This document is important and requires your immediate attention. If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities.

This document has been prepared by and is the sole responsibility of the Directors of You Me TV PLC (the "Company"), whose names appear on page 6 of this document. To the best of the knowledge and belief of the Directors of the Company, having taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The advisers named on page 6 of this document are acting exclusively as advisers to You Me TV PLC and no other person in connection with the Offer and the other matters referred to in this document and will accordingly not be responsible to any other person for providing the protections afforded to their clients or for advising them on these matters.

This document, which comprises a prospectus, has been drawn up under the Public Offers of Securities Regulations 1995. A copy of this document has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4 (2) of those regulations.

The share capital of the Company is not presently listed or dealt in on any recognised investment exchange and it is emphasised that no application is being made for admission of the Offer Shares or any other securities of the Company to the Alternative Investment Market of the London Stock Exchange plc, the Official List of the UK Listing Authority or any recognised investment exchange.

YOU ME TV PLC

(incorporated in England and Wales under the Companies Act 1985 with registered number 3990450)

OFFER FOR SUBSCRIPTION

of up to 2,721,088 Ordinary Shares of 1 penny each at £1.47 per share payable in full on application

Share capital following the Offer

Authorised £	Number of Ordinary Shares of 1p each	Issued and fully paid £	Number of Ordinary Shares of 1p each
1,000,000	100,000,000	27,211*	2,721,088*

* Assuming the Offer is fully subscribed

Prospective investors should note that an investment in You Me TV PLC, an unquoted company at an early stage of development, is speculative and involves a higher degree of risk than an investment in an established and quoted company. Your attention is particularly drawn to "Risk factors" set out in Part IV of this document.

The Offer will open at 9am on 22 June 2001 and may be closed at any time thereafter but no later than 5pm on 23 July 2001, unless the Offer is extended before that time by the Directors. The procedure for applying for Ordinary Shares pursuant to the Offer is set out at the end of this document. Completed Application Forms in respect of the Offer should be sent by post or delivered by hand to Fladgate Fielder, 25 North Row, London W1K 6DJ, so as to be received as soon as possible.

The Offer Shares of 1p shall rank equally in all respects with all Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid.

This document and its contents are confidential and neither it nor any copy of it may be distributed, published or reproduced by recipients and in particular it may not be distributed to persons within the United States, its territories or possessions, or to persons resident in Canada. Any such distribution could result in a violation of United States or Canadian Securities law.

The offer is conditional upon the minimum subscription of £2,200,000 being raised. If this amount is not raised, all funds will be returned to shareholders.

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OFFER STATISTICS

The following offer statistics assume maximum subscription under the Offer

Offer Price	£1.47
Number of Offer Shares	2,721,088
Number of Ordinary Shares in issue immediately following the Offer	7,721,088
Percentage of enlarged issued Ordinary Share to be issued under the Offer	35.24 per cent
Estimated amount, including expenses, being raised for the Company	£3,999,999
Market capitalisation at the Offer Price following completion of the Offer	£11,349,999

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Subscription list opens	22 June 2001
Closing date of Offer	23 July 2001
Expected date for dispatch of share certificates in respect of Offer Shares	6 August 2001

DEFINITIONS

The following definitions apply throughout this document and the Application Form unless the context *requires otherwise:*

"Act"	Companies Act 1985, as amended
"Application Form"	the application form for use in the Offer
"BDO Stoy Hayward" or "BDO"	BDO Stoy Hayward, 8 Baker Street, London W1U 3LL
"CEO"	Chief Executive Officer, whose name appears on page 6
"You Me TV" or "Company"	You Me TV PLC
"You Me Digital"	You Me Digital Limited
"Directors" or "Board"	the directors of the Company whose names appear on page 6
"EIS"	Enterprise Investment Scheme
"Full Subscription" or "Maximum Subscription"	£3,999,999
"Minimum Subscription"	£2,200,000
"Offer"	the offer for subscription of the Offer Shares
"Offer Price"	£1.47 per Ordinary Share
"Offer Shares"	up to 2,721,088 Ordinary Shares proposed to be issued at the Offer Price pursuant to the Offer
"Ordinary Shares"	Ordinary Shares of 1p each in the capital of the Company
"sky"	BskyB or British Sky Broadcasting Limited
"UK"	the United Kingdom of Great Britain and Northern Ireland

GLOSSARY OF TERMS

The following definitions apply throughout this document and the Application Form unless the context requires otherwise:

3G	third generation – a technology that allows fast access to the internet on a mobile phone allowing users to access e-mail, videos and the web. Also knows as universal mobile telecommunications system or UMTS
ADSL	asymmetric digital subscriber line – a development of the DSL technology (see below) that allows fast internet access, video on demand, remote LAN access and interactive multimedia over existing telephone lines
Bluetooth Technology	wireless interconnectivity between devices e.g. wireless headsets
CPS	carrier pre selection – the ability to pre-select a carrier for telephony and be billed by that supplier
Churn	consumers who do not renew subscription contracts at all or switch to another provider
DSL	digital subscriber lines – a technology that allows more data to be sent over existing copper telephone lines, turning ordinary phone lines into high-speed digital lines
Digital Penetration	the number of UK households able to receive digital TV
DVD	digital versatile disc
GPRS	general packet radio services – provides users with an always-on internet protocol connection at a speed many times faster than the normal GSM coverage. The connection could be to the internet via a service provider or to another destination such as a corporate network
GPS	global positioning system – a world-wide radio-navigation system formed from a constellation of 24 satellites and their ground stations, able to calculate positions accurately anywhere in the world
GSM	global system for mobile communications – the mobile telephony standard used throughout the world
ISO	the International Organisation for Standardisation
KB	kilo bytes – 1,000 bytes of information
KPIs	key performance indicators

LAN	a computer network that spans a relatively small area. Most LANs are confined to a single building or group of buildings. Most LANs connect workstations and personal computers
LCD	liquid crystal display
LMDS	local multi-point distribution – a broadband wireless point to multi-point communication system that provides reliable digital two-way voice, data and internet services. LMDS was originally designed for wireless digital television transmission
Matrix	the computer database currently being developed for You Me TV that is intended to be used as a sales aid which would help select some of the content available to each customer and identify packages tailored to their individual content and hardware preferences
MB	mega bytes – one million bytes of information
Mobile Phone Penetration or Mobile Penetration	the percentage of the UK population that owns a mobile telephone
MP3	MPEG audio player 3 – a compression system for music that reduces the number of bytes in a song without harming the quality of the sound and allows songs and music to be downloaded from the internet in minutes
MPEG	moving picture experts group, pronounced m-peg, a working group of ISO. The term also refers to the family of digital video compression standards and file formats developed by the group
PC	personal computer
PCN	personal communication network – any network supporting a personal communication service that allows bundling of voice communications, numeric and text messaging, voicemail and other features into one device, service contract and bill
PDA	personal digital assistant – a handheld device that can combine computing, telephone, fax and networking features
PVR	personal video recorder – a hard disc device that connects to any TV, functioning as a video recorder with enhanced capabilities such as pausing live TV and creating instant replays
SMS	short messaging service – principally the ability for small text messages to be sent to and from a mobile phone, even whilst a call is in progress
VHS	video home system – the most commonly used video cassette format

DIRECTORS, SECRETARY AND ADVISERS

Directors	
Daniel Green	*Chief Executive Officer*
Michael Blackmore	*Finance Director*
Christopher Edmeades	*Retail Operations Director*
each of whose business address is:	25 North Row London W1K 6DJ
Company secretary and registered office	Charles Wander 25 North Row London W1K 6DJ
Financial advisers to the Company	BDO Stoy Hayward 8 Baker Street London W1U 3LL
Auditors and Reporting Accountants	Smith & Williamson No 1 Riding House Street London W1A 3AS
Solicitors to the Company and the Offer and receiving agents	Fladgate Fielder 25 North Row London W1K 6DJ
Bankers	Barclays Bank PLC London Corporate Banking PO Box 15161R 50 Pall Mall London SW1A 1QA

PART 1 KEY INFORMATION

The following is derived from and should be read in conjunction with the full text of this document. You should read the whole of this document, and not rely solely on the key information set out below.

The Company, which was incorporated on 11 May 2000, intends to demystify the increasing complexity of entertainment and communication for the public by impartially providing advice on digital content to suit individual lifestyles through a national chain of high street stores, initially in the UK. As part of this service the customer would be able to have a hands on audio-visual experience of the options available.

The Directors believe that existing retailers generally focus on television and mobile telephone hardware and the cost. You Me TV however intends to focus the consumer on subscribing to available content before recommending hardware.

In addition to the confusion arising from the complex choice of existing options with which the consumer is faced, technological developments are leading to further convergence of devices and content. These developments include:

- Text messaging via television (currently over one billion messages are sent from mobile phones each month)
- PlayStation games over mobile phones being developed by Sony and NTT DoCoMo
- ADSL, video on demand and intelligent set-top recorders enabling time shifting of television
- sky has been in negotiations with Vodafone to supply its sport, news and entertainment content on their enabled 3G mobile phones

There are a number of competitors and potential competitors in the UK and Europe. However, the Directors believe competition would increase awareness and generate demand.

You Me TV aims to have a clear focus on content and the Directors believe that this, coupled with the extensive initial and ongoing training and development of its sales team, would significantly improve the credibility of the brand, building upon the first mover advantage.

In addition to Daniel Green, Michael Blackmore and Christopher Edmeades have agreed to form the senior management team of CEO, Finance Director and Retail Operations Director respectively.

The Directors have identified and are in negotiations with a prospective chairman with extensive retail experience and anticipate that he will join the Company on completion of the fundraising.

The Company had not commenced trading at the date of this document. However the Directors have identified a number of high streets and shopping centres in and around the M25 that they believe ideally suit the initial roll out of this proposition and plan to open their first store in September 2001.

Agreements for the promotion and supply of their services have either been signed or are at an advanced stage of negotiation with ntl, sky, ONdigital, Homechoice, Vodafone, Orange and Powergen. These agreements have been specifically negotiated to reflect You Me TV's first mover status in the market place.

The Company is in the process of developing the Matrix, the computer database that is intended to be used as part of the sales process, which would help select some of the content available to each customer and identify packages tailored to individual's content and hardware preferences.

The Offer comprises 2,721,088 Ordinary Shares (representing approximately 35.24 per cent of the Company's issued share capital following the Offer) and will raise approximately £3,749,999 (three million, seven hundred and forty-nine thousand, nine hundred and ninety-nine pounds sterling) (net of expenses) for the Company. The Offer is not underwritten.

Should the Offer raise only the Minimum Subscription of £2,200,000 the Directors intend to limit the initial number of stores to four and subsequently raise further finance to continue the roll out programme.

