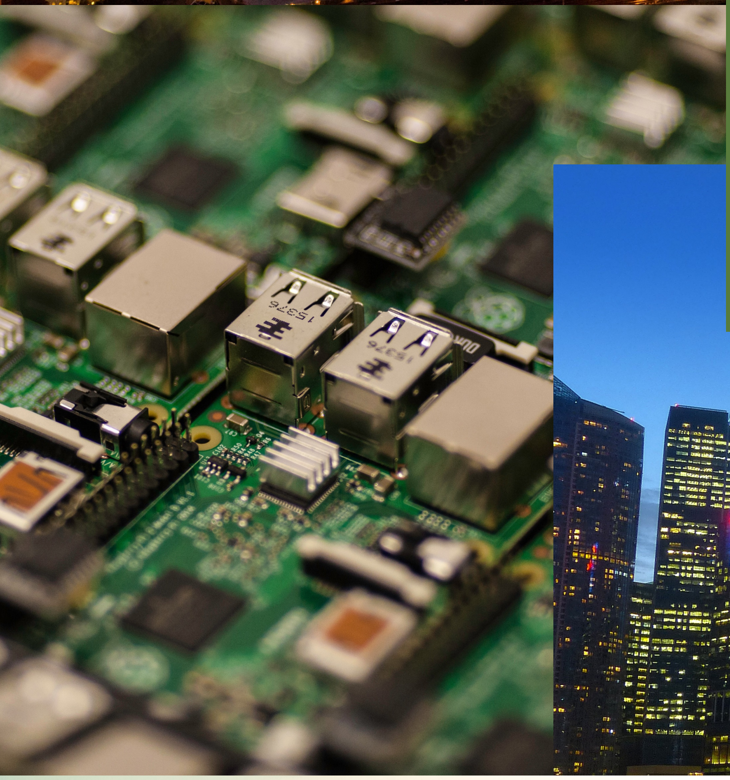
# AVTN© Aviation Television News



# Investment Proposal



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# EXECUTIVE SUMMARY

Phillip Covell
Chief Executive

Welcome to the 2018/19 proposal for an entirely NEW Global, Direct-to-Home Broadcast & Digital Media Network, with a focus on News markets with significant global demographics that are currently under-served and under-exploited. As a Startup, AVTN | NewsNet24$^7$ represents a completely NEW opportunity to invest in News Media. Two options for launch channel are offered:

**AVTN - Aviation Television News**, serving all Business and Consumer aspects of the Aviation Industry from Components to the Consumer Experience, offering commentary from multiple perspectives, and bridging the gap between Manufacturers, Service Providers and Consumers. With 3.8 billion global stakeholders this market is extremely strong with excellent demographics.

**NewsNet24$^7$**, offering a cross-sector market approach, featuring news in markets such as Aviation; Business; Entertainment; Financial & Investment Markets; Maritime, Shipping & Yachting; Oil, Gas & Energy; Technology; Transport; with the opportunity to explore other markets as opportunity and breaking news allow.

The Network will operate in a Global Entertainment & Media Market estimated to be worth US$2 trillion, utilising planned infrastructure for bureaus in London, New York, Singapore and the EU; with Amsterdam, Dublin and Tallinn under consideration for a locations form which to access the European Markets post-Brexit.

Global Broadcast reach to a prospective 541.3 million households worldwide is projected with a conversion to audience of approximately 0.8% or 4.43 million audience via comprehensive Satellite, Cable and IPTV services; IP Radio services to over 1 million listeners; and 1.37 million OTT service users.

Personnel and infrastructure for both AVTN and NewsNet24$^7$ is budgeted to be common and completely interchangeable for either prospective launch channel. Further interchangeability is introduced into planning of corporate structure and financial planning to provide further flexibility. Consideration of current Investment Market conditions has also been taken, and tiered budgets have been prepared to illustrate what is deliverable over a range of investment tiers and structures.

Each Investment Tier for AVTN and NewsNet24$^7$ is based on detailed, actionable budgets with, a flexible 15-24 month Pre-launch period for licensing, construction and recruitment, and 4 years of Transmission projections. The 2018/19 Revenue Models benefit from significantly improved Household Reach data acquired from satellite service providers. This has served to maintain management confidence in audience targets and income potential, with Deficit & Surplus calculations also subsequently improving. The business model continues to project strong financial results, and the growth in Aviation, News and Media markets also remains encouraging.

## Project Strengths

- Global presence supported by bureaus and facilities in London, New York, Singapore and the EU.
- Accurate news and information of interest to all stakeholders for every channel market sector.
- A wide-ranging audience of diverse ages and incomes attractive to marketers and advertisers.
- Adequate allocation of infrastructure enabling future Channel, Network and Group growth.
- Budget allocation to build a strong team experienced in Target Markets, Editorial Content, Broadcast and Business Management.
- A Global reach multi-platform Broadcast capability and strategy (Satellite, Cable, IPTV, OTT).
- A high level of automation, and contracted services reducing direct personnel costs, maintaining workforce flexibility and protecting against industrial action and acts of God, war or terrorism.
- Ability to adapt and use project specifications to develop and launch any Broadcast or Media platform.

## Funding Tiers & Options

The following tables illustrate the cost of each Budget Tier from a fully-funded position including the inclusion of projected broker's fees for an IPO or ICO with allocation up to 12% of budget; followed by: a reduction of costs by the introduction of 100% leasing for the equipment assets; full costs without broker's fees or leasing, in the event of stand-alone investment; Excluding fees, though retaining leasing; and finally the FAANG stocks option. All Options require additional Credit Facilities of £20m, though this is seen as entirely precautionary, and use of these facilities is not foreseen in current projections. Investment of at least 25% (up to 75% of the US subsidiary) is sought from the US in order to satisfy FCC licensing requirements.

| Tier Options | Fully Funded Including Fees* | Introducing Leasing | Excluding Fees, No Leasing | Excluding Fees, Inc. Leasing | FAANG |
|---|---|---|---|---|---|
| Tier #1 | £198m | £178m | £172m | £155m | £150m |
| Tier #2 | £172m | £158m | £150m | £136m | £126m |
| Tier #3 | £154m | £145m | £134m | £126m | £112m |

* Fees represent projected fees incurred in the raising of capital investment via Brokers.
Additional £20m Credit Facility required.

The FAANG stocks option was developed exclusively with investment by a major global technology corporation in mind, and requires the parent company to be in position to deliver a sizeable distribution network, and prospective audience reach by household of not less than 4.43 million watching audience globally per week. Therefore, while these options contain a budget for encoding and OTT distribution, they do not include any allocation to servicing Direct-to-Home satellite (DTH), Cable or IPTV distribution networks.

## Illustrative Financial Projections

There now follows, summarised illustrative financial projections for Budget Tiers 1, 2 & 3 upon which detailed projections have been modelled. They set out the proposed flexible Pre-Launch period of 15-24 months, and 4 years of projected transmission costs and revenues. The Illustrative Financial Projections have been extracted from Part V of this Document and should be read in conjunction with the detailed assumptions contained therein. They are not intended to be forecasts and should not be relied upon as such.

The following tables represent the maximum funding Options for Tiers 1, 2 & 3 with 100% of assets retained by the Network and Broker's Fees paid on achieving the required equity investment; or in the case of an ICO selling the required number of coins. Ofcom Fees are singled out over other licences due to the profit based element of charges. Consolidated Management Accounts for alternative variations including: leasing; no Brokers' fees incurred; and FAANG backed investment are available in Part V of the Proposal.

### London – EU – New York – Singapore Bureaus

**Tier #1 • Trading Year**

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Turnover | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Profit before Tax, Exceptional items*, NOL & Ofcom Fees | (104,315) | (24,571) | 90,434 | 104,480 | 121,118 |
| NOL (Net Operating Loss Brought Forward) | – | – | (111,989) | (29,632) | (14,172) |
| Profit after Tax, Depreciation, Exceptional Items* & Ofcom Fees | (131,223) | (24,571) | 17,122 | 53,452 | 78,003 |
| Capital Expenditure | (44,053) | (153) | (3,706) | (3,836) | (3,913) |
| Exceptional Items | **(26,907)** | – | – | – | – |

* The Exceptional Items in the 1st Year figures relate to the costs associated with Project Development and raising Equity Finance

### London – EU – New York Bureaus

**Tier #2 • Trading Year**

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Turnover | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Profit before Tax, Exceptional items*, NOL & Ofcom Fees | (81,813) | (13,853) | 104,129 | 117,209 | 130,078 |
| NOL (Net Operating Loss Brought Forward) | – | – | (95,816) | (23,636) | – |
| Profit after Tax, Depreciation, Exceptional Items* & Ofcom Fees | (105,600) | (13,853) | 34,986 | 62,819 | 89,642 |
| Capital Expenditure | (31,122) | (115) | (2,765) | (2,861) | (3,119) |
| Exceptional Items | **(23,787)** | – | – | – | – |

* The Exceptional Items in the 1st Year figures relate to the costs associated with Project Development and raising Equity Finance

## London & EU Bureaus

**Tier #3 • Trading Year**

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Turnover | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Profit before Tax, Exceptional items*, NOL & Ofcom Fees | (66,025) | (5,512) | 112,942 | 122,373 | 133,975 |
| NOL (Net Operating Loss Brought Forward) | – | (5,459) | (76,058) | (17,565) | – |
| Profit after Tax, Depreciation, Exceptional Items* & Ofcom Fees | (87,652) | (11,071) | 64,268 | 73,538 | 96,582 |
| Capital Expenditure | (21,379) | (82) | (2,643) | (5,310) | (5,519) |
| Exceptional Items | **(21,627)** | – | – | – | – |

* The Exceptional Items in the 1st Year figures relate to the costs associated with Project Development and raising Equity Finance

## The FAANG Option

Consideration has been given to development of the project within the Content strategy of a major Technology Corporation in order to develop audiovisual content offerings to include News. The Project may be delivered as defined in this proposal or tailored to the requirements of the parent company.

**Tier #1 • Trading Year (FAANG)**

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Turnover | – | 134,904 | 271,736 | 304,350 | 321,533 |
| Profit before Tax, Exceptional items*, NOL & Ofcom Fees | (96,417) | 7,150 | 116,876 | 142,147 | 159,558 |
| NOL (Net Operating Loss Brought Forward) | – | (13,296) | (70,101) | (9,609) | (11,670) |
| Profit after Tax, Depreciation, Exceptional Items* & Ofcom Fees | (97,164) | (6,441) | 47,185 | 100,261 | 111,313 |
| Capital Expenditure | (44,053) | (153) | (3,706) | (3,836) | (3,913) |
| Exceptional Items | **(747)** | – | – | – | – |

* The Exceptional Items in the 1st Year figures relate to the costs associated with Project Development and raising Equity Finance

**Tier #1 • Cost per User (excluding Advertising Revenue)**

| | Tech Corp Annual Users | Year 1 / Construction | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|---|
| Costs | | £97,164,135 | £127,753,889 | £154,859,400 | £162,202,886 | £161,975,137 |
| | Last Published User Volume | | | | | |
| Google | 3,500,000,000 | £0.03 | £0.04 | £0.04 | £0.05 | £0.05 |
| Facebook | 2,200,000,000 | £0.04 | £0.06 | £0.07 | £0.07 | £0.07 |
| Android (Phones / Tablets) | 2,000,000,000 | £0.05 | £0.06 | £0.08 | £0.08 | £0.08 |
| Apple iOS (Phones / Tablets) | 1,300,000,000 | £0.07 | £0.10 | £0.12 | £0.12 | £0.12 |
| Amazon | 310,000,000 | £0.31 | £0.41 | £0.50 | £0.52 | £0.52 |
| Netflix | 117,580,000 | £0.83 | £1.09 | £1.32 | £1.38 | £1.38 |
| Roku | 38,900,000 | £2.50 | £3.28 | £3.98 | £4.17 | £4.16 |
| Google Chromecast | 36,900,000 | £2.63 | £3.46 | £4.20 | £4.40 | £4.39 |
| Amazon Fire TV | 35,800,000 | £2.71 | £3.57 | £4.33 | £4.53 | £4.52 |
| Amazon Prime US | 26,000,000 | £3.74 | £4.91 | £5.96 | £6.24 | £6.23 |
| Apple TV | 25,000,000 | £3.89 | £5.11 | £6.19 | £6.49 | £6.48 |

* Figures exclude Satellite, Cable and IPTV Broadcast Coverage. All User Volumes Based on available data.

## Use of Proceeds from the Initial Investment

The initial required investment and financial facilities received by the Network, net of expenses, is intended to be used to: (i) establish infrastructure worldwide; (ii) employ staff; (iii) acquire broadcast equipment; (iv) pay broadcasting licences; and (v) pay satellite and other transmission fees, as defined in each Budget Tier. All proceeds of forthcoming funding are receivable by the Network net of expenses, and are intended to be used as laid out in the consolidated budgets within this document. Additional credit facilities of £20 million are also required, though there is no expectation of a need to utilise the facility in current projections.

