



OFFICIAL PRESS ANNOUNCEMENT

Updated JUNE 2005

OVERVIEW 2004-2005 first half
ROADMAP 2005 second half - 2006
TARGETS 2007 and beyond

Dear,

Euro1080 is in the air since almost 18 months now. That is the right time for us to check if we succeeded in our goals and to inform you about our plans for 2005-2007.

This short document will not explain you in detail what Euro1080 is. You can find that information on our website or in the company brochure "Euro1080".

We will start with a very short recap, then we will tell you what our targets were one year ago, and inform you in all honesty what we did and did not realize of those targets.

Finally we will reveal our plans for 2005-2007:

Although in High Definition you can see a lot more, I would say: "you ain't seen nothing yet"...

The future for Euro1080 and for High Definition is extremely bright.

Gabriel Fehervari – CEO Euro1080

Euro1080

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Euro1080

1. Euro1080 in 2004 – A Short Recap

Euro1080, the first HDTV channel for Europe, is in the air since 1st January 2004. Until the end of August 2004 we did loop broadcasting of some 200 hours of content. At that time Euro1080 was “used” to demonstrate in shops the difference in quality between analogue PAL and Digital HDTV.

On 1st September 2004, we changed the look & feel of the channel and branded it HD1. Since then we offer some 120 fresh hours of content per month, one third of which are live events.

We also redesigned our websites www.euro1080.tv and www.hd-1.tv with app. 100,000 visitors per month.



We offered top events such as the Monaco World Athletics Finals, the WC Mountain Bike, Top WTA tennis tournaments, WC Gymnastics, TMF Awards (similar to MTV awards), Jean Michel Jarre Live from Beijing, Race of the Champions with Michael Schumacher live from Paris. Beside Live events we broadcast some two operas per week, two major rock concerts, hundreds of documentaries and fashion programmes.



HD1 is IRDETO-scrambled. You need a Conditional Access Card (CA Card) to receive it. We have sold close to 100,000 CA Cards at this very moment and expect to reach 160,000 by the end of 2006. This card costs end user 200 EURO and is valid until 31st December 2010.

Euro1080 sells the card to retailers or to CE manufacturers at 120€ (exc. VAT).

HD1 is on ASTRA 1H, on SIRIUS2-3, on HELLASSAT and is distributed by some 25 cable operators. Via these satellites and cables we can reach some 220 million households or 450 million people in Europe.

Beside HD1 we created HDe, or HD Event. This channel delivered customised content to cinemas via satellite.

2. Euro1080 Targets

a. What were our targets at the start?

- A- Start on 1st January 2004 with the New Year's Concert
- B- Be in the air minimum 12 hours per day
- C- Have a minimum of 400 hours of fresh content over the year
- D- Bring all 31 games of the Euro2004 football to the cinemas
- E- Trigger the market in such a way that other HDTV channels would start, what automatically would benefit to Euro1080
- F- Build up networks, promote the format and get HDTV in the newspapers and on the discussion table
- G- Diversify distribution over cable and VDSL
- H- Make partnerships with CE manufacturers to support promotion and marketing of the channel, and to buy CA Cards from us to create revenues
- I- Receive European support for these plans
- J- Link minimum 150 cinemas or theatrical venues to HDe
- K- Sell 100,000 Euro1080 CA Cards
- L- Keep the channel financially break even
- M- Receive the rights for delayed transmission of Euro2004 and Athens 2004 on HD1

b. Which targets did we realise today? (June 2005)