At the date of this document Daniel Green, CEO, has already invested approximately £35,500 in cash in the Company, as well as his time and is committed to increasing this by an additional £37,500 in order to fully pay for his shares in the company conditional on the minimum subscription being achieved. In addition Mike Blackmore and Chris Edmeades have irrevocably agreed to subscribe for 5,442 Ordinary Shares each under the offer at an aggregate subscription price of £8,000 each, conditional on the minimum subscription being achieved.

An investment in the Company's shares is subject to a number of risks. Prior to investing in the Ordinary Shares, prospective investors should consider, together with the other information contained in this document, the risks described in Part IV of this document.

The Company has received provisional EIS clearance in respect of the Offer, as set out in Part V of this document.

PART II INFORMATION ON THE COMPANY

1. Background

You Me TV was founded by Daniel Green and incorporated on 11 May 2000. The Company intends to demystify the increasing complexity of entertainment and communication for the public through advice and hands on sampling in a national chain of high street stores, initially in the UK. It then plans to encourage customers to sign up to appropriate providers and purchase the appropriate hardware. In addition the Company intends to offer home utility supplier advice, a hardware rental opportunity and appropriate insurance. For further information, refer to the paragraph headed "Strategy" on page 14.

The consumer currently has a choice of over 100 television channel packages from up to five possible providers not including each provider's additional benefits (such as home telephony, internet access, e-mail, etc). The platforms deliver their digital by cable, satellite, terrestrial digital and ADSL (through the telephone wire). For further information, refer to the paragraph headed "The Market" on page 10.

While the Directors believe most existing retailers generally focus on television and mobile telephone hardware, You Me TV is a content driven multi-platform retail proposition. The Directors believe its clear focus on the digital and mobile subscriptions market, commitment to extensive ongoing training and development of its sales team and good locations would significantly improve the credibility of and consumer trust in the brand and build upon the first mover advantage. For further information, please refer to the paragraph headed "Competitive Advantage" on page 17.

The Company had not commenced trading at the date of this document. However the Directors have identified a number of high streets and shopping centres in and around the M25 that they believe ideally suit the initial roll out of this proposition and plan to open the first store in September 2001. Agreements for the promotion and supply of their services have either been signed or are at an advanced stage of negotiation with ntl, sky, ONdigital, Homechoice, Vodafone, Orange and Powergen. These agreements have been specifically negotiated to reflect You Me TV's first mover status in the market place.

The Company intends to use the proceeds of the Offer to develop nine stores of approximately 600 to 1,000 square feet in good locations in the Greater London area within its first year of trading. For further information, refer to the paragraphs headed "Strategy" and "Use of Proceeds" on pages 14 and 18 respectively.

In addition to Daniel Green, Michael Blackmore and Christopher Edmeades have agreed to form the senior management team of CEO, finance director and retail operations director respectively. For further information, refer to the paragraph headed "Management" on page 18.

The Directors intend to focus the development of You Me TV within the UK retail market. However they believe that in the future You Me TV would be in a position to capitalise on the opportunities which could result from expansion into other European countries, where there is an even greater complexity of consumer choice, and expansion through alternative sales channels, including interactive media, such as television, the internet and a direct home sales service.

2. The Market

Convergence

Technological advancements have resulted in the increasing development of multifunctional devices, which require multiple subscriptions for chosen activities. These devices could enable the consumer to watch television on the telephone, use the television as a video phone, play video games between a television and a mobile phone and order and record television content from a mobile phone to be watched at home on the television. Existing interactivity already allows the television to be used to order goods and services, and could allow it to be used as a messaging board and as an assistant to control household functions.

The mobile networks have recently enjoyed enormous success with SMS text messaging between phones. The volumes are estimated to be over one billion messages per month from the middle of 2001 *(source: Financial Times 30 January 2001).* The television platforms are now working to allow these messages to be both sent and received via the television.

Sony have teamed up with Japan's NTT DoCoMo to develop a new mobile communications network service that would allow PlayStation games to be played on mobile phones *(source: Financial Times Creative Business 7 November 2000).* Pace and Sega have joined together to develop a multifunctional digital set-top box which would include the ability to play video games as well as watch any of the digital television platforms including cable, satellite, ADSL and digital terrestrial. This set-top box would also have PVR functionality that would allow intelligent recording and time shifting of television *(source: Sunday Times Creative Business 20 February 2001).*

sky is in negotiations with Vodafone to supply its sport, news and entertainment content on their enabled 3G mobile phones *(source: Financial Times 29 September 2000).*

The Directors believe that the confusion resulting from an increase in convergence and available content will result in consumer demand for a retailer to provide guidance and recommend an appropriate but tailored content and hardware solution.

Television

The UK has one of the highest television penetrations in the world. 98 per cent of the 25 million households have at least one television set (38 per cent have three or more). Television is the country's most popular leisure activity, with people watching 24 hours per week on average *(source: Key Notes).*

Currently, only approximately 25 per cent of households subscribe to digital television. The remainder receive an analogue signal *(source: Financial Times Creative Business 29 May 2001).* It is anticipated that 64 per cent of households will subscribe to digital television by 2005 *(source: Electrical Retail Trade, www.dmgworldmedia.com).* The Government intends to switch off the analogue signal between 2006 and 2010, once 95 per cent Digital Penetration is reached *(source: Government Communications White Paper).*

The Directors believe the momentum towards increasing Digital Penetration is being generated by:

- Vast advertising spends from the television networks (over £187 million was spent on advertising digital television in 1999) *(source: Key Notes).*

- Programmes and content which are exclusive to digital subscription (including over 200 channels, exclusive sports events and 24-hour news).

- Programme content and events first shown via digital television including sport, films and entertainment.

- New technology including video on demand, television internet access, television e-mail and electronic programme guides.

- Government pressure to achieve its target for a 2006 to 2010 analogue switch off *(source: Sunday Times 12 March 2000).*

In order for a consumer to receive digital television they either have to purchase a digital television set which allows them to receive some "free to air" channels, and/or subscribe to one or more of the digital network providers.

Digital subscription television in the UK is currently provided in the following ways:

- Digital satellite - this is received via a dish and by subscribing to sky, which is currently the market leader. sky is available nationally.

- Terrestrial digital - this is received via the existing analogue aerial by subscribing to ONdigital. It is becoming increasingly available and currently has coverage of around 70 per cent of the population.

- Cable television - this is received via cable, which passes outside the home. The two major providers are ntl and Telewest. Potential coverage is growing and cable is currently available to around 53 per cent of households *(source: Financial Times 16 March 2001).*

- ADSL - this is received via existing telephone lines allowing telephony, high-speed internet access (currently 512 KB per second) and digital television including video on demand (between 2MB and 4MB per second).

In addition to over 100 channel package options that are potentially available to the consumer, some of the networks offer additional services to which they could subscribe. These include cheaper home telephony, home shopping, games, internet access, TV banking, TV e-mail and video on demand.

The Directors believe there is currently quite a high level of Churn. sky has reported Churn of around 10 per cent per annum. However, both cable and terrestrial digital have reported Churn of between 20 per cent and 25 per cent *(source: Financial Times 7 and 13 February 2001 and Key Notes).*

Technological developments are inspiring major growth in the hardware market, particularly in relation to digital and wide-screen televisions and DVD players. Integrated digital televisions are now available, with built in access for sky or ONdigital.

The development of DSL and cable technologies would allow consumers to communicate back to the television networks. This interactivity would offer enormous potential for applications such as multi-player video games (the video game market annual sales are approximately $7.2 billion, in contrast the movie industry has sales of approximately $6.8 billion) *(source: Sunday Times Business News 5 March 2000)*, television on demand, home shopping and connectivity with devices such as mobile phones. New technologies, including two-way satellite television and wireless LMDS technology, would also transform television, allowing for home videoconferencing amongst other applications.

Current hardware developments include:

- DVD recorders - these could eliminate the need for VHS machines. As an example, Pioneer has recently announced that it will shortly have a DVD recorder available to retail;

- PVRs (personal video recorders) - PVRs are intelligent recorders, which can not only record multi-channels at the same time but also follow the patterns of the viewer and record similar programming. Some PVRs can also allow the consumer to time shift television i.e. put live programs on hold as well as skip adverts on pre recorded television; and

- Multi-functional PVRs which include internet access and gaming - these are currently being developed by Nokia (media box) and Microsoft (ultimate TV). A PVR currently available in the UK, the Tivo, can record 30 hours of television, and it is anticipated that new technology will soon allow for much larger memory.

Prices are continuing to come down for flat-screen televisions, including plasma and LCD, as well as front projection televisions.

Mobile Telephony

As at 31 January 2001, Mobile Phone Penetration in the UK has risen to over 65 per cent *(source: Financial Times May 2001).*

Although it is anticipated that Mobile Penetration in the UK will grow to above 75 per cent in the next three years *(Source: Key Notes),* the Directors feel that future profitability lies in forthcoming technology. In addition to revenue received for telephone calls, high-speed broadband connectivity would allow for content subscriptions to entertainment channels, news on demand, home shopping and wireless environments. Orange recently predicted UK Mobile Penetration could rise to over 100 per cent as people take multiple subscriptions *(Source: The Guardian 19 April 2001).* This growth in content is in addition to an increase in multifunctional devices with greater complexity including telephone PDAs, MP3 players and videophones. The Directors believe that if high Mobile Penetration levels and major technological development milestones anticipated occur over the coming years there could also be large growth in the replacement market (in the Directors' opinion mobile phones are currently replaced approximately every two years).

Almost 80 per cent of current UK mobile phone connections are to prepay phones *(source: Financial Times 23 March 2001)*. As there is no contractual commitment and those under 18 or consumers who have been unable to obtain credit can purchase them, these phones have been very popular. Call charges from these phones are generally more expensive than call charges under a monthly contract and the consumer choice of handsets is often limited. In some stores with environments where this can be explained, only between 55 per cent to 65 per cent of phone sales relate to prepay phones *(source: Carphone Warehouse trading statement 18 January 2001)*. However, contract consumers are considerably more profitable for the mobile networks. They in turn pass more commission to the retailer for these contract sales. One-2-One has recently increased its opening price of prepay mobile phones in order to increase profitability and move consumers towards monthly subscriptions. Vodafone has followed suit, also encouraging an increase in the retail price of these phones.

Currently the major GSM and PCN networks, Orange, Vodafone, BT Cellnet and One-2-One (with a data transfer rate of around 9.6KB per second) are working with manufacturers to introduce GPRS, which they anticipate will be available toward the end of 2001. This should allow a much higher speed of data transfer (up to 114KB) as well as continuous data delivery. It would complement Bluetooth Technology and mobile PDAs, which are just coming to the market.

GPS would allow a mobile phone to locate places of interest as well as to be used as a directional device.