## Timetable

From the point of achieving full-funding a flexible pre-launch period of 15 to 24 months for licensing, construction and recruitment is planned. The flexibility is prepared on the basis of maximum required budget, and is principally to account for flexibility required in the licensing period, though expectation is for a window to lunch in the region of 15 months. From the point of launch the projections reflect on expectations for the first four years of transmission, and their projected revenues.

## Budget Considerations

Four periods of detailed budgets have been calculated, from which Consolidated Accounts Projections have been prepared. From these budgets it has been possible to project: expenditure schedules; UK, US, Singaporean, and EU taxation projections; bank interest; overdraft; depreciation and finance leases et cetera. The addition of considerations on the EU is as a direct affect of Brexit which places the UK outside of the EU.

The following list details the elements that have been considered during the budgeting process.

Satellite, Cable & IPTV Transmission
Satellite, Cable & IPTV Platform Charges
OTT Services & Encoding
OTT & App Development (Multi-platform)
Production Budgets — News
Production Budgets — Features
Production Budgets — Events
Production Budgets — Guest Appearances
Marketing Budget
News Wire Services (three Industry leading services)
Newsroom Software
Weather Services
Translation Services
Broadcast Studio Systems
Broadcast Equipment (PSC)
Broadcast Data Storage
Edit Suites
Robotic Studio Systems
Video Walls
Radio Studio Equipment (for Audio-only feed)
IP News Gathering Capabilities
Backup Generators
Computers
Software
IT Networks & Telecoms Hardware
Telecommunications (Landlines/Phones/Tablets)
MPLS & Data Services
Office Equipment
Contact Centre
InfoSec
Licences (Fixed & Profit Based Costs)
AVMSD (Audiovisual Media Services Directive)
The “Fake News” Phenomena
Performing Rights Fees & Licence Contingencies
Compliance — Consultation & Training
Training — Production
Training — Aviation
Training — Health & Safety
Studio Design & Construction
Fixtures, Fittings & Construction
Coffee Shop (Revenue Neutral/Profitable)
Air-Conditioning
Furnishings

Offices — Main (Rent; calculated by sq. ft. per Location)
Offices — Service Charges
Offices — Taxes & Rates
Offices — Temporary (Construction phase)
Offices — Contingencies
Energy
Security & Fire Systems
Security & Front Desk Contracts (Personnel)
Personnel
Personnel — Additional Annual Contingency)
Personnel — Employment Packages
Personnel — Recruitment Fees
Health Care (UK)
Health Care (EU)
Health Care (US)
Health Care (SG)
Pensions (UK)
Pensions (EU)
Pensions (US) 401(K) Scheme
Pensions (SG)
Social Security (UK) / NIC
Social Security (EU)
Social Security (US) inc. Medicare
Social Security (SG)
Taxation (UK, EU, US, SG)
VAT (UK/EU); GST (SG); Sales Tax (US)
UK Apprentice Levy
Brexit
The European Union (EU)
Treaty of the Functioning of the EU (TFEU)
EU Competition Law
Working Capital & Miscellaneous Expenditure
Consultancy Fees
Accountancy Fees (External)
Accounting Systems
Legal Department Budget
Insurance — Global Policy (1.5% of Network Budget)
Insurance Premium Tax
Bank Charges & Commissions
Exceptional Items (Funding & Development Costs)
Brokers’ Fees
Inflation (3.5%)
Growth (6.49%; based on an Industry average measure)

E&OE

# Funding

The nature of the financial demands for delivering 24/7 Broadcast service, mean that in order for the Network to launch services, funding as set out within the financial requirements of of one of the three proposed Budget Tiers must be achieved as a minimum, in order that services resemble the corporate vision described within this proposal. Investment of at least 25% (up to 75% of the US subsidiary) is sought from the US in order to satisfy FCC licensing requirements.

In the case of utilising an IPO or ICO as the funding mechanism, initial investment to back formation of the Network and cover initial costs of either of those processes is the lowest conceivable investment to move forward, and is expected to account for up to £26m of requirements. The most likely results of lower funding levels would be: Insufficient capital to maintain long-term service; the removal of 24/7 broadcasting capability in any form; deterioration of Production standards and audience perception of the quality of service.

## Venture Capital

Venture Capital Investment to establish the Network and initiate Broadcast as defined in this proposal is seen as the most likely path to the launch of services. This may be achieved via a single source or Group of private or institutional investors. Depending on how this may be achieved with or without introduction fees will effect the total funds required to establish the Network.

## IPO (Initial Public Offering)

An Initial Public offering based on the development of the Network's Intellectual Property is conceivable. Though, it would require suitable investment to establish the company to the satisfaction of investors and regulatory reporting requirements for a listing on a respected stock-exchange. An IPO is viewed by the management as most likely to offer an exit strategy for Institutional Investment.

## Crowdfunding

Crowdfunding is not seen as a feasible method to raise full-funding capital levels, or to initiate Broadcast. However, it could conceivably raise the Capital to pay for up-front costs or all costs in respect of an IPO or ICO (initial Coin Offering). Crowdfunding may also provide funding for further proof of concept, intermittent, once weekly, or monthly OTT service. At present the highest stand-alone crowdfunding is in the region of US$20m.

## FAANG

Consideration has been given in preparation of Budgets and Accounts to the option for the project to be adopted and funded within a major Technology Corporation, to bring News delivery in-house as part of the ongoing development of their platform's content delivery strategy. The proposal may be delivered as is or tailored to the requirements of the parent company.

## ICO (Initial Coin Offering)

ICO's are a relatively new concept, and the issuance of a Digital Currency greatly interests the Network. The Management emphasise the need for complete transparency, legitimacy, and the involvement of respected brokers acting from a recognised financial hub.

Given the need to obtain licences from the FCC, an ICO would have to meet all US regulatory requirements, and would most likely be considered a security by default. Consideration of UK, EU and Singaporean criteria and potential future regulations would also need to be met.

Digital Coins may be issued purely as a security, or as a mechanism to pay for the Network's own content upon its platforms. The management has already had some discussions on this matter and has been offered a white-paper on the subject if it wishes to proceed.

## Fees in Respect of Funding

For the 2018/19 Proposal, it has been decided to re-introduce Accounts based on the potential for the Network to incur Fees in respect of achieving full funding of the various Budget Tiers. It is envisioned that these fees may be incurred in the pursuit of Venture Capital; an ICO (Initial Coin Offering); or IPO (Initial Public Offering). These have been calculated based on 12% of total allocation (those expected as the result of an IPO). Consolidated Management Accounts are supplied for each Budget Tier to demonstrate the difference to requirements should such fees not be incurred, and full accounts for such options are available by arrangement. This option has also been prepared with inclusion of considerations for Equipment Leasing. The allocation for fees is made to Exceptional Items in Year 1.

## Exit Strategy

A number of exit strategies are possible depending on how the Network is funded at launch:

(a) Crowd-funding may be paid in full following further funding rounds, an ICO or IPO.

(b) Venture Capital - Exit can be achieved via a further funding round, IPO or Direct sale. M&A interest and activity has always been strong in Media & Entertainment, and numerous options to sell the Network to a larger organisation exist. Media plurality would however, be a regulatory issue.

(c) IPO - Following successful establishment of services via an IPO, sale of shareholdings, additional issue of shares, or a corporate buyback of shares are all possibilities, and the Network is projected to have considerable cash at hand by Yr 5 after projected dividend payments.

(d) ICO - Exit from an ICO does depend on whether large blocks of crypto currency are held by institutional investors or whether the currency is subscribed to and traded by service-users. An IPO of the company at a later date is not precluded by the issue of a crypto-currency to achieve funding; and it is possible to convert the crypto currency into shares at a later date; or maintain the currency in tandem with a share issue.

# EXECUTIVE VISION

## The Overall Vision

The management have set out to define our vision of what a dynamic, new, Focused News Media Network should look like. Our research has presented two choices - The launch of **AVTN - Aviation Television News**, a News Channel focused on a single market, with 3.8 billion and growing stakeholders worldwide; or **NewsNet24$^{7}$**, which will leverage the opportunities presented by multiple markets which collectively demonstrate significant stakeholder demographics through a cross-sector approach. Whichever prospect is backed for the launch channel, the infrastructure, personnel and Budget allocations remain the same. We would also highlight the strategic choice of pursuing the Business & Consumer News Markets over the generic Mainstream News Market. It is our considered opinion that the former presents a more profitable market.

The Network's launch channel, will enable our project to lead the way in establishing a Media Network on the basis of Focused News offerings, operating in a dynamic marketplace which continues to see growth, representing an attractive prospect for investment. AVTN and NewsNet24$^{7}$ or any future offerings will be well placed to take advantage of the development potential for services in the Media, Aviation and alternative markets, without the restrictions of legacy that restrain established Broadcasting Corporations.

The connected world represents greater opportunity to attract and engage the audience, not only through television services, but in the audience's daily lives through personal devices and OTT (Over-the-Top) services. The greater the potential demographic is, the greater the opportunity to convert a percentage to audience base, and so into advertising and revenues.

The services laid out within our proposal represent research and development on-going since July 2010. It is now time to create a team of experienced and capable people to deliver either AVTN or NewsNet24$^{7}$ as a launch channel, and to add channels and services in the future. The personnel allocations in the project are based on building a dedicated team fully invested in delivery of these exciting new opportunities, and budget allocation is made to recruit the best possible personnel. The investment is now required to move the project forward through construction of infrastructure to delivery of services. As a corporation operating on a multi-national basis, we intend to operate as a responsible business and make a positive contribution within global society. Our business practices will be consistent and represent best practice and standards of the highest calibre wherever we operate.

## Content

It is now recognised in Commercial Aviation and Travel that the Passenger Experience begins from the decision to travel, and doesn't end until arrival at the final destination. This gives AVTN broad scope and the ability to address Business, Passenger and Consumer issues, and their relationship to one another within the sector, while significant opportunity exists for OTT services. NewsNet24$^{7}$ has equal opportunity to carve a niche in news promoting independent views on a broader spectrum of world news with a Business, and Consumer focus in multiple markets with significant demographics.

The Market for TV represents a global industry estimated to be valued at £365b, while Business data and information services represent a £11.8b industry and both are growing; at the same time the Consumer is seen as prepared to commit an increasing proportion of its disposable income on travel, entertainment and personal interests. Interest in World affairs is at its strongest for decades. Shareholdings as a personal investment are also growing despite market fluctuations, with crypto-currencies adding additional interest. In this dynamic environment, our strategy is to deliver multi-lingual, market leading content with a broad appeal.

## Opportunity

The Network has already been offered significant opportunity for the future of AVTN, and options for NewsNet24[7] and other alternative markets are also coming forward. Whether in our chosen launch market or future sector offerings, the opportunities for diversification represent a wide range of potential services which will bring value to the Network and our brands, increasing awareness, revenues, and delivering benefits across the board from client to consumer and ultimately our investors.

## Our Strengths

AVTN and NewsNet24[7] both represent easily implemented Channel offerings. Network diversification into other sectors will be the product of a profitable and successful implementation of our chosen launch channel and other initial services. The identification of other potential high yield demographics that fall outside of the traditional definitions of TV market interest is a key factor in any Network strategy moving forward. The ability to implement such a strategy is primarily due to growth in a variety of technologies, an increasingly connected audience by personal device, allowing access to previously overlooked or unrealisable markets.

In terms of content, we intend to deliver high quality editorial and audiovisual content, representative of a flagship News Outlet. This commitment to quality is underlined by our intent to offer UHD service, and our goal to provide access through multiple platforms and mediums: TV, Online, OTT, Radio, and Digital Print Media, meeting the demands for flexible access by our audience. In the case of AVTN, Air show coverage is seen as a key area where innovative production techniques can deliver dynamism to the audience experience.

As a 21st Century Broadcast and Digital Media Network, our long-term goal is the Triple Crown of Broadcasting, achieving Global Reach, Regional representation of the News, and a physical Regional presence. However, in light of current global political, regulatory, financial and investment market trends, our tiered approach offers a flexible range of options for investment.

Our approach is fiscally conservative in both expectation of revenue and expenditure, and is based on the need to achieve 0.8% of audience conversion from household reach at regional average CPTs in order to succeed. It is felt that exceeding expectation and projections is considerably more desirable than failure to meet un-realistic targets comparable to those of long established competitors while the business is establishing itself within the market. At the same time, every effort has been taken in forward planning to mitigate risk to the investment, from infrastructure capabilities to consideration of industrial action, and acts of God, War and Terrorism.

Our transmission plans for each Tier from multi-format delivery across cable and satellite transponder regions to IPTV, OTT and IP Radio capabilities is intended to facilitate reach to 541 million households. Significant growth is foreseeable in OTT services, though we have again been conservative in our projections.

## Conducting our Business

A cornerstone of our commitment to delivering quality content and information to our audience and customer base, and a return to the investor, is the need to deliver a business with a long term vision. To this end, how we are perceived to conduct ourselves as a global business is as important as our service offerings. Investment in our people and their ability to develop, acquiring new skills within the Network is of key importance. We will be a corporation of opportunity not restriction, with an intelligent and culturally diverse cross-section of people.

We also recognise our place as a leader in society. Trust in confidentiality and use of consumer data is a subject that has been brought into focus in the last year, and so it appears important to underline our commitment to offering secure, trustworthy services, and securing personal data worldwide.

