have the rights set out under the proposed new Article 4.2 of the Company's Articles of Association to be adopted pursuant to paragraph (iv) below;
- (iii) the authorised and unissued share capital of the Company be altered by subdividing each ordinary share of 5p each into 10 ordinary shares of 0.5p each;
- (iv) the existing Articles of Association of the Company be amended as follows:

By the insertion of a new definition of Deferred Shares as follows:

““Deferred Shares” means the deferred shares of nominal value of 0.5p each in the capital of the Company collectively having the same rights and being subject to the same restrictions as set out in Article 4.2”;

By substituting in the definition of “Ordinary Shares” “0.5p each” for “5p each”;

By the deletion of existing Articles 4.2 to 4.5

By the insertion of the following new article 4.2:

“The Deferred Shares shall have the following rights and shall be subject to the following restrictions:

4.2.1 The Deferred Shares shall:

- (a) not entitle their holders to receive any dividend or other distribution;



- (b) not entitle their holders to receive notice of or to attend, speak or vote at any General Meeting of the Company by virtue of or in respect of their holding of such Deferred Shares;
- (c) entitle their holders on a return of assets on a winding-up of the Company or otherwise only to the repayment of the capital paid up on such Deferred Shares and only after repayment of the capital paid up on each Ordinary Share in the capital of the Company and the payment of a further £100,000 on each such Ordinary Share.

4.2.2 The holders of the Deferred Shares shall not be entitled to any further participation in the assets or profits of the Company. Notwithstanding any other provision of the Articles of Association of the Company and unless specifically required by the provisions of the Act, the Company shall not be required to issue any certificates in respect of the Deferred Shares. The Company shall have irrevocable authority at any time:

- (a) to appoint a person on behalf of any holder of Deferred Shares to enter into an agreement to transfer, and to execute a transfer of, the Deferred Shares, for no consideration, to such person (whether or not an officer of the Company) as the Directors may determine as the custodian thereof;
- (b) to purchase all of the Deferred Shares then in issue in consideration of an aggregate payment of one penny for all of such shares then redeemed and upon giving 28 days' prior notice to the holders of Deferred Shares as to be redeemed *fixing a time and place for redemption*;
- (c) in the event of any transfer, purchase or redemption to retain any share certificate relating to such shares. In the event that any Deferred Shares are purchased or redeemed as aforesaid, the relevant amount of authorised but unissued share capital arising may be redesignated by the Directors as ordinary share capital.

Neither the passing by the Company of any Special Resolution for the cancellation of the Deferred Shares for no consideration by means of a reduction of capital requiring the confirmation of the Court nor the obtaining by the Company nor the making by the Court of any Order confirming any such reduction of capital nor the becoming effective of any such Order shall constitute a variation, modification or abrogation of the rights attaching to the Deferred Shares and accordingly the Deferred Shares may at any time be cancelled for no consideration by means of a reduction of capital effected in accordance with the Act without sanction or consent on the part of the holders of the Deferred Shares."

By amending Article 4.1 to read as follows:

"The authorised share capital of the Company at the date these articles were last amended is £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."

SPECIAL RESOLUTION

2. That

- (i) the Directors be generally and unconditionally authorised, pursuant to the provisions of Section 80 of the Companies Act 1985 ("the Act"), in substitution for any existing authority pursuant to Section 80 of the Act, to exercise all the powers of the Company to allot relevant securities as defined in Section 80 of the Act, provided that this power shall be limited to the allotment of relevant securities:
 - (a) up to an aggregate nominal amount of £481,534.34 upon the exercise or partial exercise of the rights of conversion granted in connection with the issue of a secured convertible loan as described in the letter to shareholders dated 30 June 2005 provided that this authority shall expire on 1 August 2010; and
 - (b) otherwise up to an aggregate nominal value of £203,384 (representing 25 per cent. of the Company's issued ordinary share capital allowing for exercise of all existing and proposed conversion rights) and this power shall, unless it is (prior to its expiry) duly revoked or varied or renewed, expire on the day falling 15 months after the date of the passing of this Resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company except that the Company may, before such expiry, make an offer or agreement which would or might require securities to be allotted after such expiry, and the Directors may allot securities pursuant to such an offer or agreement as if the power conferred had not expired; and
- (ii) the Directors be and are hereby empowered pursuant to section 95(1) of the Act to allot equity securities for cash pursuant to the authority conferred by paragraph (i) of this resolution as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
 - (a) up to an aggregate nominal amount of £481,534.34 upon the exercise or partial exercise of the right of conversion granted in connection with the issue of a secured convertible loan as described in the letter to shareholders dated 30 June 2005 provided that this authority shall expire on 1 August 2010; and

- (b) otherwise up to an aggregate nominal value of £203,384 (representing 25 per cent. of the Company's issued ordinary share capital allowing for exercise of all existing and proposed conversion rights) and this power shall, unless it is (prior to its expiry) duly revoked or varied or renewed, expire on the day falling 15 months after the date of the passing of this Resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company except that the Company may, before such expiry, make an offer or agreement which would or might require securities to be allotted after such expiry, and the Directors may allot securities pursuant to such an offer or agreement as if the power conferred had not expired.

Signed by:-



David Ciclitira
Chairman
Parallel Media Group plc