- A- On 1st January 2004 at 11 AM we started with the live transmission of the New Year's Concert from Vienna
- B- Since that day Euro1080 is in the air 24 hours a day, 7 days a week without any interruption.
- C- We had some 1000 hours of content, of which 250 hours live
- D- We brought Euro2004 to some 40 cinemas in 14 countries
- E- In the UK, France and Germany, other channels will start at the end of this year. In France this decision was taken after some media decision-makers had seen the game France-England in HDTV on 13th June 2004 in a small cinema in Paris.
- F- Euro1080 was mentioned on more than 200 conferences on HDTV all over the world, we were invited to speak on more than 100 of these conferences. Euro1080 is mentioned or extensively commented in more than 600 articles in some 250 newspapers and magazines.
- G- Euro1080 succeeded to sign distribution agreements with over 25 cable and telecom operators and we are negotiating with many more.
- H- Ten industrial partners, including ASTRA did what was agreed. Pioneer, Panasonic and Loewe are the only CE manufacturers that understood that supporting EURO1080, would be profitable for them. All other CE manufacturers and retailers use our signal illicitly, or are begging to receive limited amounts of CA Cards just to be used in shops to sell displays.
- I- Not a single Euro is offered by European or any other authorities, although Euro1080 in spite of its limitations is building a motorway for thousands of HDTV users from consumer electronics over set top boxes, from satellite operators over satellite launchers. The HDTV benefit for European industries will be billions of Euros in the next decade. Unfortunately the EUREKA support from the nineties is still traumatizing Brussels (EUREKA was a large scale European support for analogue High Definition Television).
- J- We invested a comprehensive amount of time and money in our HDe channel, but did not manage to get a high amount of cinemas on board. Cinemas appear to have only small budgets available, expect immediate return on investment, which understandably we cannot offer yet. They are not used to actively approach their audience and create new business opportunities. Although everybody who has witnessed a Euro1080 broadcast on a large cinema screen is extremely excited and describes the experience as fabulous, unique and innovative, the cinemas do not make promotion for the events. Therefore we were forced to adapt our business model, resulting in the start of HD2.
- K- We sold some 62,000 cards on 31st December. This is quite close to the expected target, but only some 20,000 were activated at that time. By June 2005, we reached 100,000 cards, 38K activated by May 2005. Many retailers are just using the Euro1080 signal to sell their 40 and 50 inch HD displays more easily. Due to the high prices, and the complicated distribution model of set top boxes, our penetration of the end users' market has surely slowed down.

Euro1080

- L- As the revenues were less than targeted, we kept the expenses to a lower level. Thanks to excellent co-production deals with ALFACAM, we succeeded to acquire hundreds of hours of top content for acceptable prices. On the other hand more revenues would be more than welcome to enable us to do more active promotion and publicity.
- M- We were able to buy the rights to rebroadcast Euro2004 from UEFA, but not for the Athens Olympics, although we hope to reach an agreement with the IOC soon.

c. Conclusions about 2004

We are rather satisfied about the global result. Technically and content wise we are at cruising speed. We will work on the targets H-I-J-K in 2005-2007.

We think it is a pity that some negative comments are coming mainly from people who have never seen our signal, or are based on the channel's content and look & feel of the first 8 months. We clearly announced in advance that as long as set-top boxes with Irdeto access would not be available in sufficient quantities, the content shown on the channel would be limited.

Many journalists or analysts have never seen HD1 after 1st September 2004, or base their comment merely on the trailers and announcements that we broadcast during daytime.

Our main content is shown from 8PM until midnight. We will solve this by sending amounts of set-top boxes and CA Cards to journalists and analysts, but therefore we need more support from the set-top box and CE industry.

We believe that with the limited team of less than 20 persons, we did after all an excellent job and we prepared the soil, we have seeded in view of harvesting in the next years.

What we did the most in 2004 and what we will continue to do in 2005, is preparing 2006-2007-2008.

3. Ten targets for Euro1080 in 2005-2007

a. Start of HD2 (the Focussed Channel) and HD5 on 1st July 2005

HD2

The main reason behind **HD2** is that ethically we can not cut any region on HD1 for any content. It is everywhere or nowhere.

It is sometimes impossible for us to acquire "all European rights", but we can frequently acquire partial rights, typically for events such as the Euro2004 or the Olympics.

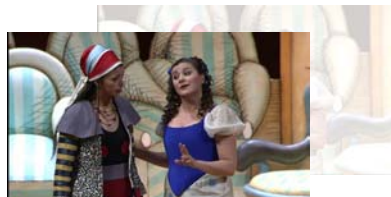


HD2 will enable us to exclude some countries if we cannot receive pan-European rights, and to focus on some territories. The access to HD2 can be paid (Pay Per Event), but it can be free too.

Using the actual Euro1080 CA Card, one can witness real top events in HD just by paying an extra fee for that particular event. The amount to be paid varies according to the content, but also to the region where it is distributed, and to the category of viewers.

- *Content:* A three weeks Tennis Tournament will have another price as a Unique Football Final
- *Region:* depending on the original rights owner per country prices can vary.
- *Category of viewers:* Households, Pubs and Taverns, Hotels, Cinemas with different capacity (<100persons, <250 persons, <500 persons, <1000 persons, >1000 persons...)

HD2 will integrate HDe (that will disappear as such). HD2 can bring programs in HDTV focused to cinemas and large venues or even pubs and bars, by using a regular set-top boxes and by booking via our website. Payment will be upfront and cinemas will be able to ask for promotion tools such as posters and banners via our promo department.