In terms of the potential to use our position for the benefit of other individuals and the planet as a whole, we subsequently plan to develop our support of projects that benefit those less fortunate as we grow, from charities to the wider international community. As an emerging corporation striving to succeed, we expect to make a growing contribution to the nations in which we operate and serve both economically and socially, and intend to do this responsibly and without courting controversy. AVTN, NewsNet24[7] and other subsequent channel offerings will result in hundreds of jobs created world-wide and indirect employment of hundreds more. In the long-term we see the privilege of success as generating opportunity for further investment in people and services. Therefore our corporate commitment and that of our employees will be to behave responsibly in all that we do, and the maintenance of high standards is seen as paramount to our success.

## Expectation

It is somewhat hard to discuss corporate performance before it has been achieved, and so it is probably more important to speak of expectation. AVTN, NewsNet24[7] and our future offerings represent the road to establishing an entirely new News Media Network exploring opportunities which we believe have been overlooked or not fully developed by legacy outlets. The media space has changed dramatically of late and while disruptors have come to market, new offerings have concentrated on bringing dynamism to existing broadcast markets, though none have addressed the issue of what is not to be found on the TVs of the world – The pursuit of these markets is our prime objective. Therefore, we are to one degree or another entering an unknown, though potentially huge market. We have monitored a decade of growth in the Broadcast market, and the changes that have occurred in that time. Following the removal of abnormal growth spikes for product and service roll-outs we observe that the average revenue growth, according to available figures, is 6.49%. It is felt that this is a reasonable target for a new dynamic and growing content provider with global reach to aim to achieve. Advertising revenues are seen as coming from TV, IP Radio, Online placements and OTT services. Potential for 3.5% inflation of costs across the Network is also considered.

Conservative expectation of potential revenues has been applied across all Tiers and Options, and the budgets modified to remain within those projections. A dividend of 6% of Profit before Tax is calculated for the first year of Transmission, and deferred to to M1 Q2 of TX 2 for cash flow; with Dividends thereafter have been calculated on a 30% return on profits from the 2nd year of Transmission. However, given the cautious outlook applied in the basis of calculation, projections are seen as likely to be exceeded. It is our hope that by adopting restraint in our approach to the expectation of revenues and expenditure, the dye has been cast for a profitable future, which will allow us to take full advantage of the growth opportunities available.

The ability to easily calculate alternate investment tiers; and options within each tier for elements incorporating Funding Fees, Leases, and Credit Facilities remain project strengths as demonstrated within the proposal. Protection of the investment and generation of strong financial returns continue to be of key consideration.

## In Closing

In development of the proposal, every effort has been made to answer the many and varied questions that come from investors and their advisors. All that it remains for us to say is that the Network, and its AVTN and NewsNet24$^7$ projects, undoubtedly have the potential to be heralded as the most dynamic Media launches of their time — particularly in the case of AVTN, with the potential to become one of the most significant contributions to the public face of global Aviation for decades. Opportunity, for our future employees and shareholders, is there to be taken.

# Part I

## THE NETWORK

## Introduction

The face of Media is changing, and the principle goal of our project is the launch of an entirely NEW Global Television & Digital Media News Network, direct to the Consumer's Home via satellite, cable or IPTV services or Personal Devices via OTT services. It is our belief that the best strategy is to exploit the areas where competition is weakest, and the opportunities are strongest. A blend of Consumer and Business orientated news is seen as the most cost effective entry medium. The location of bureaus and studio facilities situated in the Business, Broadcast and Aviation centres of London, New York and Singapore has been a long-term strategic goal for the Project, and in order to address the changing Political and Regulatory outlook is now enhanced by the Addition of a Bureau based within the EU, to be located in either Amsterdam, Dublin, or Tallinn; all of which offer interesting opportunities. Whether near-term or long-term strategically, as laid out within each Budget Tier and strategy, the proposed structure is seen as ensuring the future success and growth of the proposed Platform. The Proposal offers two distinct options for achieving this. Option 1 is the Focused News Outlet, **AVTN - Aviation Television News**; and Option 2, **NewsNet24[7]**, a cross-sector Business and Consumer Outlet. Regardless of which option is backed as the launch channel, our channels will specialise in targeting under-exploited content markets with exceptional global demographics. The infrastructure and Personnel allocations proposed in each Budget Tier are capable of supporting the operations of either Option without change or adaption, though planning remains flexible.

**AVTN** is felt to be the strongest single market and potential audience demographic from which to build a new Media and TV Network. Aviation is by far the largest single market identified, with a target audience of 3.8 billion[i] passengers, industry professionals and stakeholders, and estimated to grow to 7.8 billion[ii] passengers by 2036, largely due to passenger growth potential in Asia. AVTN will specialise in the acquisition, collation, analysis and delivery of news, information and data from, or relating to, all aspects of Aviation and its stakeholders whether Business or Consumer related, from components, through Aircraft, Airports and Services to the Passenger Experience. The Channel will feature Industry and Consumer discussion panels, interviews, and related programming. The capabilities of Manufacturers and Services will be balanced with the demands and experiences of the Consumer. Aviation is now demonstrably far from being a niche market in terms of the potential to gain audience or related revenues.

**NewsNet24[7]** Is proposed as a Business and Consumer News Channel with a cross-sector appeal. Sectors identified as supporting significant demographics will however take precedence. This approach considerably expands the scope of programming possibilities. NewsNet24[7] will be a Business & Consumer News outlet with a remit to pursue a global outlook and alternative perspectives from those of its legacy competitors.

[i] ICAO, 'World Air Transport 2015', viewed on 31 March 2018, https://www.icao.int/annual-report-2015/Documents/Appendix_1_en.pdf

[ii] Airbus, 'Over 29,000 new aircraft required in the next 20 years', viewed on 04 March 2015, (http://www.airbus.com/newsevents/news-events-single/detail/over-29000-new-aircraft-required-in-the-next-20-years/

*Note: Confirmed data lags the current year due to the time required to confirm industry sources.*

# Building a Media Group

### The Network

Specialising in under-served and under-exploited markets with exceptional global demographics

### AVTN Aviation Television News

Business & Consumer News for every aspect of Aviation

### NewsNet24⁷

A World News Channel for the Business & Consumer

- Aviation
- Transport
- Oil, Gas & Energy
- Maritime, Shipping & Yachting
- Entertainment & Technology
- *…and more!*

## Delivery Outlets

Delivery of Services will be via:

(i) **TV:** HD - Satellite, Cable, and IPTV on a global basis and as appropriate to each market on the basis of cost-effectiveness, access conditions and viability of platforms to the Network in its capacity as a broadcasting corporation. Future UHD operations will be ensured by infrastructure choices. In some markets SD (Standard Definition) service may still be valid, and has been budgeted for.

(ii) **OTT:** Over-The-Top content and associated services will be available in adaptive UHD, HD-SD, with VOD (View-on-demand) and SVOD (Subscription View-on-demand) options available. VOD services will be a Freemium (free-to-view) service carrying advertising. SVOD content will be free of Advertising, and the live stream will offer exclusive or advance content in replacement of advertising.

(iii) **Radio:** An audio 'Radio' stream will be generated from a mix of original content and TV audio content which can be cost effectively edited together around a talk-radio format. Distribution will initially be via the Channel website, though IP, DAB and Satellite radio Broadcast options will be considered secondarily to Television platforms, and subject to surplus budget being available.

(iv) **Websites and Apps:** offering a range of supporting media content along with other deliverables is seen as being of key importance to the overall strategy. Again it is envisaged that services offered will include Freemium, and Subscription level options. Access to premium reports, information and data generated by the Channel will be available in a Professional Level option on a subscription or on demand basis. A comprehensive Social Media presence will be maintained.

(v) **Public Spaces:** The network sees exceptional market opportunities for the future roll-out of its services in public spaces, with news offerings tailored to the surroundings. The search for suitable partners for the roll-out of such services is underway, and opportunities are already being offered. The revenue streams for these opportunities are as yet incalculable, and not included in this proposal, and are subject to the demographic data, and infrastructure requirements for those locations.

It is firmly believed that the success and ability of the proposed Network to take full advantage of growth opportunities as they present themselves within Broadcast, Digital Media, and its chosen markets will only be ensured by adequate availability of capital investment, both at start-up and continuing into the future. The existing business plan is seen as including adequate allocation of infrastructure to absorb substantial increases in turnover without a corresponding increase in fixed costs.

The Capital requirements of establishing the Network, and either AVTN or NewsNet24[7] as Channel options are laid out in the corresponding funding Tiers as described by the options presented within this document. This is split between a Pre-Launch and Construction budget with a flexible schedule of 15-24 months to Transmission, and sufficient funding allocation to support initial operations until revenue receipts increase and are capable of sustaining the Network as projected in the included modelling.

## New Considerations for 2018/19

Political and regulatory factors in the operating environment have led to a number of changes to the Proposal in 2018/19. Brexit, and the near certainty that the UK will leave the umbrella of the AVMSD (Audiovisual Media Services directive) has resulted in the necessity of adding a base-of-operations within the remaining EU in addition to London, with Amsterdam, Dublin and Tallinn shortlisted, offering diverse and interesting options.

Continuing importance in the growth of OTT markets, in conjunction with the availability of fully integrated IP (Internet-Protocol) based Broadcast technologies has also led to increases in infrastructure budgets in order to ensure future sustainability without significant further capital investment being required inside the projected 5-year period. However, the costs involved in these increased considerations has been successfully introduced to the financial projections.

The ability to easily calculate alternate investment tiers; and options within each tier for elements incorporating Brokers Fees, Leases, and Credit Facilities remain project strengths as demonstrated within the proposal. Protection of the investment and generation of strong financial returns continue to be of key consideration.

The FAANG Stock Option has been developed in recognition of the potential for the project to offer a major Technology Company the opportunity to develop and enhance its in-house audiovisual content offerings.

### The ‘Fake News’ Phenomenon

The event and proliferation of the ‘Fake News’ phenomenon, with the potential issue of the Network being wrongly labelled as a source of ‘Fake News’ by a biased political operative is seen as presenting a threat to reputation and subsequently audience and revenues, particularly in the first year of Transmission. Marketing power has been identified as a key factor in the Network’s ability to counter such unfavourable attention, and has resulted in a significant increase in both Marketing and Legal Budgets.

### Construction & Pre-Launch Phase

The 2018/19 Proposal sees some changes and flexibility added to the Construction and Pre-Launch phase. The period is now represented as a flexible period from 15-24 months, with a budget allocation to cope with the maximum planned duration. While it is expected that this period may actually be in the region of 15 months, it was felt that it was appropriate to increase our caution and budget for a worse case scenario. This measure has been taken in view of: the great many potential uncertainties represented by Brexit and the potential for it to reflect on Licensing; and a changing regulatory environment in the United States. In addition, some additional time for Construction was advised by Design consultants as a result of increases to the specification and budgets for bureaus and studios.

### A Conservative Approach

The proposals for establishing the Network, and either AVTN or NewsNet24[7] as a Channel have been prepared on the basis of conservative revenue targets that are considered wholly achievable, and present significant flexibility. The overall approach to all aspects of the project from infrastructure to budgets has been driven by a similarly conservative approach, while ensuring that all project elements and final capabilities are those of a Flagship News Network.

## Revenues

### Advertising Revenues

Network revenues will be significantly reliant on advertising at launch, however in the long-term it is expected that revenues will move progressively toward a subscription and services based model, as the Broadcast Industry as a whole works to identify new revenue streams not susceptible to ad-blocking, pre-recording and ad-skipping. Subscription based services are seen as being enhanced by the inclusion of exclusive content, replacing advertising.

The approach to the calculation of potential revenues has been cautious and conservative, when compared to advertised rates of competitors, and in general averages have been applied from available data. The overall strategy for the Network is based on economies of scale: The more markets presence is achieved in, the greater the potential revenue stream, while demands on average slot revenues vs. costs are significantly reduced. Consideration of the profitability of markets is also made in both near-term and long-term. Advertising on the Network will initially be on the basis of 144 available minutes per day, with 6× one-minute slots or 12× thirty-second slots per hour. Full accounts and revenue tables are found with the accounts for each tier. Sample Projected Revenues graphics for Budget Tier #1 are found on Page 28 & 29, and within Section V of the Proposal. For calculation of Revenues by CPT, see Section on CPT/CPM's.

Thirty-second slot revenues vary considerably across region, nation, outlet and channel type, time-slot, weekday and weekend. Network forecasts are based upon the most accurate regional or national data available. Higher advertising rates tend to apply to premium entertainment programming and sport, but also to peak periods on a weekly or seasonal basis as well as for special events. Sponsorship of segments such as weather is likely, but this area is subject to regulatory conditions. The Network aims to attract premium brands, and relevant advertisers to any offering.

In previous versions of the Proposal Revenues have seen relative equal division between Regions based on Broadcast time-shared distribution principles. However, with the need to introduce an EU base within the European theatre of Operations in addition to London, and the converse need to maintain access to the UK from Europe, it has become necessary to allocate revenues as generated by region.