In addition to this Orange has developed some 3G applications including a video phone which they anticipate would work on the existing mobile network. Between 2002 and 2005, 3G should be available offering connectivity speeds of up to 2MB per second. This could transform the functionality of the mobile telephone. It could allow for such services as television reception, video on demand, videophones and multiplayer games. Hutchison 3G, who paid around £4 billion for the largest licence, are currently developing 3G specific content to which they would be asking consumers to subscribe. With approximately £22 billion spent by the mobile networks on the 3G UK licences recently purchased from the government, they have been particularly keen to find retail environments that can unravel the complexity of the new devices for the consumer and deliver effective returns *(source: Wap December 2000)*.

Utilities

The major home utilities, water, electricity and gas, can now be purchased from a number of different suppliers. This allows the consumer to move from the previous monopolies to a more favourable supplier. This has led to an increase in competition and therefore potential price reductions, but also to an increase in confusion amongst consumers.

From the third quarter of 2001 it could also be possible to purchase home telephony from a supplier other than British Telecom (or cable). It is currently possible to use an alternative supplier only by having a re-routing box attached to a phone or by dialling a prefix. However, it would only be necessary to sign a new contract thus allowing all of the extensions to be billed by an alternative supplier using CPS.

3. The Company

Strategy

The Directors believe that currently, retailing of digital television and mobile telephony generally focuses the consumer initially on the hardware and the cost. There is often very little opportunity for the consumer fully to appreciate the possible choice and relevance of available content or experience the networks and the aspirations of their brands.

The Company intends impartially to offer the consumer an understanding of the content and applications that may suit individual lifestyles, before introducing hardware. As part of this service the consumer would be able to have an audio-visual experience of many of the options available.

Although the Directors believe the opportunities posed by future developments would add to the You Me TV offering, its success is not predicated on those developments.

The Stores

The Company intends to open a national chain of high street stores of between 600 and 1,000 square feet. The stores would be located in a mixture of high-profile locations in major cities and residential towns and out of town shopping centres. The Directors plan to open the initial stores in and around the M25 in order to maximise management and marketing efficiency. This area also currently has one of the largest choices of service provider per consumer.

It is intended that each store would have a number of interactive television workstations illustrating content, an area for a representation of television hardware and associated products and an area for home and mobile telephony. The stores would give a sense of the new technology available without alienating the general public.

The Sales Team

It is intended that all of the sales staff would be trained for two weeks in the Company's replica shop before being introduced to the customers. In general they would not be selected with retail backgrounds, in order to avoid what the Directors see as current retailing failings. Although their remuneration, consisting of basic salary and commission, would be above the high street norm, they would be judged on achieving targets and the Company's core values of service, impartiality and respect for the consumer.

In addition, many of the television and mobile networks and hardware suppliers have offered to provide regular additional training to You Me TV staff as well as hardware for use in the stores.

The Sales Process

Television workstations would play an attractive content loop via an interactive DVD, to encourage people to touch the remote control. When activated, the customer may choose to view any of the mobile or television service provider's promotional experiences. It is intended that the salesman would then use the Company magazine and/or the Matrix, which is currently being developed for You Me TV.

The Matrix is intended to be used to take each customer on a journey from content to price and finally to hardware. The customer could then subscribe to the content and/or rent or buy hardware. The salesman should complete the signing up process with the customer as well as any required credit checks.

It is intended that the Matrix commences by obtaining the customer's name, post code and house number, which could be used subsequently for marketing purposes. The customer could then identify their required solution by highlighting preferred content from the options displayed. This technique should considerably reduce the time required to complete each sale by simplifying what is currently an extremely complicated series of options. The Matrix would also illustrate hardware, and therefore only samples would need to be held in store.

As an additional service the Matrix would allow the salesman to offer the customer the possibility of changing their suppliers for their home electricity, water, gas and fixed line telephony.

The stores would stock mobile phones and samples would be available to attract people into the store and for customers to handle.

Hardware

You Me TV intends to offer televisions, DVD players and associated hardware for sale or for rent. It is the Company's intention to deliver from a central warehouse and professionally install within a few days of purchase. If rented, the customer may choose to purchase the hardware within six months after taking delivery, creating a "try buy" proposition. At the end of the customer's rental period, it is intended that hardware would be collected and refurbished. There would be a dedicated telephone number for all service enquiries relating to hardware provided.

The Company intends to offer up to five years' insurance on all hardware and digital set-top boxes.

Although the Directors anticipate the sale or rental of a television would represent only 15 per cent of subscribers in store (10 per cent purchasing and 5 per cent renting), they believe it is important to offer a total solution.

Marketing Strategy

The Company proposes to take advantage of what the Directors believe is a unique proposition and first mover advantage by marketing both the brand and the concept. Initially the Company proposes this advertising would be focused on local and regional media and PR (mainly radio, direct mail and press) in and around the M25 in line with the store roll out. As the number of stores expands, national marketing would be used to expand brand awareness and drive sales.

Funds have been offered by some of the major television and mobile networks towards marketing store openings and ongoing marketing. Some networks are likely to require that some of this money is spent specifically promoting their own brand/proposition.

The Directors believe the level of marketing spend and the area focus anticipated would kick start the launch of the proposition, further exploiting the Company's first mover advantage.

4. Revenue

In addition to income from hardware sales and rental, most of the Company's planned revenue will be generated by commissions from the networks for obtaining customer subscriptions.

Digital Television

Television networks pay commission for each consumer who is introduced by the Company and becomes a subscriber. This commission varies depending on which packages they subscribe to.

Mobile Telephony

Some of the mobile networks pay some commission and/or a margin on the sale of a phone. They also offer volume bonuses for these sales as well as a marketing contribution from time to time.

As the Company is focusing on providing expertise and service, especially at the leading edge of widely available technology, it intends only to subscribe customers to monthly contracts with the networks rather than generate sales of prepaid telephones.

The mobile networks generally pay considerably more commission for contract sales. Many mobile networks also offer volume bonuses and marketing contributions for these sales. In addition to this there is the opportunity to receive a percentage of the ongoing revenue from some subscribers.

Some of the networks have also offered contributions towards the cost of shop fitting for each store.

Utilities

Some of the utility companies pay commission for each customer who is successfully introduced.

Hardware

Hardware would be sold at what the Directors believe are competitive sales prices. The margin achieved by You Me TV would improve considerably if insurance were to be taken out in addition to the purchase. The Directors anticipate the margin achieved on a hardware rentals would be greater than sales.

5. Competitive Advantage

Competition

The following is a list of some of the major companies whose services include the retail of television or mobile phones from the high street in the UK:

Dixons Group plc (including Dixons, Currys, and the Link), Comet, Argos, department stores (including John Lewis, Fenwicks and Debenhams), Carphone Warehouse, DX Communications, Orange, Vodafone, One-2-One, Phones 4U, Pocket Phone Shops and MPC (Mobile Phone Company). There are a number of independent retailers of these products.

Prepay mobile phones are also sold as boxed items in many general retail stores including supermarkets, Woolworths and WH Smith.

You Me TV

You Me TV is intended to be a content driven multi-platform retail proposition, which focuses on the digital television and mobile telephony subscription market.

The high street and shopping centre stores should create recognition and accessibility, bringing the proposition to "the forefront", which would also help to generate credibility, interest in the digital content market and footfall through the stores. The Company intends to develop this interest into demand by providing an interactive opportunity for customers to experience their potential future lifestyle and entertainment options within the stores.

Each customer would be offered an individual solution through education and demonstration by trained staff. This would help the consumer to develop trust in the brand.

The clear focus and extensive training given to the sales team, combined with a commitment to ongoing training and development, should also significantly improve the credibility of the brand, building upon the first mover advantage.

It is anticipated that in 2005 an 80-store rollout, operating at full run rate, should generate less than 10 per cent of the estimated annual digital television subscriptions in the UK. The Directors believe the current high Churn in this industry would allow further opportunities to resell to existing customers.

The Directors believe future competitors would increase awareness and thus generate demand.

It is the stated aim of the government to switch off the analogue television signal between 2006 and 2010 when 95 per cent Digital Penetration is achieved. The government is also currently considering discounting the cost of broadcasting licences to networks that have a high number of digital television viewers. In addition to government pressure, enormous sums are being spent by television networks and hardware brands to promote digital subscription.

Technological developments in television, mobile telephony, digital networks and hardware, and the convergence of devices and content, should encourage replacement of existing equipment as well as add to the complexity and confusion in the mind of the consumer.

New "digital only" content channels would provide increased motivation for the market to switch to digital (for example E4, ITV2, News 24, premiership football and the BBC's recent commitment to offering many more digital channels).

The Directors believe the mounting pressure to switch to digital from both the government and the networks, combined with the increasing complexity and quantity of devices and content on offer, would lead consumers to require a retailer to provide information and personal guidance.

The Directors believe the Company would be ideally placed to take advantage of ongoing technical innovations including convergence and 3G.

6. Use of Proceeds

The Company is seeking to raise £3,749,999 (three million, seven hundred and forty-nine thousand, nine hundred and ninety-nine pounds) net of expenses (including VAT) related to the Offer, to develop the first nine stores, incentivise key staff and launch the business. Should the Offer raise only the Minimum Subscription of £2,000,000, net of expenses, the Directors intend to limit the initial number of stores to four and subsequently raise further finance to continue the roll out programme.

7. Management

Chief Executive Officer

Daniel Green (aged 34)

From January 1993 to September 1999 Daniel conceived and developed the Brand Centre Limited, a new out-of-town genre for selling current designer clothing brands at a discount. The first store opened in north London (40,000 square feet), which after three years had a membership base of approximately 150,000 customers and a turnover of approximately £7 million. He subsequently opened two further stores (Uxbridge 26,000 square feet and north Manchester 42,000 square feet).

He personally negotiated with over 50 of the world's most famous clothing brands to supply the stores in exception to their trading policies. He conceived and implemented national PR and marketing campaigns, controlled buying merchandising, shop fitting, systems implementation and managed and motivated a team of approximately 250 employees.

In September 1999 the group was sold to Moss Bros PLC. Daniel remained managing director for the Brand Centre and an associate director of the Moss Bros group until August 2000. During that time he managed the integration of the two companies, delivered a future vision for their national high street chain and persuaded many of the brands to supply them for their new expansion plans. The Moss Bros group has now opened a fourth Brand Centre.

From July 1985 to September 1999 Daniel was managing director of Identikit Clothing Limited, which operated concessions in the Arcadia and River Island store groups. During this time he managed host store relationships at director level and implemented a training, motivation and incentive scheme. He also executed a national TV, radio and press PR campaign.

Daniel managed a PR campaign for TVR sports cars and Breitling watches including the use of celebrities such as Rory Underwood and Gary Lineker. He also developed and implemented a national greeting card/flower promotion between Interflora and Boots plc. He then subsequently implemented this with John Menzies plc.

Finance Director

Michael Blackmore BSc (Hons) FCCA (aged 44)

Michael was acting finance director then Finance Director for Ladbrokes Limited from 1999 to 2000 and financial controller from 1997 to 1999. The company has approximately 2,000 shops, two greyhound stadia and a telephone betting operation. It has a turnover of approximately £1.9 billion and approximately 10,000 staff.