HD2 will officially start on 1st July 2005. We will run test transmissions from 1st June 2005 on.

HD2 will carry top events such as major car races or football tournaments. More detailed contents will be announced each time that content will be confirmed.

HD2 will also integrate an adult channel in collaboration Playboy HDTV with adult content in HDTV, every day between 10PM and 2AM, if there is not another event within that time frame.

The way of payment on **HD2** will vary per country: via internet, via mobile phone, via traditional banking, via e-banking.

Finally **HD2** is the ideal platform for B2B transmission focusing on target groups such as doctors, universities, airports, hotels, dealer points or specific clients.

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HD3 – HD4



We will split our content into three channels (from beginning of **2008** on): SPORTS on HD1, MUSIC on HD3 and TRENDS/XPLORE on HD4. Our audience will identify itself better into these three categories.

HD5



HD5 will be from 1st July 2005 on our HDTV DEMO and HDTV instructions channel, using the transponder capacity of HD2, whilst there is no other programme.

HD5 will show every hour (8AM, 9AM, 10AM...8PM) a 6 minutes instruction film explaining to the **end-user** what HDTV is, what Euro1080 is, how he must connect his set-top box, how he must deal with 5.1 sound, how he can pay for the events on HD2...

HD5 will show every hour in between (8.30AM, 9.30AM, 10.30AM...8.30PM) another 6 minutes instruction film explaining to the **retailer** what HDTV is, what Euro1080 will offer that month, all things to know about HDTV, content that will be offered on HD2, ...

Both instruction films will be adapted monthly.

HD5 will carry advertisements from all our partners. The remaining time will be filled with "city trips", interludia and content that our CE partners wish to air to show the pure image quality of HDTV...



HD1



This brings us to HD1. What we experienced until now was that many shops showed our content between 9AM and 6PM and that all sales staff thought that the content shown between those hours is the main content on HD1.

Obviously many of these sales people leave the shops round 6PM and are not aware about our real evening programme.

As the demo and instruction content will be taken over by HD5, we will from 1st July 2005 onwards do what we intended in the beginning: re-broadcast five times the main 8PM-12PM content of the previous day.

The retailers can than choose between already two attractive frequencies to show to their clients three channels: HD1, HD5 demo and from time to time HD2.

All other demo channels on ASTRA will hopefully disappear from the start of HD5 on, as they keep on giving an image of HDTV being just a test or demo thing to sell displays.

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b. Transmission in MPEG4 and keeping MPEG2 until JANUARY 2008

Euro1080 will transmit simultaneously in MPEG4 format from 1st September 2005 onwards both HD1 and HD2/HD5. The existing CA Card is of course compatible with this new transmission technology. Herewith EURO1080 will be the first HDTV channel in this format in the world. Our initial wish to start earlier does not make sense as MPEG4 set-top boxes are still not available.

Euro1080 guarantees MPEG2 transmission on ASTRA 23,5° until 1st January 2008 for both HD1 and HD2/HD5 channels.

HD3-4 will start only end 2007 and this obviously in MPEG4 only.

c. Create Strategic Alliances

Euro1080 welcomes the new starting HDTV channels in the UK, France and Germany. Euro1080 considers packaging the HD1-HD2 signals in these countries with the new starting HD channels. Announcements about this cooperation will be done later this year.

Major advantage of this will be the linguistic and advertisement differentiation on Euro1080 in these countries. Obviously penetration will be easier when offering a larger, bundled HDTV package. It should result in a win-win situation for all parties.

d. New Satellites, Cable Networks and VDSL

Euro1080 HD1 and HD2 are transmitted on Astra 1H, Sirius 2 and HellasSat. We are negotiating to make Euro1080 also available on Turksat and Arabsat. These negotiations will be finalised by Autumn 2005, and we might start immediately on MPEG4 on these satellites.

We are also finalising negotiations with more than 25 cable and telecom companies all over Europe. Generally we are slowing down the process as most of these cable operators will start in MPEG4. From 1st September 2005 onwards we will start test broadcasts on most of these networks.

On a separate drawing you can see how we expect to be distributed at the end of 2005 all over Europe and even beyond.