### Radio Revenues

Consideration and calculation of Radio revenues has been approached with similar caution. While global advertising rates in radio are generally significantly lower than those of TV, the market is seen as less susceptible to ad-blocking at this time. However, it should be noted that some IP Radio outlets offer a subscription option to remove the advertisements, and this may perhaps reflect the future for the radio outlet business model.

### Tier #1 • Advertising Revenues

| | Year 2 / TX #1 Revenue £ 000's | Year 3 / TX #2 Revenue £ 000's | Year 4 / TX #3 Revenue £ 000's | Year 5 / TX #4 Revenue £ 000's |
|---|---|---|---|---|
| **TV Revenues** | | | | |
| Africa | 1,770 | 3,679 | 3,926 | 4,147 |
| APAC | 8,927 | 18,558 | 19,813 | 20,931 |
| Australia & New Zealand | 1,007 | 1,803 | 1,913 | 2,021 |
| Canada & North America (other) | 4,536 | 9,431 | 10,004 | 10,569 |
| Eurozone (exc. UK & Northern Ireland) | 37,026 | 76,974 | 82,177 | 86,816 |
| LATAM | 3,042 | 6,324 | 6,712 | 7,091 |
| MENA | 3,612 | 7,509 | 7,970 | 8,420 |
| South Asia (Indian Sub-Continent) | 12,535 | 26,059 | 27,659 | 29,220 |
| UK & Northern Ireland | 5,745 | 11,943 | 12,753 | 13,472 |
| USA | 9,576 | 19,907 | 21,257 | 22,457 |
| | 87,775 | 182,186 | 194,184 | 205,146 |
| **OTT Revenues** | | | | |
| Africa | 83 | 80 | 85 | 90 |
| APAC | 503 | 479 | 511 | 540 |
| Australia & New Zealand | 179 | 1,071 | 1,137 | 1,201 |
| Canada & North America (other) | 224 | 311 | 330 | 349 |
| Eurozone (exc. UK & Northern Ireland) | 2,045 | 2,835 | 3,027 | 3,198 |
| LATAM | 183 | 253 | 268 | 284 |
| MENA | 209 | 291 | 309 | 326 |
| South Asia (Indian Sub-Continent) | 878 | 1,216 | 1,291 | 1,364 |
| UK & Northern Ireland | 280 | 388 | 414 | 438 |
| USA | 500 | 693 | 739 | 781 |
| | 5,084 | 7,616 | 8,112 | 8,570 |
| **VOD Revenues** | | | | |
| English | 7,390 | 15,295 | 17,313 | 18,290 |
| Hindi | 3,202 | 6,628 | 7,502 | 7,926 |
| Spanish | 2,069 | 4,283 | 4,848 | 5,121 |
| French | 1,665 | 3,446 | 3,901 | 4,121 |
| Portuguese | 1,527 | 3,161 | 3,578 | 3,780 |
| Arabic | 1,478 | 3,059 | 3,463 | 3,658 |
| German | 862 | 1,784 | 2,020 | 2,134 |
| Dutch | 112 | 233 | 263 | 278 |
| Chinese (Mandarin) | 664 | 1,373 | 1,555 | 1,642 |
| Japanese | 631 | 1,305 | 1,477 | 1,561 |
| | 19,601 | 40,567 | 45,920 | 48,513 |

**Tier #1 • Advertising Revenues (continued)**

| | Year 2 / TX #1 Revenue £ 000's | Year 3 / TX #2 Revenue £ 000's | Year 4 / TX #3 Revenue £ 000's | Year 5 / TX #4 Revenue £ 000's |
|---|---|---|---|---|
| SVOD Revenues | | | | |
| English | 2,786 | 5,767 | 6,528 | 6,896 |
| Hindi | 1,207 | 2,499 | 2,829 | 2,988 |
| Spanish | 780 | 1,615 | 1,828 | 1,931 |
| French | 628 | 1,299 | 1,471 | 1,554 |
| Portuguese | 576 | 1,192 | 1,349 | 1,425 |
| Arabic | 557 | 1,153 | 1,306 | 1,379 |
| German | 325 | 673 | 762 | 805 |
| Dutch | 222 | 460 | 521 | 550 |
| Chinese (Mandarin) | 250 | 518 | 586 | 619 |
| Japanese | 238 | 492 | 557 | 588 |
| | 7,571 | 15,668 | 17,736 | 18,737 |
| Radio Advertising Revenue | 12,004 | 24,956 | 26,648 | 28,153 |
| Web/App Banner Ad. Revenues | 2,292 | 4,765 | 5,089 | 5,376 |
| Total Advertising Revenues | 134,328 | 275,758 | 297,689 | 314,495 |

## Premium Service Subscribers

Premium service fees fall into two main categories: Subscriptions or Conditional Access Charges (CA); and Subscription View-on-demand (SVOD) also known as Pay-Per-View (PPV). At this time the Network does not plan on making CA charges in any Region or on any Platform, and access to its basic satellite, cable, IPTV or OTT streamed and VOD services will be on a Freemium basis funded by an advertising based revenue model. For either AVTN or NewsNet24⁷, the Network principally proposes to offer subscription based services via its OTT options, with the principle audience driver being the removal of advertising. Availability of VOD/SVOD services via Satellite or cable platforms will be subject to budget and the terms negotiated for carriage on each individual platform. Options for SVOD services in association with specific programming or events coverage are being considered. Professional level Subscribers are also envisioned as receiving market alerts before Freemium viewers and also as having access to other preferential services wherever possible to prioritise.

Premium Service Subscribers will have access to HD and UHD broadcasts (the latter streamed/downloadable) as well as OTT based VOD/SVOD services. Subscribers to OTT services only, will not however, have automatic satellite or cable access. UHD satellite and cable services are progressively coming on-stream and it is fully expected that this area of service will be in a position to offer greater profitability as the market matures. This is subject to the tiered planning for establishing the Network, and either AVTN or NewsNet24⁷, and to the roll-out of capabilities in satellite and cable regions. There is also a distinct possibility that the roll-out of UHD in conjunction with developments in compression and streaming will mean that the addition of Satellite bandwidth for UHD Broadcast will be limited to C-band only for OTT and Cable regional distribution and not require Ku-Band distribution for DTH (Direct-to-Home) satellite platforms, as those platforms themselves migrate to the lower-cost OTT technologies. This area is being carefully monitored.

In the UK alone, pay TV household penetration has risen over the last decade and is currently at 64%[iii] overall and continues to show revenue gains of approximately 3% year-on-year. Pay TV penetration is also reported to have reached 78%[iv] of UK broadband households. One renowned European broadcasting corporation reported UK paid-for subscriptions growth of 1.1 million in the year ending 2017, with over 12 million customers, while the same entity has seen an increase to quarterly reach of 4%, and an average year-on-year growth of approximately 8% over 10 years based on available figures.

Premium access fees vary dependent on the platform and offering; introduction of fees to access video content by search engines has been suggested a number of times in recent years; while a leading European satellite platform charges movie rentals from £0.99 each and upward, and offers SVOD purchases on a digital basis with delivery of a DVD or Blu-ray to your door from £9.99 to £16.99. Specialist offerings, such as football club TV channels, are charged from an additional £7 per month. The Network expects to achieve £6.00/$8.54 per month for UHD service access, and OTT advertisement-free access when launched. The ability to offer Advertising free options via satellite, cable and IPTV is technically possible, though will be subject to negotiation, budget and the individual platform's own internal capabilities.

### Data & Information by Subscription

While it is intended that AVTN will become the 'Go to' place for Aviation, and NewsNet24[7] will compete across a greater number of Business sectors with a variety of financial, stock market information and news offerings. Consideration is being given to offering an additional level of subscription service for Specialist Professional information, possibly in conjunction with other data partners. Access may be from as little as £1 per day and subscriber numbers are expected to be comparable to leading business newspaper and magazine circulations.

### Retransmission fees

Channel retransmission fees for channels available without conditional access terms, are a share of basic subscription packages offered by a platform — often associated with North American Cable Network carriage agreements. Historically, while US cable networks will pay channels a retransmission fee for carriage of a channel on their network, such contracts are currently coming under review, and some new channels have surrendered this historic right in order to secure distribution contracts with cable platforms. This market movement is also seen as having a long-term negative affect for Networks arguing for re-transmission fees from Platforms in other World markets, such as the UK.

On this basis, in calculating AVTN or NewsNet24[7] revenues, the Network has taken the view that any fee payments will be treated as a bonus following successful negotiations with platform providers, are not to be relied upon, and therefore no revenues have been based upon them. The average wholesale retransmission rate per channel per subscription is however, approximately $0.26 USD.

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[iii] Ofcom, 'The Communications Report 2017', http://ofcom.org.uk

[iv] Mediatel, 'Pay TV penetration reaches 78% of UK broadband households', viewed on 25 June 2015, http://mediatel.co.uk/newsline/2014/11/19/pay-tv-penetration-reaches-78-of-uk-broadband-households/

## The Global TV Market

The Network will operate in a World Television market which is estimated to have grown to £365 billion in 2018[v]. Though there is currently a greater focus on 'Pay TV Markets' – Based on available data - North America accounts for 38%; Europe 31%; Asia Pacific 21%; Latin America 8%; and the Middle East and Africa 2%. While North America, Europe and Asia Pacific account for the bulk of the TV market, the Latin American market is developing at pace. Though the Middle East and Africa currently only account for 2% of the market they show enormous potential, with South African advertising spending valued in the region of $600m. MENA (Middle East & North Africa) has been noted by many Broadcast analysts for its strong growth potential; however geo-political factors require close monitoring. A recent study predicts 200 UHD channels serving 140m homes by 2020 and over 1,000 by 2025[vi] (see graphic on the following page). A recent report on Global Pay TV suggests that the Pay TV Market alone will grow to $254.7 billion (£187.9b) by 2025[vii].

The worldwide television market is expected to grow over the next five years as: distribution networks expand and demand grows; new satellites are deployed; bandwidth increases or is re-purposed; compression techniques and OTT delivery capabilities improve; or new opportunities present themselves in developing economies. The means of access to content is also changing, with a significant rise in IPTV, and OTT Streamed or downloaded viewing, particularly via personal devices. The global Social TV market (TV via device or Social Media outlet) revenue is expected to grow from $206.97 billion (£152.7b) in 2017 to $367.19 billion (£270.9b) by 2022[viii]. The 25-34 years age bracket consumes the most news. News consumption statistics are prepared from an average of US and UK generic and business news audience data. See the graphic on page 33.

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[v] IDATE: TV and New Video Services Market Report

[vi] IHS Electronics & Media

[vii] GlobalNewswire, 'Global $250+ Billion Pay TV Market 2017-2025', (https://globenewswire.com/news-release/2017/10/06/1142347/0/en/Global-250-Billion-Pay-TV-Market-2017-2025.html)

[viii] Research & Markets: Social TV Market - Forecasts from 2017 to 2022

# AVTN Aviation Television News

# NewsNet24/7

With a Target Reach of **541.3 million** viewers, the Network proposes the following Target Audiences:

- Satellite, Cable & IPTV (0.8% or **4.43 million**)*
- IP Radio (**1.1 million**)*
- OTT services (**1.37 million**)*

(1% of Aviation Demographic = 38 million)

The World Television market is estimated to be worth in to **£365 billion** by 2018[2]

1,000 4K UHD Channels serving 140 million homes projected by 2025 over the top of HD services[3]

3.8 billion Passengers and Industry Stakeholders projected to grow up to 7.8 billion by 2036[1]

World TV Audience[4]

- North America (38%)
- Europe (31%)
- Asia-Pacific (21%)
- Latin America (8%)
- Middle East & Africa (2%)

— New York — London — EU — Singapore —

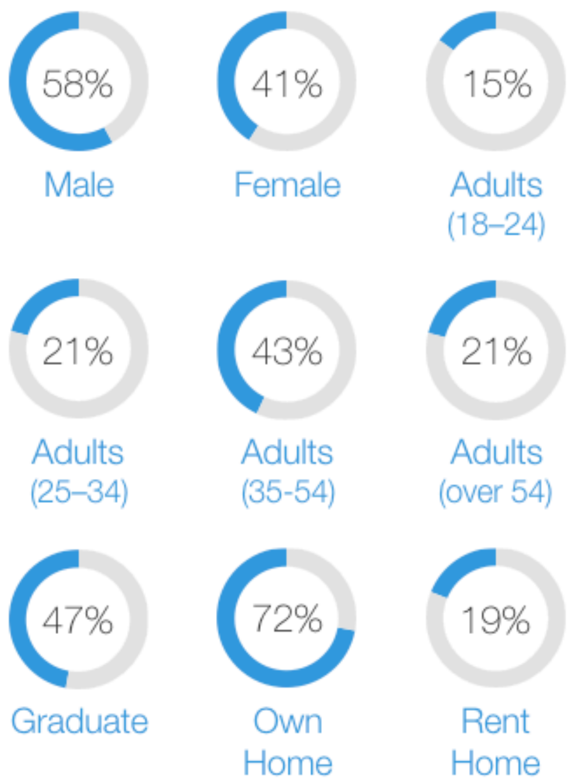
* Average • Sources: ICAO (1); iDate (2,4); Televisual (3)