During this time Michael was responsible for the financial management of Ladbrokes UK and Ireland and the management reporting of its betting and gaming subsidiaries world-wide. He implemented a review of shop operations in 1999 that led to the restructuring of the estate and the closure of approximately 50 shops. He project managed the selection and introduction of Oracle financial systems including purchasing across the company. He helped evaluate the Coral's acquisition (turnover of approximately £900 million) and, following the decision of the Monopolies and Mergers Commission that this must be sold, was the finance representative on the sales team. During his time there he recruited and developed a team of approximately 50. He was also responsible for the sale of a spread betting company; reduced the number of statutory companies from 205 to 15; contributed to the development of the Ladbrokes web site; and represented Ladbrokes on the industry body which recommended the reduction in betting duty recently announced in the Budget.

Between 1995 and 1997 Michael worked for Rosenbluth International (turnover approximately $2.5 billion) as Director of International Finance. He designed and implemented monthly management reporting systems and annual budgets, introduced new IT back-office accounting systems and established procedures and controls to handle growth. He investigated acquisition targets and recruited new financial controllers in a number of countries.

Michael was employed by Hertz rent a car between 1982 and 1995. He held the senior finance role in the operating subsidiaries in the UK (with rental and car sales of approximately £400 million and around 140 branches), Belgium/Luxembourg and Ireland as well as holding a number of senior positions at the Hertz European head office. He led a team which negotiated with the Scottish and Irish governments to relocate the Hertz reservation office obtaining a significant grant. He designed and implemented new finance systems for use in Europe as well as preparing the European strategy and business plans.

Retail Operations Director

Christopher Edmeades (aged 43)

Chris's experience includes retail operations director for Centrica Plc (British Gas Energy Centres), managing director of Creative World Limited, a newly formed retailer specialising in the emerging arts, crafts and home décor market where he developed a store concept and two retail outlets and Chief Executive of Salisburys Limited a high street retailer of luggage, handbags and fashion accessories.

Christopher was also retail director of the start up Phones 4u, the UK wide chain of mobile communication stores that forms part of Caudwell Communications and Technology, recognised as one of the fastest growing medium sized companies in the UK. He helped develop the Phones 4u brand and store concept and recruited the retail infrastructure. The business rapidly grew to 40 stores in the first year. Phones 4u has since grown to a chain of around 100 stores and is one of the top retailers of mobile communication products in the UK.

Between April 2000 and December 2000 Christopher was retail operations director for One-2-One where he commenced the development of the new One-2-One retail concept store. Christopher was also as retail director of Pocket Phone Shops, the newly acquired chain of 170 mobile phone stores. Christopher was also responsible for managing the retail chain as well as managing the property and store acquisition department including the rapid roll out of new stores following the development of a new outlet strategy. He was also responsible for creating a new training department and the development of new induction, sales and management training programmes.

8. Database

As the Matrix sales aid is database driven it could be easily updated with new developments and pricing. It could be rolled out to each store, which would have the same database that could be updated via a modem link as required.

Personal details of each customer would be required to use the Matrix. In addition to the application, the Company plans to make this registration information available – within the limits of applicable regulations – to feed back into the development of the Company's services.

Prior to operation, the Company intends to register this process and use of this information for approval under the Data Protection Act.

9. Training

The Company is determined to provide a consistent and reliable service to its customers. The Company intends to operate a bottom up management style using its endeavours to support the sales team and thereby giving the best service to the customer. It plans to open a replica shop within its head office, which it would use both to train its staff and test its sales processes. It is anticipated that all staff would be trained for two weeks in this facility prior to engaging with any customers in their allotted store. Although the television and mobile networks and hardware suppliers offer the Company training, You Me TV intends additionally to employ its own training staff and techniques, to provide a unique and consistent customer experience.

10. Future Prospects

The Directors intend to focus the development of You Me TV within the UK retail market. However, the Directors believe that there is greater confusion and complexity of consumer choice in other European countries as there are more potential content options open to consumers. In addition, as it is also anticipated that other countries in Europe will switch over to digital from analogue shortly after the UK, the Directors believe You Me TV would be ideally placed to capitalise on the significant future opportunities that could result from expansion into other European countries.

The interactive nature of the sales process would allow for expansion through alternative sales channels, including interactive media such as television, the internet and a direct home sales service.

11. Share Options

The service agreements for Michael Blackmore and Chritstopher Edmeades each envisage the grant of options under an Enterprise Management Incentive and/or unapproved share option scheme to a total of 4 per cent each under the Company's then issued share capital. The Directors are considering the introduction of a share option scheme for further key members of the management team. Investors should be aware that any such scheme, if implemented, could dilute their own shareholdings in the Company.

12. Dividend Policy

The Directors intend to commence the payment of dividends when it becomes commercially prudent to do so and subject to the availability of distributable reserves. They consider that during the foreseeable future it is likely to be more prudent to retain cash generated to fund the further expansion of the Company.

13. The Offer

The Offer comprises 2,721,088 Ordinary Shares (representing approximately 35.24 per cent of the Company's issued share capital following the Offer) and will raise approximately £3,749,999 (three million, seven hundred and forty-nine thousand, nine hundred and ninety-nine pounds) net of expenses for the Company. The Offer is not underwritten.

The Offer is conditional upon the Minimum Subscription being achieved. If sufficient monies are not received by 23 July 2001, funds will be returned by cheque to applicants at their own risk.

The Offer Shares will, when allotted and fully paid, rank equally in all respects with all other Ordinary Shares, then allotted or in issue and will confer the right to receive all dividends declared, made or paid on the Ordinary Shares after the completion of the Offer.

Accountants' report on the Company

Smith & Williamson
Chartered Accountants

The Directors
You Me TV PLC
25 North Row
London W1K 6DJ

22 June 2001

Dear Sirs

You Me TV PLC ("the Company")

We report on the financial information set out below.

This financial information has been prepared for inclusion in the Prospectus dated 22 June 2001 (the "Prospectus").

Introduction

You Me TV PLC was incorporated on 11 May 2000 as You Me TV Limited. On this date, two £1 ordinary shares were issued at par. On 12 June 2001, 30,470 ordinary shares of £1 each were issued at par to Daniel Green, each part paid 25 per cent to the sum of £7,618 by the capitalisation of that part of a loan due to Daniel Green. On 12 June 2001, a further 19,528 ordinary shares of £1 each were issued at par to Daniel Green each part paid 25 per cent to the sum of £4,882. On 12 June 2001 each of the issued and unissued ordinary shares of £1 were sub–divided into 100 ordinary shares of 1p each. On 12 June 2001 You Me TV Limited acquired the entire issued share capital of You Me Digital Limited comprising two ordinary shares of £1 each. On 13 June 2001 the Company re-registered as a public limited company.

Basis of preparation

The financial information set out below is extracted from the management accounts of the Company for the period from 11 May 2000 to 31 May 2001.

Responsibility

Such management accounts are the responsibility of the Directors of the Company who approved their issue. The Directors of the Company are responsible for the contents of the Prospectus dated 22 June 2001 in which this report is included.

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

Basis of opinion

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

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

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus dated 22 June 2001, a true and fair view of the state of affairs of the Company as at the date stated and of its losses and cash flows for the period then ended.

Consent

We consent to the inclusion in the prospectus of this report and accept responsibility for this report for the purpose of paragraph 45(8)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

PROFIT AND LOSS ACCOUNT

	Notes	11 May 2000 to 31 May 2001 £
Administrative expenses		(22,948)
Operating loss	3	(22,948)
Basic loss per share	5	£11,474

All of the operations are classed as continuing. There were no gains or losses in the period other than those included in the above profit and loss account.

BALANCE SHEET

	Notes	As at 31 May 2001 £
Fixed assets		
Tangible assets	6	13,302
Current assets		
Other debtors	7	3,204
Creditors: amounts falling due within one year	8	(8,886)
Net current liabilities		(5,682)
Total assets less current liabilities		(7,620)
Creditors: amounts falling due after one year	9	(30,566)
Net liabilities		(22,946)
Capital and reserves		
Called up share capital	10	2
Profit and loss account		(22,948)
Equity shareholders' funds	11	(22,946)

CASH FLOW STATEMENT

	Notes	1 May 2000 to 31 May 2001 £
Net cash outflow from operating activities	A	(16,165)
Capital expenditure		
Purchase of tangible fixed assets		(14,403)
Financing		
Issue of Ordinary Shares		2
New unsecured loan from shareholder		30,556
Net cash inflow from financing		30,568
Increase/(decrease) in cash	B	-

NOTES TO THE CASH FLOW STATEMENT

A. RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOW

	11 May 2000 to 31 May 2001 £
Operating loss	(22,948)
Depreciation	1,101
Increase in debtors	(3,204)
Increase in creditors	8,886
Net cash outflow from operating activities	(16,165)

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

	£
Increase/(decrease) in cash in the period	
New unsecured shareholder loan	(30,566)
Change in debt	(30,566)
Net debt at beginning of period	-
Net debt at end of period	(30,566)

C. ANALYSIS OF CHANGES IN NET DEBT

	At 11 May 2000 £	Cashflow £	As at 31 May 2001 £
Debt due after one year	-	(30,566)	(30,566)

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards.

The financial statements have been prepared under the historical cost convention. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the significant accounting policies adopted by the Company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

(a) Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the period

(b) Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Computer equipment	25 per cent straight line
Office equipment	25 per cent straight line

(c) Taxation

The charge for taxation takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision is made for deferred taxation only to the extent that it is probable that a liability or asset will crystallise.

2. EMPLOYEES AND DIRECTORS

a) Employee information

The average number of persons, including executive directors, employed by the Company during the period was:

	11 May 2000 to 31 May 2001
	Number
Administration	1

The only employee during the period was Daniel Green. He received no remuneration during that time.

3. OPERATING LOSS

	11 May 2000 to 31 May 2001
Loss on ordinary activities before taxation is stated after charging:	
Depreciation	1,101
Auditors' remuneration:	
Audit	-
Non-audit services	-

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

There is no liability to corporation tax in respect of the period in view of the losses sustained. Expenses of approximately £21,500 incurred in the period to 31 May 2001 will be deductable against income on the commencement of trade.

5. LOSS PER SHARE

Loss per share is calculated by dividing the loss attributable to ordinary shareholders of £22,948 by 2, being the weighted average number of ordinary shares in issue during the period.