At the end of 2005, we expect to have following regions of distribution for HD1 and HD2:

- | | |
|---|---------------------|
| • All over Europe – via Astra 1H | in both MPEG2-MPEG4 |
| • the UK via satellite and via a strategic partner | MPEG4 |
| • Germany via satellite and via a strategic partner | MPEG4 |
| • France via one or two strategic partners | MPEG4 |
| • Scandinavia via Sirius | MPEG4 |
| • Greece via HellasSat | MPEG4 |
| • Turkey-Middle East via Turksat | MPEG4 |
| • Benelux via Cable and Telecom Operators | MPEG2/4 |
| • Gulfregion via Arabsat | MPEG4 |
| • Partnerships for Russia, Spain and Italy are under investigation. | |

The main advantage of this regionalised distribution is that we are able to diversify advertisements per region and to add subtitles or commentary in seven to ten languages (English, French, German, Dutch, Greek, Turkish, Swedish and later Spanish, Italian and Russian)

Euro1080

e. Reach 200,000 viewers directly through our CA Cards and 30,000 through strategic partners

We believe that we have the potential to reach 200,000 viewers in May 2006, and that we can reach some 30,000 viewers indirectly via strategic partners, depending on the moment they start (some only on 1st November, maybe even 1st January 2006).

The prices of HD equipment are dropping, HD Bluray, HDDVD and HD camcorders will be available soon, and if we succeed to bring top content on HD2, this penetration rate seems realistic.

f. New Eurocam premises – 110,000m²

In July 2005 Euro1080 will move to a new building, situated near Antwerp, Belgium. An old 110,000m² plant is being renovated into a comprehensive media park called Eurocam, including five large TV studios. The whole play-out, editing facilities, commercial and marketing departments of Euro1080 will be housed here.

The new Eurocam Media Park is situated in the centre of Europe, just 25km from Brussels.



The official opening event called LinX will take place on Saturday 10th September 2005 during an unforgettable evening with live transmissions from all over the world (ask for separate document). Invitations to some thousands guests and to the press have been sent out.

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g. Promotion and Merchandising

Some 40 merchandising and promo products are selected to be offered to potential consumers or retailers.

Promopack A

- Euro1080 stickers to put on windows (20 x 20cm)
- Floor display
- Posters (90 x 40cm)
- Desk folder holders
- Folders (6 pages / 4x per year / explaining basics from EURO1080)
- Flag lines (6m long with Euro1080/HD1 logo to be hung in shops)
- Table flags
- Plastic bags with HD1 logo (solid quality)
- Stickers (to be offered to clients)
- T-shirts (solid quality for personnel to be used on HDTV days)
- Euro 1080 elegant ballpoint pens
- Polo's (high quality)
- Euro1080 light display (for internal use size approx 80cm long, 20cm high, 10cm deep-220V)

These promo packages are free for retailers that buy certain quantities of CA Cards.

Merchandising Products

Other merchandising products will be created.
An internal promo department led by Michèle Nomes is investigating to create other product lines that we believe are specific to our HDTV viewers (ask for more details).

Distribution of DVDs via our website

From the hundreds of events, concerts and fiction content that our sister company ALFACAM recorded in HDTV, many will be brought out on standard DVD, but also on HDTV DVD or HDTV Bluray. Obviously our website is the perfect medium to promote these HDTV products and to sell them. Our web retailing started in May 2005.
If you want to sell HDTV related products via the EURO1080 e-shop, please contact Michèle Nomes.

Promo Team

We started to make local promotion during events that Alfacam recorded in 2004 such as the "Race of the Champions in Paris" or the "Jumping in Flanders". Our promo department will systematically continue promoting Euro1080 on many events in 2005 and beyond.

Please check our new e-shop on <http://shop.euro1080.tv> or contact Michèle.Nomes@euro1080.tv

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h. Sales to CE Partners - NON CE Partners and Advertisement Start

Sales to CE Partners

Now we have Pioneer, Panasonic, Loewe and Quali TV as partners.

Each of these CE partners committed to bring huge amounts of set-top boxes and EURO1080 CA cards into the shops and at the same time making joint promotional efforts with EURO1080.

CE Partners are also using the promotion tools that we offer them (see G1 and G2) to promote our channels and we are helping them on press events, road shows and at trade fairs (for example IFA) with our signal on their displays.

Some of the partners can brand programs on HD1 or HD2, some can put demo tapes on HD5, or 30 second ads on HD1.

Non-CE partners are not allowed to use the HDTV signal in shops or on trade fairs.