AVTN Aviation Television News

NewsNet24[7]

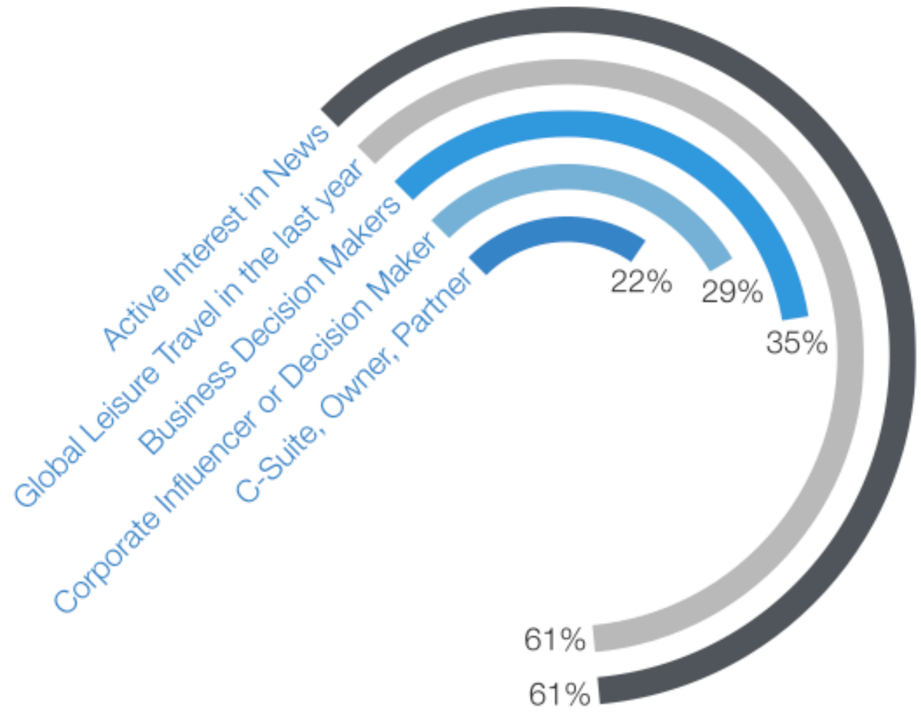
# Network Audience Information

## The Average News Audience




Average of UK and US Data across multiple outlets

## The Who and the Why




— New York — London — EU — Singapore —

## The Global Digital Radio Market

Digital radio services are available via DAB, Satellite Radio, Television platforms, and OTT (IP Radio) Services. In the UK there are some 284 radio stations available on DAB, and the system is most widely available as a transmission medium in Europe, South Africa, China, Southeast Asia, Australia and New Zealand, while many other countries are in trials — though the system is no longer in use in Canada. North America is instead seeing a growth in the DAB alternative, Satellite Radio, however the system is struggling to gain traction in other world regions, possibly due to cost of the receiver and subscription. Howard Stern, highest paid radio personality, is signed to satellite radio outlet Sirius XM which has over 24.4 million subscribers. IP Radio is easily delivered and available as OTT services worldwide, and a variety of purpose-built receivers are increasingly available that utilise Wi-Fi in the home or workspace, giving access to a growing number of specialist music and talk-radio services.

Radio is far more widely accepted by businesses in the workplace, and allows for further audience continuity and reach, where TV access is not available or an option, and is easily accessed via personal device or computer workstation. The Network proposes to access the growing Digital Radio Market with services complementing its TV offerings. It is intended to offer this principally via OTT services for AVTN or NewsNet24[7], though DAB, Satellite, TV, and IP radio service platforms will be considered as part of transmission platform negotiations, as and where appropriate, subject to budget. The program format of choice is one largely based on talk-radio with pre-recorded interviews, and edited audio content from the TV studio output. This is easily deliverable with a high level of automation, while also allowing easier access in the field. Implementation of an IP based Radio solution with high automation is a relatively low cost item by infrastructure, and lucrative in its ability to carry additional advertising in a format not associated with Ad-blocking or other avoidance measures.

## Reach and Ratings

Ratings are achieved by targeting and gaining a percentage of the total audience potential through household reach.

The transmission plan for Network outlets is based in Tiers, at a maximum budgeted reach of 541 million households worldwide. This represents an increase from 349 million in the last version of the proposal, due to the widespread adoption of Digital and Satellite broadcasting capabilities, principally in Central Europe and Asia, but also in LATAM, MENA and Sub-Saharan and Southern Africa. The conversion of audience from household reach is modelled on achieving approximately 0.8% by the end of the first year of Transmission. A non-linear ramp of audience growth is applied from 0.1% to 0.8% in the TX1 period, after which growth is projected at 6.49% per annum. While, at present, audience numbers can only be estimated and targeted, comparisons may be drawn to the performance of existing channels, particularly Business News channels. It is felt that there is significant potential in the demographics for AVTN or NewsNet24$^7$ to outstrip a conventional Business News model with proposed programming, regional availability, multi-lingual capabilities and considerable target audiences.

While the demographic for NewsNet24$^7$ is broader than for AVTN, there is significantly greater competition and availability of services in the marketplace. In terms of relevance to AVTN, the market for conventional Business News represents a percentage share of the World's stock shareholders (estimated at 328 million), plus would-be shareholders and parties with an overall interest in business worldwide, estimated by our research to be in the region of 400 million. Figures for global growth in share trading and ownership are also encouraging, with a subsequent growth in demand for business data and reporting being seen as a resulting effect. See the Market Comparison tables on Page 27. The initial expectation of audience interest for NewsNet24$^7$ has been based on the same conservative targets, with global reach in mind.

## Advertising

The Network expects to attract and appeal to a diverse audience and customer base with each of its offerings. The demographics for those interested in News are found to change very little between general news items and sector or topic specific items, as long as either relevance or interest to the individual is maintained.

- Airlines
- Banks
- Car Manufacturers
- Consumer Products
- Energy & Utilities
- Entertainment
- Financial Services
- Food Outlets
- Hotels
- International Brands
- Investment Services
- Petrochemical Companies
- Premium Marques & Brands
- Service Providers
- Sports & Health
- Technology
- Travel Companies

## Cost per Mile/Thousand (CPM/CPT)

The Cost per Thousand (CPT) — or Cost per Mile (CPM) — is the calculation of advertising cost per thousand audience measured. The proposed audience targets for both AVTN and NewsNet24[7] are considered highly conservative based on circa. 0.8% of overall television reach by satellite and cable platform. Average CPT Values have been applied by Country or Region as appropriate to the projection modelling methods used. Audience volumes have been projected with a non-linear ramp in the first year of transmission (TX #1); starting at a value of 0.1% of household reach, after which annual growth of 6.49% has been applied in TX #2 to TX #4, (6.49% is a calculated measure based on industry data). Given that OTT, VOD, SVOD, IPTV, and IP Radio access is likely to be the result of television access by reach and resulting audience, target projections for those outlets have been calculated on the same basis as a percent of available reach and likely audience conversion. This has been modelled using distribution data available to the project from Satellite providers. Overall the approach has resulted in a consistently conservative operations model.

This cautious approach should ensure the Network is able to succeed in achieving sustainability, but also exceed expectation. See CPT table below.

**Cost per Thousand (CPT)**

### Average of Averages

| Region | Source of Estimate | | CPT average (USD) | CPT average (GBP) |
|---|---|---|---|---|
| US | TVB | | 23.58 | 16.78 |
| UK | Nielsen | | 21.04 | 14.97 |
| Eurozone | ZintX | | 10.42 | 9.10 |
| Canada | Tubemogul | | 8.00 | 5.69 |
| South Asia | Tubemogul | | 6.25 | 4.44 |
| Africa | Biznews | | 4.77 | 3.39 |
| Global (other markets) | Non UK/US average | | 9.80 | 6.97 |
| | | Global Average: | 11.98 | 8.76 |

# Broadcast Rights and Intellectual Property

## Intellectual Property & Delivery

The gathering, analysis and delivery of Business and Consumer News; and Business Information and Data; will represent the Network's Intellectual Property, and is seen as having considerable on-going value. The business model proposes to achieve delivery using the latest developments in Broadcast and Media technology, with the ability to generate global revenues from advertising, and premium services — including exclusive reports, editorial content and 'Big Data' generated from its intellectual property.

## News Content

As primarily a Broadcaster of News, rights to any audiovisual, photographic or text based content sourced by the Network, its crews or individuals in its employment will be considered to belong to the network, subject to the conditional contractual terms established between parties being met.

Audiovisual, photographic or text based content sourced through Newswire Agencies or by other means may be subject to conditional terms for its use and broadcast set out in the terms and conditions of those corporations and individuals with which the network conducts business.

## Program Rights

Programmes produced or commissioned by the Network in their entirety for the purpose of broadcasting will be considered the property of the Network once contractually complete. Programming bought in by the Network may be subject to conditional licence agreements, and may be subject to terms restricting use of the content, and not ultimately become the property of the Network following transmission.

## Sports Content

Sports content, whether obtained directly by the Network or via Newswire agencies, other broadcasters or third parties, may be subject to the terms and conditions of both those businesses, and additionally the sports personalities, teams, or leagues featured within the content.

## Broadcast Rights

The Network intends to secure the rights to cover major International Air Shows, Events, Exhibitions and Conferences.  Budget for certain specialist coverage is allocated, but is also hoped that opportunity will arise to secure certain rights on the basis of revenue splits associated with such coverage. This is seen as having either a nil or negligible effect on profitability because; in the case of flagship events, advertising revenues are expected to peak; such revenue split agreements provide a valuable buffer from agreeing excessive fees for coverage that may not attract expected audience ratings, particularly while market size is fully realised and identified.

## Programming and Production

Ultimate responsibility for Programming and Production will rest with the Chief of Programming. The Chief of Programming will be responsible for: managing ratings data; in-house and commissioned programming; editorial demands on production; production requirements and budgets; and (in addition) liaise between the Board, Sales and Marketing, and Regulation. This position will be directly supported by (As appropriate to each Budget Tier):

Director of Programming
Director of European News & Programming
Director of Compliance and The Compliance Team

## The Production Team

The Production Team will be staffed by personnel experienced in News and Documentary Production and, as far as possible, with editorial experience relevant to channel specialisms in combination. While personnel will have distinct overall responsibilities and roles, it will be Network policy to encourage multi-tasking; and to provide opportunity for additional training and development in order to realise the full potential of personnel. The following roles will be replicated as required across Channels and regions.

| | |
|---|---|
| Executive Producers | Technical Directors |
| Producer/Directors TV | Producer/Directors Radio |
| Associate Producers | Floor Managers |

## The Technical Team

All Studios will be equipped with Robotic Camera Systems. The Network intends to hire location camera crews primarily from agencies on contract. However, training will also be provided as required so that, in line with the demands of modern TV journalism and corporate policy on multi-tasking, any member of the Editorial, Production or Technical Teams will be able to pick up a camera set-up for PSC news-gathering when necessary. On a regional basis, the below personnel will be required. A Chief Engineer will oversee the general technical requirements of the channel as either a permanent role or outsourced position, reporting to the Chief Technology Officer. Similar practices will apply in Radio.

| | |
|---|---|
| Camera & Studio Operations | Gallery Operatives |
| Co-ordinators | Audio Engineers TV & Radio |
| Video Editors | Audio Engineers (Assistant) |
| Video Engineers | Make-up & Hairstylists |
| Camera Supervisors | |

(Camera crews will be outsourced as freelancers or via National, Regional and Global Agencies.)

## Editorial Teams — Network Overview

The Network intends to employ the best available journalists and business analysts available for all services. The Editorial Team will comprise of a balance of known and new talent from the fields of expertise required by relevant offerings and journalism. A strong emphasis will be placed on creating a wholly new team, rather than importing too greater number of personnel from any pre-existing source or culture, with a view to establishing a fresh and independent authority on the subject matter. The audience must have confidence in the veracity and standard of reporting, and impartiality will be Network policy, whether or not a regulatory requirement by nation or region of operations exists.

The Editorial Team will be headed by the Editor-in-Chief/News Director (EIC), and will comprise of the roles laid down below, most of which will be replicated regionally, unless specific to a region. Editorial personnel will answer to the EIC in respect of all editorial decisions, and a subject Editor will be appointed as overall Senior Editor in each case. At launch Secondary Network Channels will have a News Director answering to the EIC, to oversee the particular nuances of the specific market brief and offering.

The New York, Singapore and EU Broadcasting Centres proposed in the relevant Budget Tiers will also have a Chief of Operations & Bureau; providing management support to the Board; liaising with the EIC; and ensuring efficient liaison between the Board, general management, editorial, production, suppliers, regulators on a regional basis. Editorial roles particular to each offering are discussed in the sections for AVTN and NewsNet24[7].

### Senior Editorial Roles

| | |
|---|---|
| Editor-in-Chief/News | Director |
| Assistant News | Director |
| News Operations | Director |
| European News Operations | Director |
| News Assignment | Desk Chief |
| Digital | Editor |

### Editorial Roles (by Region)

Each Channel offering will have a dedicated team of Editors, Hosts, Correspondents and supporting journalists as per requirement and launch.