6. TANGIBLE FIXED ASSETS

	Design Costs £	Office equipment £	Computer equipment £	Total £
Cost				
Acquired during the period	10,000	106	4,297	14,403
At 31 May 2001	10,000	106	4,297	14,403
Depreciation				
Charge for the period	-	27	1,074	1,101
At 31 May 2001	-	27	1,074	1,101
Net book value				
At 31 May 2001	10,000	79	3,223	13,302

7. DEBTORS

	As at 31 May 2001 £
Other debtors	3,204

8. CREDITORS: amounts falling due within one year

	As at 31 May 2001 £
Other creditors including taxation and social security	2,886
Accruals and deferred income	6,000
	8,886

9. CREDITORS: amounts falling due after one year

Shareholder loans (see note 10)	30,566

On 31 May 2001 there was a shareholder loan for £30,566 from Daniel Green who was also the sole Director of You Me TV PLC. On 12 June 2001 £22,948 of this loan was forgiven and the balance of £7,618 was capitalised in respect of the issue at par of 30,470 ordinary shares of £1 each 25 per cent part paid to this amount.

10. CALLED UP SHARE CAPITAL

	As at 31 May 2001 £
Authorised	
1,000,000 Ordinary Shares of £1 each	1,000,000
Allotted, called up and fully paid	
2 Ordinary Shares of £1 each	2

Two Ordinary Shares of £1 each were issued at par for cash consideration on incorporation of the company in order to establish its capital base.

On 12 June 2001, 30,470 ordinary shares of £1 each were issued at par to Daniel Green each 25 per cent part paid to the sum of £7,618. On the same date a further 19,528 ordinary shares of £1 each were issued at par to Daniel Green each 25 per cent part paid to the sum of £4,882. On 12 June 2001 the authorised, issued and un-issued ordinary shares of £1 each were each sub-divided into 100 Ordinary Shares of 1p each.

On 13 November 2000 the Company entered into a contract to issue warrants over 4 per cent of the issued share capital of the company to BDO Stoy Hayward as detailed in paragraph 6.2 of part VII of this document. The service agreements for Michael Blackmore and Christopher Edmeades each envisage the grant of options under an Enterprise Management Incentive and/or unapproved share option scheme to a total of 4 per cent each of the Company's then share capital.

11. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	Share capital £	Profit and loss account £	Total £
On incorporation	2	-	2
Loss for the financial period	-	(22,948)	(22,948)
At 31 May 2001	2	(22,948)	(22,946)

12. CONTINGENT LIABILITIES

As at 31 May 2001, the Company had contingent liabilities in respect of £82,250 of legal and recruitment fees contingent upon the first stage of fundraising, being the share offer dated 22 June 2001 being successful. This amount has not been provided for.

13. POST BALANCE SHEET EVENTS

Changes to the authorised and issued ordinary share capital of the company are detailed as Part VII of this document.

Yours faithfully

Smith & Williamson
Chartered Accountants

PART IV RISK FACTORS

Potential investors should carefully consider the risks described below before making a decision to invest in the Company. If any of the following risks actually occur, the Company's business, financial condition, results or future operations could be materially adversely affected. In such circumstances, the price of the Company's shares could decline and you could lose all or part of your investment. This prospectus contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Company, which are described below and elsewhere in this document.

In addition to the usual risks associated with an investment in a small business at an early stage of development, the Directors consider the following risks to be the most significant for potential investors.

In addition to the other relevant information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company.

- *Offer Price of Offer Shares*

  The Offer Price of the Offer Shares was determined in good faith by the Directors having regard to the Company's requirement for additional funds to maintain and develop its business and the interest of the shareholders as a whole. However, the Offer Price is unrelated to the Company's net worth, profits or earnings, the historical prices paid for ordinary shares by the Company's existing shareholders, or any other similar valuation criteria.

- *Track Record and No Assurance of Profitability*

  The Company has no trading record and there can be no assurance that the Company will generate profits.

- *Attraction and Retention of Key Employees*

  The Company depends on members of its operations and management team. While it has entered into contractual arrangements with the aim of securing the services of each of its key personnel, retention of these services cannot be guaranteed. Equally the ability to attract new employees with the appropriate expertise and skills cannot be guaranteed. The business will suffer seriously if key people fall sick or for other reasons become unavailable for work during the gestation period.

- *Management of Growth*

  The ability of the Company to implement its strategy in a rapidly evolving and relatively new market requires effective planning and management control systems. The Company's growth plans could place a strain on the Company's managerial, operational, financial and human resources. Therefore, the Company's future growth will depend on its ability to implement, expand and improve operational, financial and management information and control systems on a timely basis, whilst at the same time maintaining effective cost controls.

- *Consumer Demand*

  There is no guarantee that the volume of business/activity will grow at the levels assumed by the Company. A delay in the switch off of analogue by governments and/or a slow down in the pace of investment in the network infrastructure or technological advancement by the industry would adversely impact on consumer demand. There are many other issues affecting the mobile telephony and digital TV markets and their development and/or convergence over which the Company has no control.

- *Computer Hardware and Software Systems*

  The Company considers the design, development, implementation and thereafter uninterrupted operation of the Matrix to be a factor in its success. There is no guarantee that the hardware or software system will be designed or developed satisfactorily. Computer systems can be subject to damage, interruption from floods, fires, power loss, telecommunication failures and similar events.

- *Further issue of Shares and Dilution*

  The Company's capital requirements depend on numerous factors, including the rate of market acceptance of the Company's products and its ability to expand its customer base.

  In the Directors' opinion, assuming Minimum Subscription is achieved, the Company will have sufficient working capital for its present requirements, that is for at least the next 12 months to develop an initial four stores. In the Directors' opinion, assuming Maximum Subscription is achieved, the Company will have sufficient working capital for its present requirements, that is for at least the next 12 months to develop an initial nine stores. In the Directors' opinion, additional finance would be required to fund the continued roll out beyond nine stores. This fund raising process may begin within the first 12 months of trading and may be raised by the issue of further Ordinary Shares and/or debt finance. There can be no assurance that such additional funding in any form will be available to the Company.

  Any debt or additional equity financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, the Company may be required to reduce the scope of its operations or anticipated expansion or to cease trading.

  In addition to the options noted in Part II paragraph 11 of this document, it should be noted that the Directors are considering a range of ways to incentivise and retain key management. One of these is to implement a share option scheme for other key members of the management team. Investors should be aware that any such scheme, if implemented, could dilute their own shareholding in the Company.

- *Liquidity and Marketability of Shares*

  The Offer Shares will not be listed, traded or dealt in on any recognised stock exchange and therefore a ready market will not exist for them. An investment in the Offer Shares may therefore be difficult to realise. The value of Ordinary Shares may go down as well as up. Investors may therefore realise less than or lose all of their original investment.

- *Transferability of Shares*

  Certain restrictions apply to the transfer of shares as set out in the articles of association summarised in paragraph 3 of Part VII.

- *Economic Conditions*

The business is subject to economic fluctuations in the retailing, communication, entertainment and technology markets, which may impact on the ability of the Company to achieve its sales targets.

An improvement in the free to air offering could reduce the appetite for higher value subscription packages.

The hand out of free non-subscription set top boxes either funded by television networks or due to government intervention could also reduce the appetite for higher value subscription packages.

- *Competitors and Competing Products*

Competitors may succeed in developing business models, sales methods, products and processes that are more effective or economic than any of those being developed by the Company, or which would render its technology, products, processes or service offering obsolete or otherwise non-competitive. Competitors may seek to replicate the You Me TV model. There is a risk that competitors may provide a replica or wider service in the Company's segment of the market. It may be that competitive threats arise which are not currently envisaged by the Directors. The Company could face significant competition, including that from companies that have greater financial resources.

- *Suppliers*

Contracts negotiated with television and mobile networks contain or are likely to contain a variety of termination clauses and notice periods. There is no guarantee that such contracts will be renewed or that such networks will wish to continue to trade with the Company. In addition, terms may become uneconomic.

- *Premises*

The Company's success is dependent on its ability to lease appropriate retail sites. Lack of availability may make it impossible or uneconomic to do so.

- *Control*

By virtue of his holding of shares, Daniel Green exercises control over the Company. On completion of the Offer, the Company will continue effectively to be controlled by Daniel Green who will be in a position to control the outcome of any matters requiring a vote of shareholders. Daniel Green will be able, therefore, to elect all of the directors of the Company and otherwise control the affairs of the Company.

- *Tax Considerations*

The figures and scenarios as noted in Part V of this document relate to current tax levels, bases, exemptions and reliefs and these may change.

Any reliefs referred to are those currently available and their value depends on the individual circumstances of the investor

Circumstances may arise where the Directors believe that the interests of the Company are not best served by acting in a way that preserves the Enterprise Investment Scheme relief, including CGT deferral and EIS relief. In such circumstances the Company cannot undertake to conduct its activities in a way designed to preserve any such relief claimed by investors.

Advance provisional approval has been obtained for the Inland Revenue in respect of the qualifying status of the Company for EIS purposes. Whether the conditions of the scheme are, in the event, met is a question of fact which cannot be determined in advance. The Inland Revenue cannot give advance assurance about whether particular investors will be entitled to claim relief. Therefore, while the Directors intend that investors should obtain tax relief in respect of their investment, no guarantee is given.

Although the Directors will seek to minimise the risk factors, investment in the Company should only be made by investors able to sustain the total loss of their investment.

Ordinary Shares in the Company may not be suitable for all persons, who are accordingly advised to consult a person authorised under the Financial Services Act 1986 who specialises in advising in investments of this kind before making any investment decisions.

PART V TAXATION RELIEF AVAILABLE TO INVESTORS

Key Features of Summary of Tax Reliefs for Investors

The figures in this section are examples only and are not, and should not be construed as, forecasts of the likely performance of the investment described in this document. This is only a condensed summary of potential tax reliefs available to investors and does not constitute advice. Potential investors should take their own advice from their own investment or taxation advisors before applying for shares.

Introduction

To obtain the tax reliefs below it is necessary to subscribe for Ordinary Shares in a qualifying company and claim the relief. The Company has obtained provisional confirmation that it is a qualifying company.

The summary below gives only a brief outline of how the tax reliefs are given assuming the investor is a 40 per cent tax payer. It does not set out all the rules which must be met for periods of between three and five years by the investor and each company. The summary is not a substitute for the investor obtaining professional advice before applying for shares.

1. Enterprise Investment Scheme

Relief under the Enterprise Investment Scheme has four elements:

1.1 Income Tax Relief

Individuals can obtain income tax relief on the amount subscribed for shares (up to £150,000 in the tax year 2001/2002) in one or more qualifying companies provided they are not connected with the issuing company. Husbands and wives can each subscribe up to £150,000.

Relief at the rate 20 per cent is calculated on the amount subscribed. The relief is given against the individual's UK income tax liability for the tax year in which the shares are issued, unless the individual makes a carry-back claim.

Example:

	£
Gross investment in shares	10,000
Less income tax relief at 20%	(2,000)
Net cost of investment	8,000

1.2 Exemption from Capital Gains Tax (CGT)

Any capital gains realised on the disposal after three years of the shares on which EIS income tax relief has been given and not withdrawn, are tax free.