Sales to non-CE partners

Our sales division will set up partnership deals with non-CE manufacturers in 8 to 10 categories:

- | | |
|----------------------|------------------------------|
| -cars | -watches |
| -airlines | -hotels |
| -alcoholic beverages | -non alcoholic beverages |
| -telecom operators | -banks / insurance companies |
| -others | |

Sales towards non-CE partners can be done in many forms. Airlines might be interested to equip airports and want to be associated with HDTV top quality, innovative, new technology ... We can do B2B transmissions in HDTV via HD2 during daytime offering specific programs to and entire "dealer networks" all over Europe. (launch of a new car at the headquarters, live on HD2)

Sales of Advertisement

We will start regular advertisement blocks at the end of 2005 on HD1. Advertisers can receive favourable rates today, with guaranteed low prices for 2006-2007-2008 if they make commitments in this early stage.

They can receive also limited exclusivity or priorities.

As explained earlier in this document, we will be able from 2006 on to send publicity to many smaller regions in some 10 different languages.

- | | |
|---|--|
| A | France – French Speaking Switzerland and Belgium |
| B | Germany, Austria, German Speaking Switzerland |
| C | Sweden- Norway- Denmark- Finland (part of Baltic Countries) |
| D | Turkey |
| E | Greece |
| F | Dutch speaking Belgium and the Netherlands (via cable) |
| G | (maybe later) Italy |
| H | (maybe later) Spain |
| I | (in negotiation) to the Arabic World (Middle East-Gulf region–Northern Africa) |
| J | Specific UK in English |
| K | the rest of Europe in English |

This will offer the possibility to send via small local servers, advertisements for each of these regions, easier to find and cheaper for each advertiser.

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i. Group orders for ST- Boxes MPEG4

We believe that the penetration of HDTV is directly linked to the price people have to pay for it. As the prices of displays are dropping permanently, this is not a real hurdle. The price of the existing MPEG2 set-top box is too high at this moment though.

Together with Zinwell-Quali TV we did a lot of efforts to reduce the price with almost 40% of the boxes in 2005, by buying and committing ourselves huge quantities of set-top boxes.

We did the same for MPEG4 boxes and those that are interested can contact us to join "grouped acquisition" at favourable rates.

j. Content

On our HD1 program list for 2005 figure the following top events. Although they are not all are yet confirmed, at least 90% of the list is:

- WC Handball Tunis - February – 20 hours
- WC Judo Egypt - September – 20 hours
- WC Fencing – September - Leipzig - 20 hours
- WC Table Tennis - Liege - 20 hours
- TMF Awards Netherlands - Rotterdam – 6 hours
- The "Opernbal" from Vienna – February
- The Indian Film Awards - June – Amsterdam – 5 hours
- The Queen Elisabeth Music Contest for Violin (Brussels – May – Live – 20 hours)
- Prestigious Opening Event Eurocam - September 10th with many LIVE contributions - 5 hours
- Rebroadcast all Euro2004 games - spread – 50 hours
- 3-4 World Touring Car races or GT races - 30 hours
- Some Tennis WTA, ATP - 100 hours
- Some Golden League Athletic Events
- Rebroadcast of (parts) of Athens 2004
- At least 50 major rock concerts and festivals - 80 hours
- At least 50 major Operas or Classical Concerts - 120 hours
- Internal production of city trips and nature documentaries -100 hours
- Acquisition of some 300 hours documentaries, fashion,...
- Re-broadcast existing 200 hours of productions from 2004
- Other sports and Events – 200 hours

Some events on HD2 in 2005-2006 (details follow on website)

- eye Surgery to Hospitals, Universities and Cinemas (June 2005)
- 2 major rock festivals with absolute Top Artists (July and October 2005)
- F1 Spa Francorchamps on September 11th (to limited regions only)
- Torino Winter Olympics 2006 (confirmed to some countries – we will announce each time we clear right on our website)
- WC2006 (idem)

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4. Conclusions

In 2004, we managed to meet all the targets that we had entirely under control. Some CE manufacturers, European and other authorities, cinemas did not do their part of the job though.

We have put the targets that have not been reached in 2004, back again on our list for 2005. On top of these we add 10 new targets. As most of these depend on our selves, we are convinced that we will be able to succeed.

If we succeed in Strategic Alliances, if the prices of equipment will drop lower, if the set-top boxes will be available and if we succeed to create partnerships with CE manufacturers to increase the marketing and promotion of HDTV and of Euro1080 in Europe, we will penetrate faster in 2006 and 2007 than anyone would have expected.

Although in High Definition you can see a lot more, I would say: "you ain't seen nothing yet"...

The future for Euro1080 and for High Definition is extremely bright.

June 2005,

Kindest Regards,

Gabriel FEHERVARI
CEO Euro1080