### Art Department

The art department will work in support of all channel offerings, though it is foreseeable that some departmental specialism may be warranted.

# PART IA

## THE MARKET FOR AVTN

AVTN Aviation Television News

Business and Consumer News
covering every Aspect of Aviation

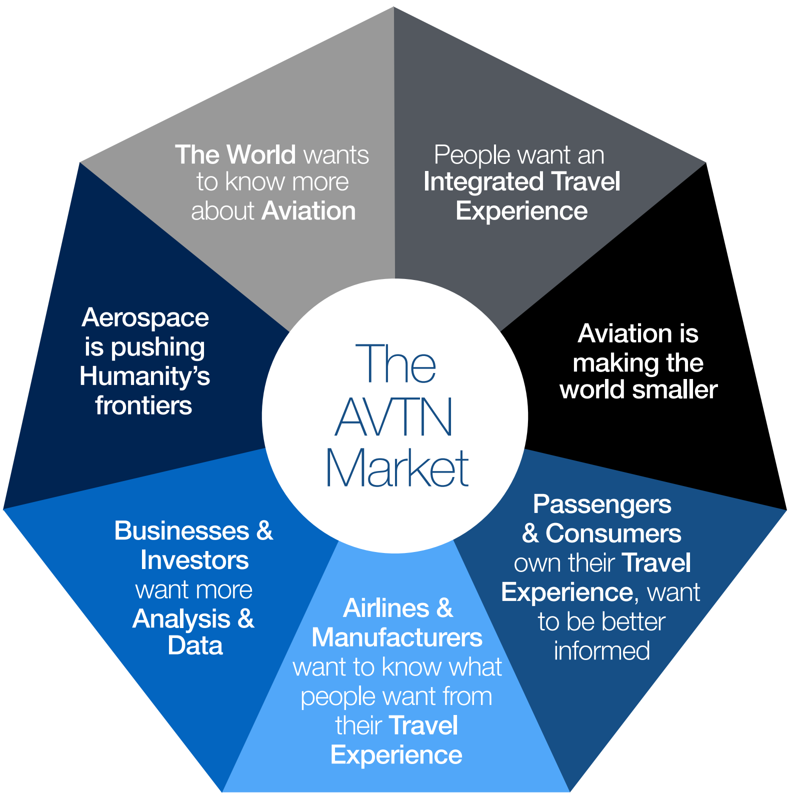
## Introduction

AVTN serves an industry of 3.8 billion (ICAO) passengers and stakeholders, of which 288 million are premium class fliers with considerable growth forecasts predicted by industry experts. The volume of passengers and, by consequence, the overall volume of stakeholders is forecast as increasing to 7.8 billion by 2036. An increase in sector interest is subsequently predicted. As an Industry, Media coverage of Aviation is haphazard and disconnected, either being wholly based around International news stories in mainstream media, or split between offerings to the professional, consumer or enthusiast, as represented in the graphic The Problem (on page 44). There is, however, great scope for a crossover of interest, as represented in the graphic The AVTN Solution (on page 45), and The AVTN Market (see diagram below).

The Network has calculated from available research that the average number of flights taken each year per capita worldwide is 1.19; with that figure rising to 1.82 in North America; and falling to 0.04 in Africa; while premium services (First and Business Class) represent 9% of global traffic or 288 million passengers, up 3.23% on the previous year, notwithstanding private and business aviation travellers.

The growth in aviation is expected to lead to the greater demand for information relating to the aviation industry. Growing public interest in the expansion of airways, airports, services and aircraft manufacturing, as well as operational and environmental issues, combined with a greater general interest in Aviation and Travel, is also seen as burgeoning demand for information from the sector.

**The AVTN Market**



AVTN Aviation Television News

**Available in your home, office or on the move via…**

Satellite
Cable
IPTV
App

**The Premier Source of Breaking…**

Airline
Aviation
Technology
Travel News

***Serving…***

Business
Investor
Passenger
Consumer

**24 hours a day**

**365 days a year**

— New York — London — EU — Singapore —

AVTN Aviation Television News

## The News

Aviation Insight for the World

The Industry Reviewed

World News & Stock Market Updates

The Latest in Consumer Travel, and Passenger, Experience

## Services

Direct-to-Home Broadcast by Satellite, Cable, IPTV and Device

4K UHD, HD, Adaptive Streaming

Global IP Radio

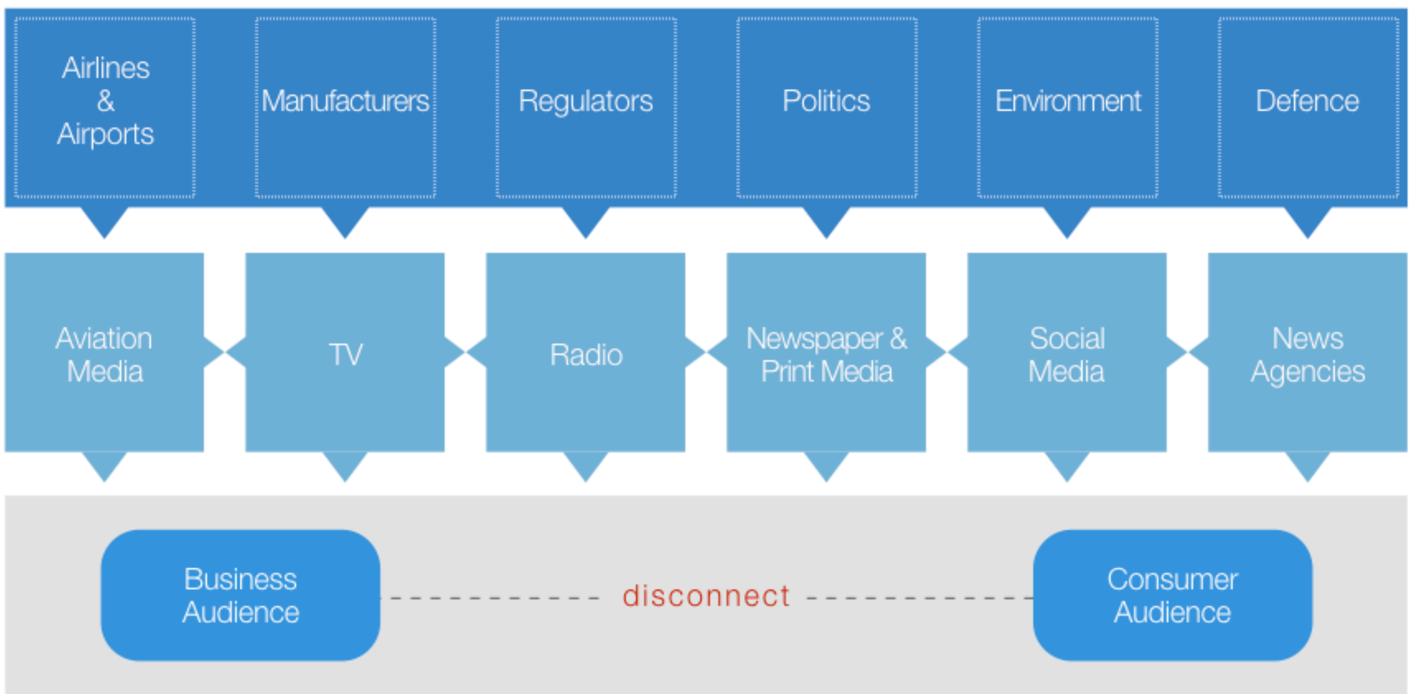
Business & Financial Data

Multi-Lingual Delivery

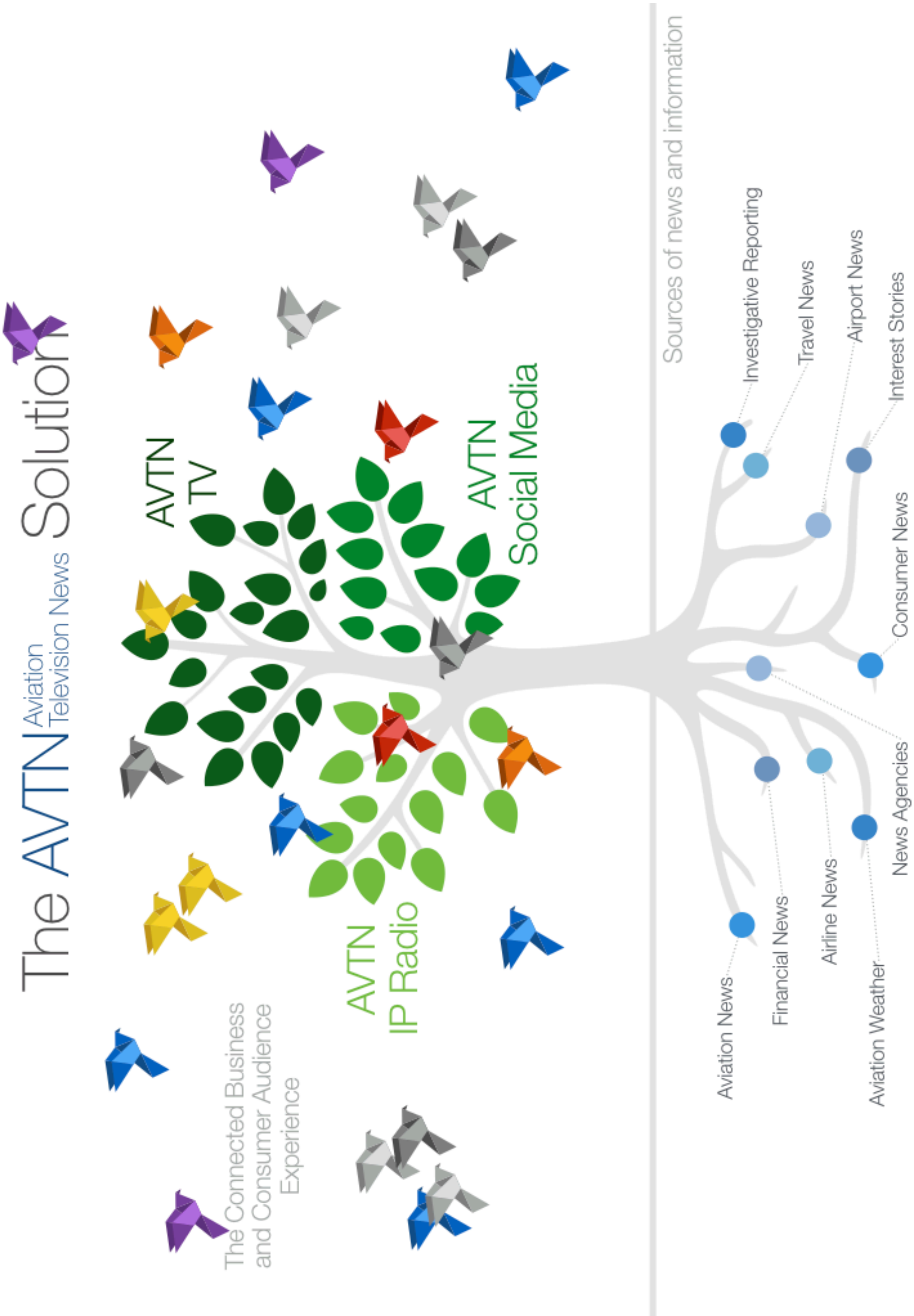
— New York — London — EU — Singapore —

AVTN Aviation Television News

# Aviation Media:
## The Problem




— New York — London — EU — Singapore —


The AVTN Aviation Television News Solution
The Connected Business and Consumer Audience Experience
AVTN TV
AVTN IP Radio
AVTN Social Media
Sources of news and information
Aviation News
Financial News
Airline News
Aviation Weather
News Agencies
Consumer News
Investigative Reporting
Travel News
Airport News
Interest Stories

## AVTN Advertisers

It is expected that AVTN will be able to draw on advertisers interested in marketing to the demographics represented by: those in the Aviation Industry; International travellers; and Consumers and Business people. Below is a cross-section of advertisers AVTN hopes to attract:

- Airlines
- Aviation & Aerospace Companies
- Banks
- Business Jet Charter Services
- Hotels
- International Airports
- International Brands
- Investment Services
- Manufacturers
- Petrochemical Companies
- Premium Marques & Brands
- Travel Companies

## AVTN Audience

It is expected that AVTN will attract and appeal to a diverse viewer and customer base drawn from all Aviation stakeholders for both its programming and business information, represented within the following main groups (also see graphic on the following page):

- Aerospace Companies
- Airlines
- Airports & Airfields
- AVGeeks (Enthusiasts)
- Banks & Investors
- Business Aviation
- Commercial Pilots
- Community Groups
- Corporate Management
- Educators & Students
- Employees
- Governments
- Industry Professionals
- Industry Organisations
- Lobbyists
- Manufacturers
- Market Analysts
- Military Personnel
- Passengers/PAX
- Political Activists
- Politicians
- Private Pilots
- Regulators
- Service Providers
- Suppliers
- The Military
- Unions

AVTN Aviation Television News

# AVTN Audience

## AVTN Audience Engagement

The demographic that AVTN has identified is not only sizeable, by any measure, but comprises of a diverse cross-section of the global community. AVTN content will be designed to appeal to the Business, Passenger and Consumer markets.