Example:

Realised value of shares after three years	20,000
Less original gross investment in shares	(10,000)
Tax free gain	10,000

1.3 Loss Relief against Income or Gains

Tax relief is available where there is a loss on disposal at any time of shares on which EIS income tax relief (see 1.1 above) or CGT deferral relief (see 1.4 below) have been given. The amount of the loss (after taking account of the income tax relief initially obtained) can be set against the individual's gains in the tax year in which the disposal occurs or taxable income of that tax year or the preceding year.

Example:	£
Realised value of shares	Nil
Gross investment in shares	(10,000)
Income tax relief at 20%	2,000
Loss before tax relief	(8,000)
Tax relief	3,200
Net loss	4,800

1.4 Capital Gains Tax

To the extent to which a UK resident investor (which includes individuals and certain trustees) subscribes for qualifying shares, they can claim to defer paying tax on all or part of a chargeable gain arising on the disposal of any asset.

Although there is a limit of £150,000 for income tax relief and exemption from CGT (see 1.1 and 1.2 above), there is no limit on the amount of gains that can be deferred.

The subscription must be made and the shares issued within one year before or three years after the date of the disposal which gives rise to the gain, or the date when a previously deferred gain crystallises. The gain is deferred until there is a chargeable event such as a disposal of shares or an earlier breach of the EIS rules.

Example:	£
Gross investment	100,000
Less income tax relief at 20%	(20,000)
Cost of investment	80,000
Capital gains tax liability deferred *	(40,000)
Net overall cost of investment	40,000

* Gain falls into charge to tax when shares disposed of.

2. Inheritance Tax - Business Property Relief

Provided a shareholder has owned shares in a qualifying unquoted trading company for at least two years and certain conditions are met at the time of the transfer, 100 per cent business property relief is available, which reduces the inheritance tax liability on the transfer to nil.

3. Tax Relief Certificates

The Company has obtained provisional EIS clearance in respect of the Offer. The Company intends to seek authority to the relevant tax certificates in respect of the Offer to those eligible investors who have requested them. The Directors anticipate that the EIS 3 Certificates, which Investors need to claim the tax relief, should be made available some four months after trading has commenced, subject to Inland Revenue working practices.

PART VI DETAILS OF THE OFFER

Terms of the Offer

The Directors propose to raise up to £3,999,999, including expenses, by the issue of up to 2,721,088 Ordinary Shares at a price of £1.47 per share. Expenses of the Offer, which are payable by the Company, are estimated at £250,000, exclusive of VAT and disbursements. The net proceeds are estimated at approximately £3,749,999, assuming full subscription. Applications must be for a minimum of 13,606 Ordinary Shares at a cost of £20,001. The subscription list will open at 9.00 am on 22 June 2001 and will be closed at any time up to 5.00 pm on 23 July 2001, subject to the Directors' right to extend the Offer.

Potential investors should note that the whole of the net proceeds of the Offer will be received by the Company.

The Offer Shares will rank equally in all respects with each other, including the right to all dividends and other distributions declared, paid or made after the date of their issue.

Application and Payment

The Application Form at the back of this document contains full details regarding application and payment.

Applicants must lodge the Application Form together with a remittance for the full amount payable on application with Fladgate Fielder, 25 North Row, London W1K 6DJ. Applicants should note that the Directors may close the Offer immediately if it is fully subscribed or at any earlier date. The Directors may extend the closing date of the Offer. All payments must be made by cheque or banker's draft in pounds sterling drawn on a bank or building society in the United Kingdom, which is either a settlement member of the Cheque and Clearing Company Limited or CHAPS and Town Clearing Company Limited or a member of the Scottish or Belfast Clearing Houses, or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by those companies or committees. All such cheques or banker's drafts must bear the appropriate sort code in the top right hand corner. Alternatively, payment may be made by direct credit transfer to The Royal Bank of Scotland plc, Drummonds Branch, 49 Charing Cross, London SW1A 2DX, Client Account No: 00707004, Sort Code: 16-00-38, Swift Number: RBOS GB2L, Ref: You Me TV, together with a credit transfer reference in the name of the applicant. Cheques or banker's drafts should be made payable to "Fladgate Fielder, A/C You Me TV" and crossed "A/C Payee only". It is a term of the Offer that all cheques which are liable to be presented on receipt will be honoured on first presentation. The Company reserves the right to seek special clearance of cheques.

The Company, through its agent, Fladgate Fielder, intends to bank all cheques and banker's drafts received with application forms and allotments for successful applicants will be made as soon as cleared funds have been received. Application money will be held in a separate account by Fladgate Fielder pending allotment or return if the application is unsuccessful. No interest will be paid on amounts received prior to or on 23 July 2001. If the Offer is over subscribed, the Directors will, in their absolute discretion, either reject or scale down applications or pursuant to their general power to allot shares under the articles of association, to accept the applications and allot shares accordingly.

Application monies will be returned in whole or in part without interest to unsuccessful applicants by first class post on or before 23 July 2001. It is expected that certificates for Ordinary Shares will be despatched by 6 August 2001. In each case, posting will be at the risk of the person entitled to them. If the Offer is extended, application monies will be returned without interest to unsuccessful applicants within seven days of the extended closing date and certificates for Ordinary Shares will be despatched within 14 days of the extended closing date.

Overseas Shareholders

The Offer is only being made to persons resident in the United Kingdom. Where an application appears to be made by a person not so resident, the Company, through its agent Fladgate Fielder, may request the applicant to prove that he is entitled to apply under the laws of the country in which he is resident and, if it is not satisfied, the application may be rejected by the Company, through its agent Fladgate Fielder. If it is satisfied, then the Offer will be extended to the applicant and the applicant may be accepted.

Money Laundering Regulations

Each investor agrees that, in order to ensure compliance with the Money Laundering Regulations 1993 (for the purposes of these paragraphs, the Regulations), Fladgate Fielder may, at its absolute discretion, require, and each investor will provide, evidence satisfactory to it as to his identity or that of any person on whose behalf he is acting and/or as to his status for the purposes of the Regulations.

Without prejudice to the previous paragraph, such evidence may be required if the investor either (a) tenders payment by way of cheque or banker's draft drawn on an account in the name of another person or persons or (b) appears to be acting on behalf of some other person or persons. In any case, in submitting any application, each investor gives a collateral undertaking to the Company and its agents that, if the Company or its agents request any further information with regard to an application, each investor will promptly disclose the required information to it. In order to facilitate compliance with the Regulations, each investor should ideally make payment by means of a cheque drawn by a person named in the application. If this is not practicable, and an investor uses a cheque, building society cheque or banker's draft drawn by a third party, he should:

(i) write the name and address of the person named in the Application Form on the back of the cheque, building society cheque or banker's draft and record the date of birth of that person in the Application Form;

(ii) if a building society cheque or banker's draft is used, ask the building society or bank to endorse on the cheque the name and account number of the person whose building society or bank account is being used; and

(iii) if the investor is making the application as agent for one or more persons, indicate in the Application Form whether he is a UK or EC regulated person or institution (e.g. a bank or broker) and specify his status.

Whenever (a) two persons form or resolve to form a business relationship or (b) in respect of any one-off transaction, the provisions of Regulation 7 so provide, the applicant must produce satisfactory evidence of his identity or the recipient must take such measures as will produce satisfactory evidence of the applicant's identity. When payment is made by cheque bearing the applicant's name, that will in most cases be capable of constituting the required evidence of identity.

Each investor agrees that:

(i) any certificate in respect of any Ordinary Shares to which he may become entitled and monies returnable to him may be retained pending (a) clearance of his remittance, (b) verification of identity which is, or may be, required for the purposes of the Regulations;

(ii) such monies retained will bear no interest and neither the Company nor its agents be liable for any resulting loss or damage; and

(iii) if evidence of identity satisfactory to the Company and its agents is not provided to the Company or its agents on or before 6 August 2001, or such later date as the Company may agree, the Company may terminate the agreement constituted by the acceptance in whole or in part of the application without liability and, in such case, the Ordinary Shares which are the subject of such agreement will be reallocated or sold as soon as reasonably practicable and, for such purpose, an application for shares irrevocably authorises the Company or any person appointed by it for the purpose to execute on his behalf any instrument of transfer or other document which may be necessary or desirable in order to effect such reallocation or sale, and, as soon as reasonably practicable after such reallotment or sale, an investor's application monies or, if less, an amount equal to the proceeds of such reallocation or sale net of all expenses, will be returned to the bank or other account on which the cheque or other remittance accompanying an application was drawn, and each investor agrees that, in such event, and each investor agrees that, in submitting his application, that in such event the investor will have no claim against the Company or its agents or any of their respective such balance being retained by the Company as compensation for breach of contract, or for any loss arising from the price, the timing or the manner of such reallocation or sale or otherwise in connection with it.

PART VII ADDITIONAL INFORMATION

1. Incorporation

1.1 The Company was incorporated and registered in England and Wales on 11 May 2000 under the Act with the registered name You Me TV Limited and with registered number 03990450.

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

1.3 On 13 June 2001 the Company re-registered as a public limited company.

1.4 The Company's registered office is at 25 North Row, London W1K 6DJ.

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

2. Share Capital and Authority to Allot Shares

2.1 The following changes have occurred in the share capital of the Company since its incorporation:

(a) The Company was incorporated with an authorised share capital of £1,000,000 divided into 1,000,000 ordinary shares of £1 each, two of which have been issued fully paid to Daniel Green.

(b) On 12 June 2001, 30,470 ordinary shares of £1 each were issued at par to Daniel Green each 25 per cent part paid to the sum of £7,618 by the capitalisation of that part of a loan to Daniel Green.

(c) On 12 June 2001 a further 19,528 ordinary shares of £1 each were issued at par to Daniel Green each 25 per cent part paid to the sum of £4,882.

(d) By ordinary resolution passed on 12 June 2001 each of the authorised, issued and unissued ordinary shares of £1 each were sub-divided into 100 ordinary shares of 1p each.

(e) On 12 June 2001 You Me TV PLC acquired the entire issued share capital of You Me Digital Limited at par consisting of two ordinary shares of £1 each. You Me Digital Limited has not traded at the date of this document.

2.2 The authorised and issued share capital of the Company at the date of this document is as follows:

	Authorised		*Issued*		*Fully paid*	
	Number of 1p Ordinary Shares	*£*	*Number of 1p Ordinary Shares*	*£*	*Number of 1p Ordinary Shares*	*£*
Current	*100,000,000*	*1,000,000*	*5,000,000*	*50,000*	*200*	*2*
Proposed	*100,000,000*	*1,000,000*	*7,879,818*	*78,798*	*7,879,818*	*78,798*

2.2 The Directors are generally and unconditionally authorised pursuant to section 80 of the Act to allot relevant securities (as defined in section 80 of the Act) up to an aggregate nominal amount equal to £1,000,000. The authority expires (unless previously renewed, varied, or revoked by the Company in general meeting) at the earlier of the conclusion of the annual general meeting of the Company next following the passing of the resolution and 15 months from that date. The Company may, at any time prior to the expiry of the authority, make an offer or agreement which would or might require relevant securities to be allotted after expiry of the authority and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority had not expired.