In discussing Business, the content must be thorough, informative and knowledgeable — but also recognise the factors that interest and concern the Consumer audience. Conversely, things that interest the Consumer audience can be approached in a manner to interest and inform the Business community.

During recent Aviation incidents, the overwhelming demand from the public has been for transparency from Aviation manufacturers about their products; from service providers about their practices and standards; and from regulators about their methods and oversight. AVTN can provide a conduit between these, as well as inform the audience or public. As a result AVTN has the means to engage all Aviation stakeholders.

**Key Audience Engagement & Advertiser Drivers** are:

- A broad cross-section in programming content
- Programming quality as a driver to audience vol.
- Ability to interest, engage and retain the audience
- Reliability of news, data and information, in comparison to other sources

**Premium Brand Advertisers** are seen as attracted to advertising outlets providing them with consistent means of delivering an engaged demographic, which aspires to purchase, own, use or consume their products or services. AVTN's demographic is comprised of the most attractive age-groups 25-54, with higher than average earnings. As a broadcaster, service diversity and regional advertising capabilities of a variety of platforms and set-top-box and app based technologies increases the ability to tailor advertising campaigns.

**Investor Interest** is driven by the desire to understand, monitor, and analyse data and information about shareholdings and corporate entities. Investors are subsequently drawn to consistent, high quality sources of information on which they can rely. AVTN will be a leading news, information and data resource for Aviation to the investor community.

**Business Interest** will be generated by providing information, data and news, interpreted in a manner to be of use and interest to the business community within or indeed external to Aviation, keeping business leaders informed, and able to make decisions based on reliable impartial analysis.

**Consumer and Passenger Interest** can be generated by including the factors that influence, benefit, or concern them in decisions relating to Travel and Aviation within the discussion of business orientated items. In other words, making business analysis more aware and accountable to the end-users' requirements at a time where the consumer is increasingly in control of the market for services and products. Consequently such interpretation becomes of more use to business.

**AvGeeks and Enthusiasts**: This group within AVTN's demographic is seen as interested in every aspect of the world of Aviation. Interest can be purely amateur, outside of an Aviation professional's own area of expertise; and from those aspiring to work in Aviation; or those that simply enjoy the romance of flight. This area of interest is representative of all sexes, the single person or family unit, from age +3 to +90.

# AVTN Aviation Television News

## Audience Engagement and Advertisers

### Key Audience Engagement & Advertiser Drivers

- Programming quality as a driver to audience volume
- Ability to interest, engage and retain the audience
- Reliability of news, data and information

### Premium Brand Advertising Drivers

- Consistent delivery of an engaged demographic
- Aspiration to own, use or consume products and services
- AVTN's prime age demographic is 25–54, with higher-than-average earnings

### Passenger & Consumer Drivers

- Airline and Airport Service News
- The Integrated Travel Experience
- Comfort
- Services and Solutions
- Safety and Security
- The Consumer Driven Market
- Airline and Manufacturer Transparency

### Business & Investor Interest Drivers

Relevant and quality analyses of…

- Business News
- Financial and Industry Data
- Shareholding and Market Movements

### Enthusiasts Drivers

- Everything to do with Aviation, Aerospace, Airlines, Space and Travel
- High Octane Segments and Coverage
- All sexes; single or family unit; from ages 3 through 90+

## AVTN Demographics

### Overview

In discussing the more-than-3.8 billion stakeholders that AVTN will provide Business and Consumer orientated programming to, it is important to recognise that those that fly, or are involved in the provision of aviation services, represent the World's more affluent people. Subsequently, the overall Aviation demographic is extremely attractive to premium brands in the television, radio and online advertising markets. In the US alone, Domestic air travellers are likely to earn 18.4% more than the average citizen; and Business travellers on average earn 40% more than Domestic air travellers and 65.7% more than the average citizen.

### The Global Middle Class

- In 2012 the Global Middle Class, defined by households with daily expenditures of $10 to $100 per person (at Purchasing Power Parity), was 2.23 billion; this had grown to 3.2 billion by 2016; and is expected to hit 4.2b billion by 2022; and 5.2 billion by 2028.
- 27% of all trips are to visit friends and family.
- In 2017 the Volume of Tourists was 1.322 billion and is increasing year-on-year[ix].
- There are over 3.5 million International Students, with the volume having doubled since 2000[ix].

### Pilots, Flight Crew & Technical Personnel

Pilots, Flight Crew and Technical Personnel represent another key area of AVTN's demographic, with some 58 million professionals working in this area of the sector globally, of which 2 million workers are located in the US. Boeing and Airbus predict the need for some 617,000 new pilots alone.

### High Net-Worth Individuals (HNWIs)

A significant proportion of the jobs and businesses in General Aviation are reliant on work and contracts associated with HNWIs. According to Bombardier, aircraft deliveries to HNWIs, often defined as those with a net worth of $50m or more, account for approximately one third of the overall business jet market, and many are sold to those with a net worth in excess of $1 billion USD. HNWIs in the band $500m to $999m are as important, and the volume of individuals in this bracket is increased in-line with other wealth demographics. The HNWI population is estimated at 16.5 million, with a wealth estimated at $63.5 Trillion.

### Regional Priorities

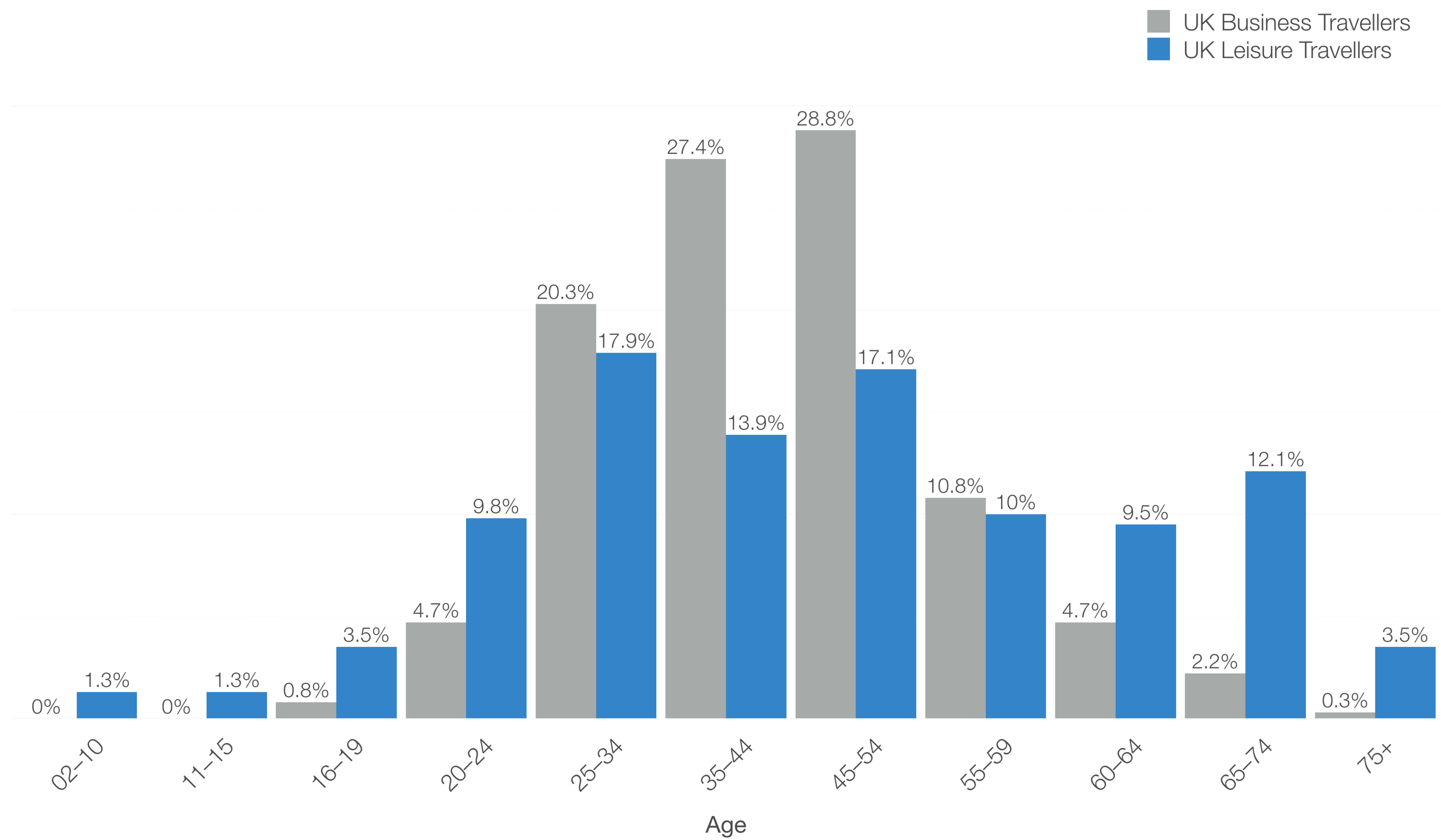
Greater depth consideration is given to this subject at Network level. The locations most likely to warrant an **increased** AVTN presence (as opposed to regional bureaus) are:

| | | | |
|---|---|---|---|
| Chicago | Charlotte | Dubai/UAE | Hamburg |
| Johannesburg | Montreal | Mumbai | Paris |
| Rome | Sao Paolo | Seattle | Shanghai |
| Sydney | Tokyo | Toulouse | Washington |

[ix] UNWTO, '2017 International Tourism Results: the highest in seven years', viewed on 03 April 2018, (http://media.unwto.org/press-release/2018-01-15/2017-international-tourism-results-highest-seven-years)

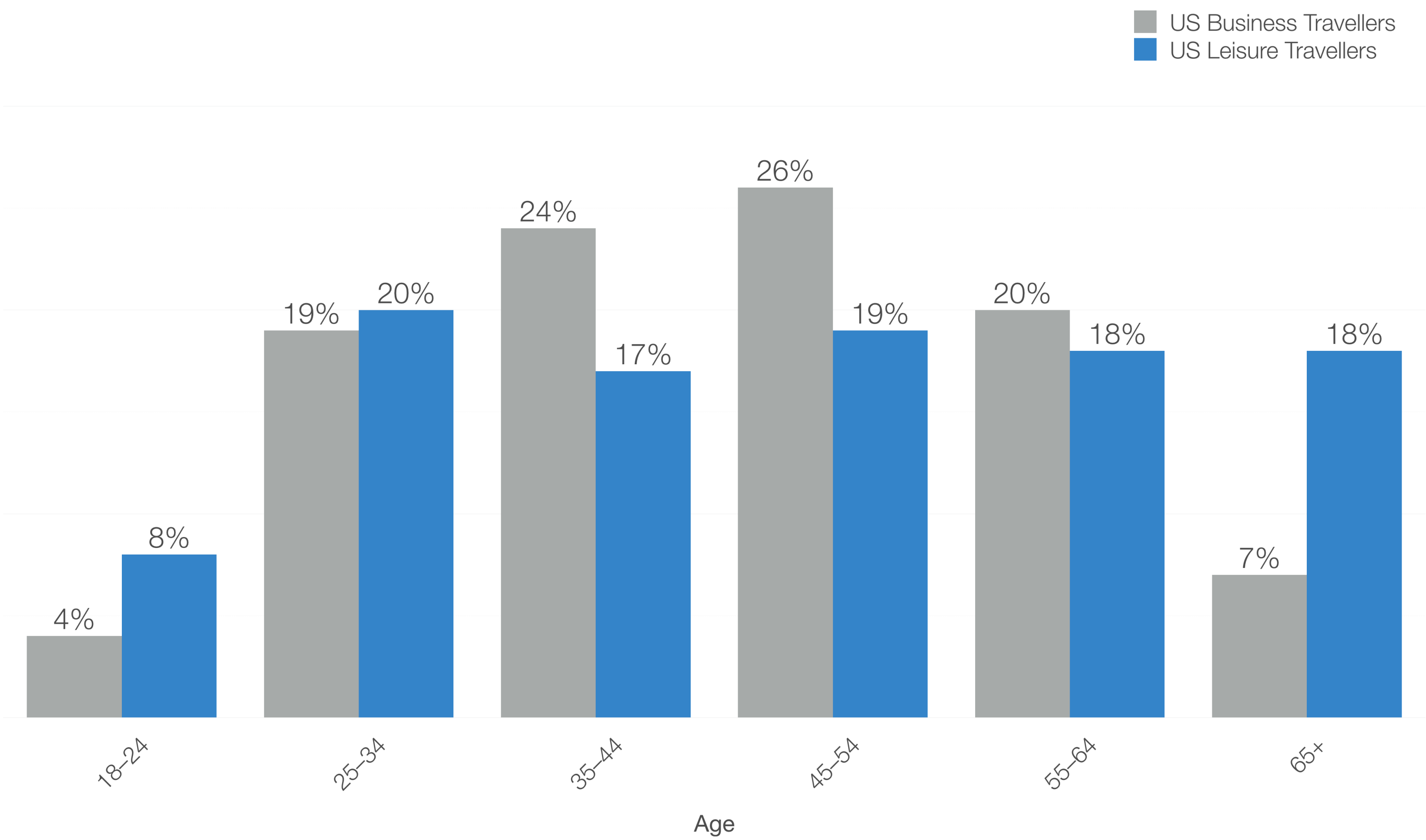
# Aviation Statistics

(UK Travellers Compared)