2.3 The Directors were given power pursuant to section 95 of the Act (with such power expiring at the same time as the authority referred to in paragraph 2.2 above (Section 80 authority)) to allot equity securities as defined in section 94(2) of the Act, for cash pursuant to the section 80 Authority as if section 89(1) of the Act did not apply to any such allotment.

2.4 As at the date of this document the proposed service agreements for Michael Blackmore and Christopher Edmeades each envisage the grant of options under an Enterprise Management Incentive and/or unapproved share option scheme to a total of 4 per cent each of the Company's then share capital. Warrants outstanding to BDO Stoy Hayward are as detailed at paragraph 6.2 below.

2.5 Except in respect of the options referred to in paragraph 11 Part II of this document, no share or loan capital of the Company, is proposed to be issued or is under option or agreed conditionally or unconditionally to be put under option.

2.6 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

3. Memorandum and Articles of Association

3.1 Memorandum of Association

The principal object of the Company is to carry on business as a general commercial and holding company. The objects of the Company are set out in clause 3 of its memorandum of association, which is available for inspection as described in paragraph 11 below.

3.2 Articles of Association

(a) The articles of association of the Company are available for inspection as described in paragraph 11 below.

(b) The Company's articles of association contain, among other things, provisions to the following effect:

3.3 Votes of Members

(a) Subject to any special terms as to voting or to which any shares may have been issued, no shares having been issued subject to any special terms, on a show of hands every member who being an individual is present in person or, being a corporation is present by a duly authorised representative, has one vote, and on a poll every member has one vote for every share of which he is the holder.

(b) Unless the directors determine otherwise, a member of the Company is not entitled in respect of any shares held by him to vote at any general meeting of the Company if any amounts payable by him in respect of those shares have not been paid or if the member has a holding of at least 0.25 per cent of any class of shares of the Company and has failed to comply with a notice under Section 212 of the Companies Act 1985 (the Act).

3.4 Variation of rights

Subject to the provisions of the Act, if at any time the capital of the Company is divided into different classes of shares, the rights attached to any class may be varied or abrogated with the consent in writing of the holders of at least three-fourths in nominal value of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of that class but not otherwise. The quorum at any such meeting is two or more persons holding, or representing by proxy, at least one-third in nominal value of the issued shares in question.

3.5 Transfers of shares

(a) All transfers of shares will be effected in the manner authorised by the Stock Transfer Act 1963 and must be signed by or on behalf of the transferor and, in the case of a partly paid share, by or on behalf of the transferee. The transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of it.

(b) The directors may, in their absolute discretion and without assigning any reason, refuse to register the transfer of a share if it is not fully paid or if the Company has a lien on it, or if it is not duly stamped, or if it is by a member who has a holding of at least 0.25 per cent of any class of shares of the Company and has failed to comply with a notice under Section 212 of the Act.

(c) The articles of association contain no restrictions on the free transferability of fully paid ordinary shares provided that the transfers are in favour of not more than four transferees, the transfers are in respect of only one class of share and the provisions in the articles of association relating to registration of transfers have been complied with.

3.6 Payment of dividends

Subject to the provisions of the Act and to any special rights attaching to any shares, the shareholders are to distribute amongst themselves the profits of the Company according to the amounts paid up on the shares held by them, provided that no dividend will be declared in excess of the amount recommended by the directors. A member will not be entitled to receive any dividend if he has a holding of at least 0.25 per cent of any class of shares of the Company and has failed to comply with a section 212 notice. Interim dividends may be paid if profits are available for distribution and if the directors so resolve.

3.7 Unclaimed dividends

Any dividend unclaimed after a period of 12 years from the date of its declaration will be forfeited and will revert to the Company.

3.8 Untraceable shareholders

The Company may sell any share if, during a period of 12 years at least three dividends in respect of such shares have been paid, no cheque or warrant in respect of any such dividend has been cashed and no communication has been received by the Company from the relevant member. The Company must advertise its intention to sell any such share in both a national daily newspaper and in a newspaper circulating in the area of the last known address to which cheques or warrants were sent.

3.9 Return of capital

On a winding-up of the Company, the balance of the assets available for distribution will, subject to any sanction required by the Act, be divided amongst the members.

3.10 Borrowing powers

Subject to the provisions of the Act, the directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets, including its uncalled or unpaid capital, and to issue debentures and other securities and to give guarantees.

3.11 Directors

(a) No shareholding qualification is required by a director.

(b) The directors are entitled to fees at the rate decided by them, subject to an aggregate limit of £80,000 per annum or such additional sums as the Company may by ordinary resolution determine. The Company may by ordinary resolution also vote extra fees to the directors which, unless otherwise directed by the resolution by which it is voted, will be divided amongst the directors as they agree, or failing agreement, equally. The directors are also entitled to be repaid all travelling, hotel and other expenses incurred by them in connection with the business of the Company.

(c) At every annual general meeting, one third of the directors who are subject to retirement by rotation, or as near to it as may be, will retire from office. A retiring director is eligible for re-appointment.

3.12 The directors may from time to time appoint one or more of their body to be the holder of an executive office on such terms as they think fit.

(a) Except as provided in paragraphs 3.12 (b) and 3.12 (c), a director may not vote or be counted in the quorum present on any motion in regard to any contract, transaction, arrangement or any other proposal in which he has any material interest, which includes the interest of any person connected with him, otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. Subject to the Act, the Company may by ordinary resolution suspend or relax this provision to any extent or ratify any transaction not duly authorised by reason of a contravention of it.

(b) In the absence of some other material interest than is indicated below, a director is entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters:

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

- the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security; any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in its underwriting or sub-underwriting;

- any contract, arrangement, transaction or other proposal concerning any other company in which he is interested, as defined in Part VI of the Act, provided that he is not the holder of or beneficially interested in one per cent or more of any class of the equity share capital of such company, or of a third company through which his interest is derived, or of the voting rights available to members of the relevant company, any such interest being deemed for the purpose to be a material interest in all circumstances;

- any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of a superannuation fund or retirement, death or disability benefits scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue;

- any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of an employee share scheme which includes full time executive directors of the Company and/or any subsidiary or any arrangement for the benefit of employees of the Company or any of its subsidiaries and which does not award to any director any privilege or advantage not generally accorded to the employees to whom such a scheme relates; and

- any contract, arrangement, transaction or proposal concerning insurance which the Company proposed to maintain or purchase for the benefit of directors or for the benefit or persons including the directors.

(c) If any question arises at any meeting as to the materiality of a director's interest or as to the entitlement of any director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question must be referred to the chairman of the meeting and his ruling in relation to any other director will be final and conclusive except in a case where the nature or extent of the interest of such director has not been fully disclosed.

(d) The directors may provide or pay pensions, annuities, gratuities and superannuation or other allowances or benefits to any director, ex-director, employee or ex-employee of the Company or any of its subsidiaries or any wife, widow, children and other relatives and dependants of any such director, ex-director, employee or ex-employee.

4. Directors' and Other Interests

4.1 As at 30 May 2001 (being the latest practicable date prior to publication of this document), the interests of the Directors (legally and beneficially) and (so far as is known to the Directors or could with reasonable diligence be ascertained by them) persons connected with the Directors within the meaning of section 346 of the Act, in the share capital of the Company, as required to be notified to the Company pursuant to sections 324 and 328 of the Act or as required to be shown in the register maintained under section 325 of the Act, are as follows:

	Number of ordinary shares before Offer	*Number of ordinary shares after Offer*	*Percentage of issued ordinary share capital after Offer**
Daniel Green	*5,000,000*	*5,000,000*	*63.45%*
Michael Blackmore	*nil*	*5,442*	*0.07%*
Christopher Edmeades	*nil*	*5,442*	*0.07%*

* based on full uptake of the Offer Shares available for subscription.

4.2 Except as disclosed in paragraphs 4 and 5, none of the Directors (or persons connected with the Directors within the meaning of section 346 of the Act) has any interest, beneficial or otherwise, in the share capital of the Company.

4.3 No Director has or has had an interest in any transaction which is or was unusual in its nature or conditional or significant to the business of the Company in the current or immediately preceding financial year or which was effected in an earlier financial year and which remains in any respect outstanding or unperformed.

4.4 There are no outstanding loans granted by the Company to any Director nor any guarantee being provided by the Company for the benefit of any Director.

4.5 The Directors are not aware of any persons, other than the Directors, who are at the date of this document or will, immediately following completion of the Offer and assuming Maximum Subscription thereunder, be interested, directly or indirectly, in three per cent or more of the issued share capital of the Company.

4.6 By virtue of his holding of shares, as shown in this paragraph 4, Daniel Green exercises control over the Company.

5. Directors' Service Contracts and Remuneration

5.1 No emoluments were paid by the Company to the Directors for the financial period ended 28 February 2001. Emoluments payable by the Company to the Directors are estimated under the arrangements in force at the date of the document referred to in this paragraph 5 amount to £285,000 in respect of the year ending 31 May 2002 (excluding any discretionary bonus payments which may be made under these arrangements).

5.2 Daniel Green entered into a service agreement dated 13 June 2001 to provide his services as chief executive at an annual salary of £100,000 payable monthly in arrears. The salary is to be reviewed each year but there is no obligation for it to be increased. The agreement is for a fixed period of four years and can be terminated by either party giving twelve months notice expiring on or after the end of the fixed period. Daniel Green is entitled to participate in a proposed discretionary bonus scheme. The service agreement contains provisions for termination on summary notice in certain limited circumstances.

5.3 Michael Blackmore and Christopher Edmeades have each entered into a consultancy agreement with the Company, both effective from 15 January 2001. Each consultancy agreement provides for remuneration for providing the consultancy services if the Company achieves a first round equity funding target of £2,000,000, net of expenses. Upon this target being achieved they are to enter into service agreements, with the salaries payable backdated to the commencement of the consultancy agreements. They will then be obliged to subscribe for the Ordinary Shares referred to in paragraph 2.5 above.

5.4 Michael Blackmore's service agreement will provide for his services as Finance Director at an annual salary of £100,000 payable monthly in arrears. The salary is to be reviewed each year, but there is no obligation for it to be increased. The agreement is for a fixed period of two years and can be terminated by either party giving six months notice before the second anniversary of the date of the employment or by either party giving twelve months notice after the second anniversary of the date of the employment. Michael Blackmore is entitled to participate in a proposed discretionary bonus scheme, but is guaranteed in the first year of his employment a bonus of not less than £12,000 and in the second year of his employment, a bonus of £6,000. The service agreement contains provisions for termination on summary notice in certain limited circumstances.

5.5 Christopher Edmeades' service agreement will provide for his services as Retail Operations Director at an annual salary of £85,000 payable monthly in arrears. The salary is to be reviewed each year, but there is no obligation for it to be increased. The agreement is for a fixed period of two years and can be terminated by either party giving six months notice before the second anniversary of the date of the employment or by either party giving twelve months notice after the second anniversary of the date of the employment. Christopher Edmeades is entitled to participate in a proposed discretionary bonus scheme. The service agreement contains provisions for termination on summary notice in certain limited circumstances.

5.6 Except as set out in paragraph 5, there are no existing or proposed service agreements between any of the Directors or any existing or proposed consultancy agreements pursuant to which the services of any Director are to be provided and which are not terminable by the Company, without the payment of compensation (other than statutory compensation), within one year.

6. Material Contracts

6.1 Agreements for the promotion and supply of their services have either been signed or are at an advanced stage of negotiation with ntl, sky, ONdigital, Homechoice, Vodafone, Orange and Powergen. These agreements have been specifically negotiated to reflect You Me TV's first mover status in the market place.

6.2 On 13 November 2000 the Company entered into a contract to issue warrants over 4 per cent of the issued share capital of the Company at the time of this offer to BDO Stoy Hayward. The exercise price of the warrants will be the Offer Price.

7. Litigation

7.1 There are no legal or arbitration proceedings in which the Company is involved or of which the Company is aware are pending or threatened by or against the Company which may have or have had since the incorporation of the Company a significant effect on the Company's financial position.

8. United Kingdom Taxation

8.1 The comments set out below are based on current UK law and what is understood to be current Inland Revenue practice as at the date of this document. Shareholders should be aware that the relevant UK law and Inland Revenue practice may change. These comments are intended only as a general guide and apply to Shareholders who hold their shares in the Company as an investment and who are the beneficial owners thereof. In particular they do not address the position of certain classes of Shareholders such as dealers in securities. Shareholders who are in any doubt about their tax position or who are subject to taxation in any jurisdiction other than the UK should consult an appropriate professional adviser immediately.

8.2 No tax will be withheld from dividend payments made by the Company, but dividends will carry a tax credit at a rate of one-ninth of the net cash dividend. UK resident individual Shareholders who are not liable to income tax in respect of the dividend will not be entitled to payment of the tax credit. In the case of UK resident individual Shareholders liable to income tax at either the starting or the basic rate, the tax credit will satisfy in full such Shareholders' liability to income tax on the dividend. UK resident individual Shareholders liable to income tax at the higher rate will be subject to income tax on the gross dividend (i.e. the net cash dividend plus the tax credit) at 32.5 per cent, but will be able to set the tax credit off against part of this liability so that a higher rate taxpayer will generally have an additional liability to income tax of 25 per cent of the net cash dividend.

8.3 UK resident Shareholders who are not liable to UK tax on dividends, including pension funds and charities, will not be entitled to reclaim the tax credits in respect of dividends although charities will be entitled to limited compensation for the loss of repayable tax credits.

8.4 UK resident corporate Shareholders will not be subject to corporation tax in respect of dividends paid by the Company.

8.5 Shareholders resident or ordinarily resident in the UK for tax purposes may be liable to tax on any gain arising on a disposal of the shares. The qualifying status of the Company in respect of EIS is discussed in Part V of this document.

8.6 Except in relation to depository receipt arrangements and clearance services where special rules apply, under current law, no stamp duty or stamp duty reserve tax will be payable on the issue of Ordinary Shares.

9. Working Capital

9.1 In the Directors' opinion, having made due and careful enquiry, assuming the Minimum Subscription is achieved, the Company will have sufficient working capital for its present requirements, that is for at least the next 12 months, to develop and open four stores. In the Directors' opinion, assuming Maximum Subscription, the Company will have sufficient working capital for its present requirements, that is for at least the next 12 months, to develop and open nine stores.

10. General

10.1 The Offer Price represents a premium of £1.46 over the nominal value of 1p per Ordinary Share. The premium arising on the Offer, amounts to £3,972,788 (three million, nine hundred and seventy-two thousand, seven hundred and eighty-eight pounds sterling) in aggregate, assuming full subscription.

10.2 There are no amounts to be provided in respect of the matters mentioned above otherwise than out of the Offer or from the Company's existing resources.

10.3 The Company's accounting reference date is 31 May.

10.4 The Ordinary Shares have not been admitted to dealings on a recognised investment exchange nor has any application for such admission been made, nor are there intended to be any other arrangements for there to be dealings in the Ordinary Shares.

10.5 The Company is not dependent on any patents, intellectual property rights, licences or contracts that are of fundamental importance to its business.

10.6 In the opinion of the Directors, the minimum amount which must be raised pursuant to the Offer for the purposes specified in paragraph 21 of schedule 1 to Public Offers of Securities Regulations 1995 is made up as follows:

		£000
(i)	preliminary expenses and expenses of the Offer (excluding VAT), including commissions assuming the Minimum Subscription is raised	200
(ii)	working capital	2,000

10.7 The Directors are or may be promoters in relation to the Company and have not been paid any benefit other than as set out in this document.

10.8 The Offer Shares are not being offered generally and no applications have or will be accepted other than under the terms herein.

10.9 Except as disclosed in this document, the Directors are unaware of any exceptional factors that have or will influence the Company's activities.

10.10 Save as disclosed in this document, there are no investments in progress or under consideration, which are or may be significant to the Company.

10.11 ntl, sky, ONdigital, Homechoice, Vodafone, Orange, Powergen, Fladgate Fielder, BDO Stoy Hayward and Smith & Williamson have given and not withdrawn their consent to inclusion in this document of their name in the form and context in which it appears.

10.12 Copies of this document are available free of charge during business hours on any weekdays (public holidays excepted) at the offices of Fladgate Fielder from 22 June 2001 until 23 July 2001.

10.13 The financial information contained in this document does not constitute statutory accounts within the meaning of Section 240 of the Act and no such accounts have been prepared for the Company since incorporation.

10.14 Other than as set out in this document, there has been no significant change in the financial position or trading position of the Company since 31 May 2001, being the date to which the financial information contained in Part III was prepared.

11. Documents Available for Inspection

11.1 Copies of the following documents will be available for inspection at the offices of Fladgate Fielder during normal business hours on any weekday (Sundays and public holidays excepted) whilst the Offer is open for acceptance are:

(i) the memorandum and articles of association of the Company;
(ii) the service agreements referred to in paragraph 5 above;
(iii) the accountants' report on the Company; and
(iv) the consent letters referred to in paragraph 10.11 above.

Dated 22 June 2001

NOTES

YOU ME TV PLC

(registered in England and Wales under company number 3990450)

APPLICATION FORM

Issue of 2,721,088 Offer Shares payable in full on application.

PROCEDURE FOR APPLICATION

Insert at A the number of Offer Shares for which you are applying. Applications should be for 13,606 or more Offer Shares. The minimum subscription is therefore £20,001 (twenty thousand and one pounds sterling).

Complete in full the details requested at B and sign.

The completed application form together with your cheque for the full amount payable on application should be sent to Fladgate Fielder at address on page 36 of the document so as to arrive not later than 5.00 pm on 23 July 2001.

A	Number of Offer Shares applied for	Total enclosed
		£

To the Directors:

I/We offer to subscribe for the number of Offer Shares above, upon the terms and subject to the conditions set out in the document and subject to the memorandum and articles of association of the Company. I/We agree to comply with the provisions of Part VI of the document relating to Money Laundering Regulations and provide Fladgate Fielder with such evidence as it in its absolute discretion require as to my/our identity or that of any person on whose behalf I/we are acting for the purpose of the Money Laundering Regulations. I/We enclose payment for the above mentioned sum, being the amount payable in full on application for the stated number of Offer Shares. I/We understand that the completion and delivery of this application form accompanied by a cheque constitute an undertaking that the cheque will be accepted unless and until payment in full for the Offer Shares has been made. I/We agree to accept a lower number of Offer Shares should the Offer be oversubscribed. I/We declare that I/we am/are resident in the United Kingdom.

B PLEASE USE BLOCK CAPITALS

Mr/Mrs/Miss/Ms

Forenames (in full)

Surname

Address (in full)

Home Tel Day Tel

Signature Date

Name of joint applicant if necessary

Mr/Mrs/Miss/Ms

Forenames (in full)

Surname

Address (in full)

Home Tel Day Tel

Signature Date

TERMS OF APPLICATION

This Offer is only being made by the Company to persons resident in the United Kingdom. Where an application appears to be made by a person not so resident, the Company may request the applicant to prove that he is entitled to apply under the laws of the country in which he is resident and, if it is not satisfied, the application may be rejected by the Company.

This application form should be completed and sent to Fladgate Fielder, 25 North Row, London W1K 6DJ so as to arrive not later than 5.00pm on 23 July 2001. The expressions used in this application form have the same meaning as in the document unless the context otherwise requires, and applicants are recommended to read the document carefully before completing this application form.

Each application must be made on an Application Form and be accompanied by a separate cheque or banker's draft drawn in sterling on a bank or building society in the United Kingdom, which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS and Town Clearing Company Limited or a member of the Scottish or Belfast Clearing Houses, or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by those companies or committees and must bear the appropriate sort code in the top right hand corner, for the full amount of the subscription money to Fladgate Fielder 25 North Row, London W1K 6DJ. Alternatively payment may be made by direct credit transfer to The Royal Bank of Scotland plc, Drummonds Branch, 49 Charing Cross, London SW1A 2DX, Client Account No: 00707004, Sort Code: 16-00-38, Swift Number: RBOS GB2L, Ref: You Me TV, together with a credit transfer reference in the name of the applicant.

Applicants are advised to allow two full business days for delivery through the post and to use first class mail. Cheques or banker's drafts must be made payable to "Fladgate Fielder - A/C You Me TV" and crossed "A/C Payee Only". Cheques will be presented upon receipt. The Company reserves the right to retain share certificates and any surplus money pending clearance of applicants' cheques. Due completion and delivery of the Application Form accompanied by a cheque will constitute an undertaking that the cheque will be paid on first presentation. Applications will be irrevocable.

The right is reserved to reject any application or to accept any application in part only. The right is also reserved to treat as valid any application that does not fully comply with the conditions set out in the Application Form. If any application is not accepted in whole or in part, the amount paid on application will be returned, in each case by cheque sent through the post at the applicant's own risk.

The subscription list will be closed at 5.00 pm on 23 July 2001. The Company may close the Offer at any earlier date.

Applications may be made by nominees on behalf of individuals.

Definitive share certificates will be despatched at the risk of the person entitled to them by post to the person in whose name the shares are to be issued or in the case of joint applications to the person whose name appears first on the register.