Compiled via Data extracted from the CAA UK Passenger Report

# Aviation Statistics (US Travellers Compared)



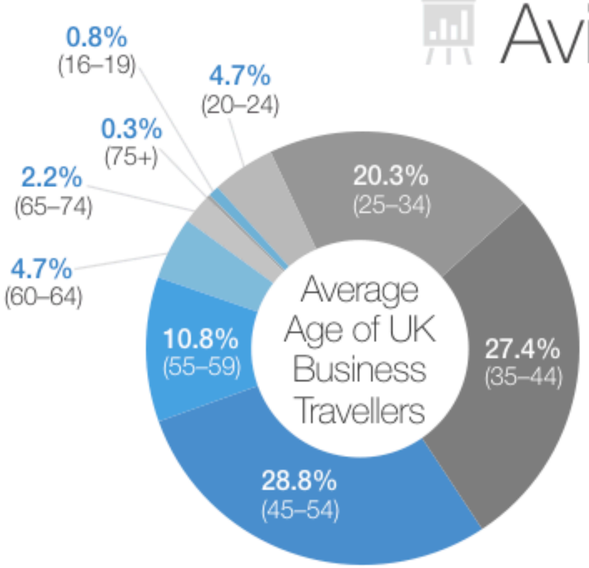

Source: US Travel Association

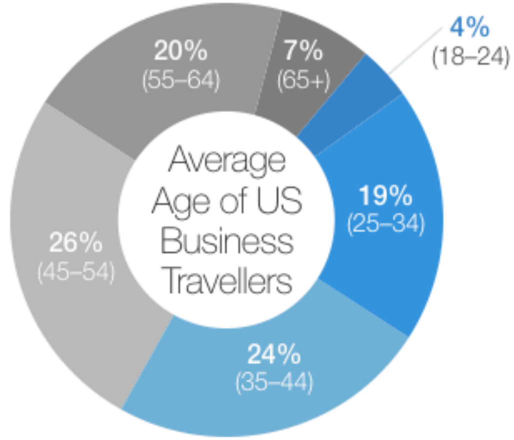
AVTN Aviation Television News

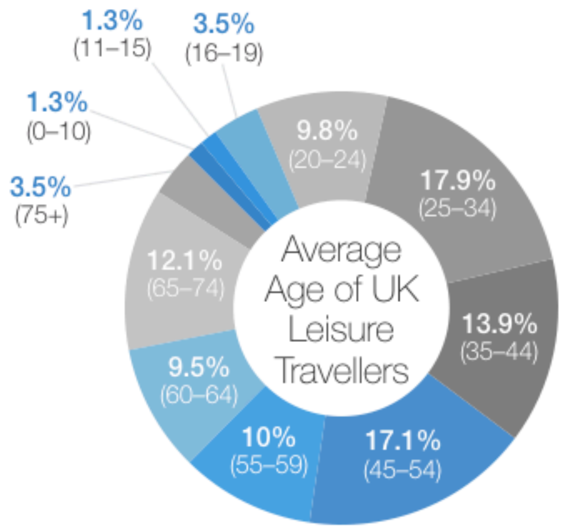
NewsNet24[7]

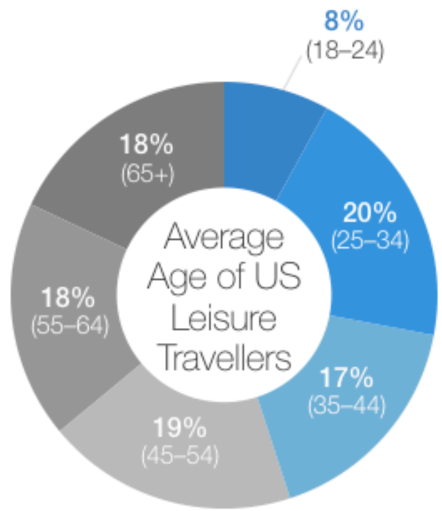
# Aviation Statistics

(Demography of Travellers)



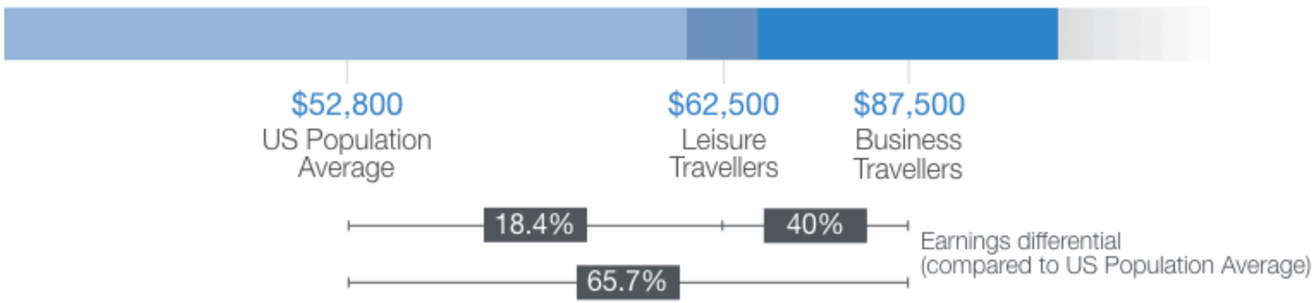

Compiled via Data extracted from the CAA UK Passenger Report

AVTN Aviation Television News

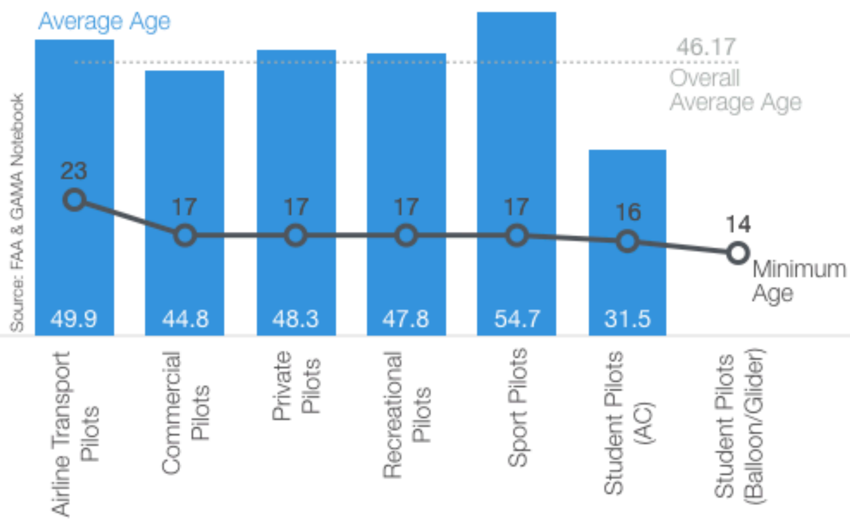
# Aviation Statistics (US based)

NewsNet24/7

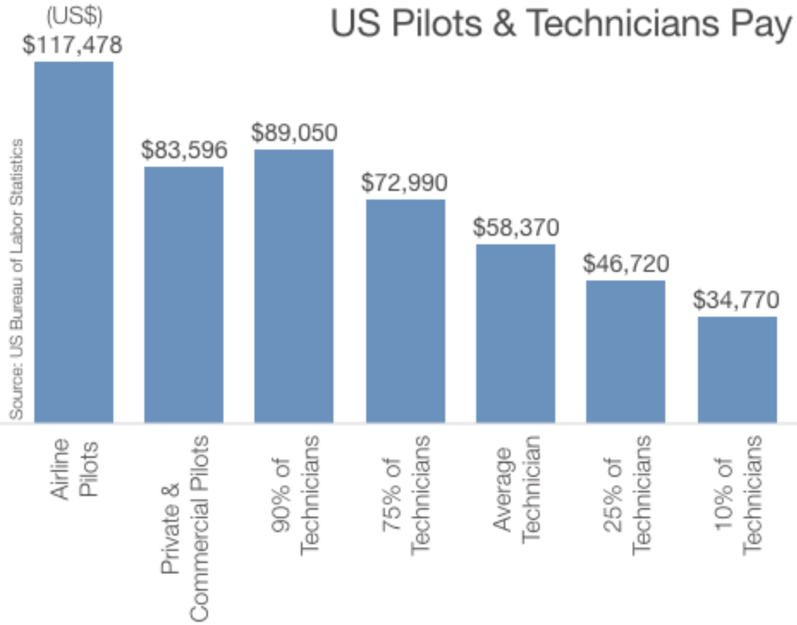
## Inter-US Travellers — Household Median Income




## US Pilots




## US Pilots & Technicians Pay



AVTN Aviation Television News

# Aviation Statistics (Key Indicators)

NewsNet24⁷

**3.8b**
Airlines Passengers carried in 2016

**2.1m+**
US Civilian and Commercial Aerospace/ Aviation Industry Employment*[2]

**58.1m**
Aviation Employment in 2014[4]

Percentage value of World Trade Carried by Aviation[6]
**35%**

Estimated[1] ownership of shares worldwide is rising, and in excess of
**328m**

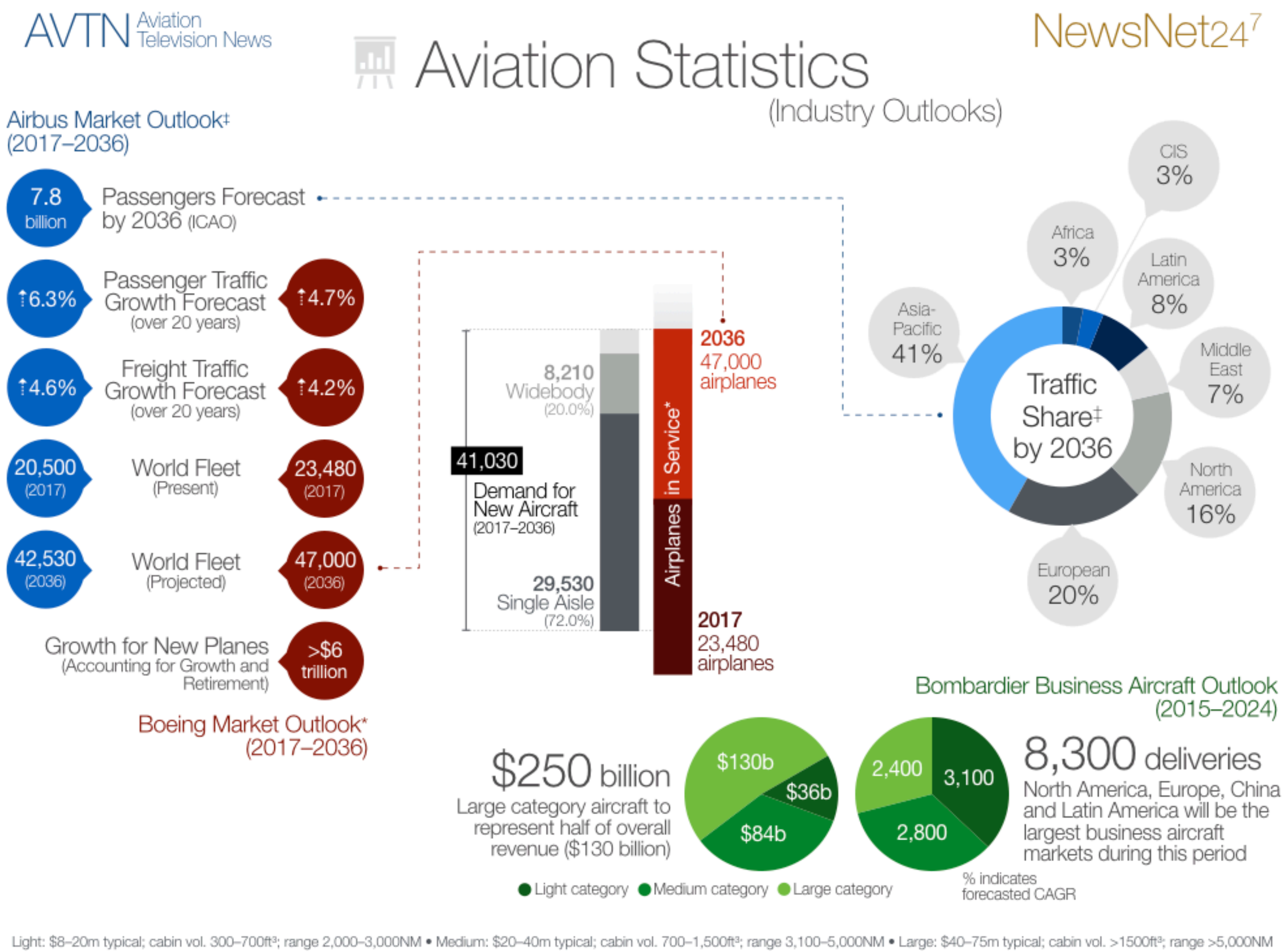
**416k**
Aircraft for General Aviation Worldwide in 2016[3]

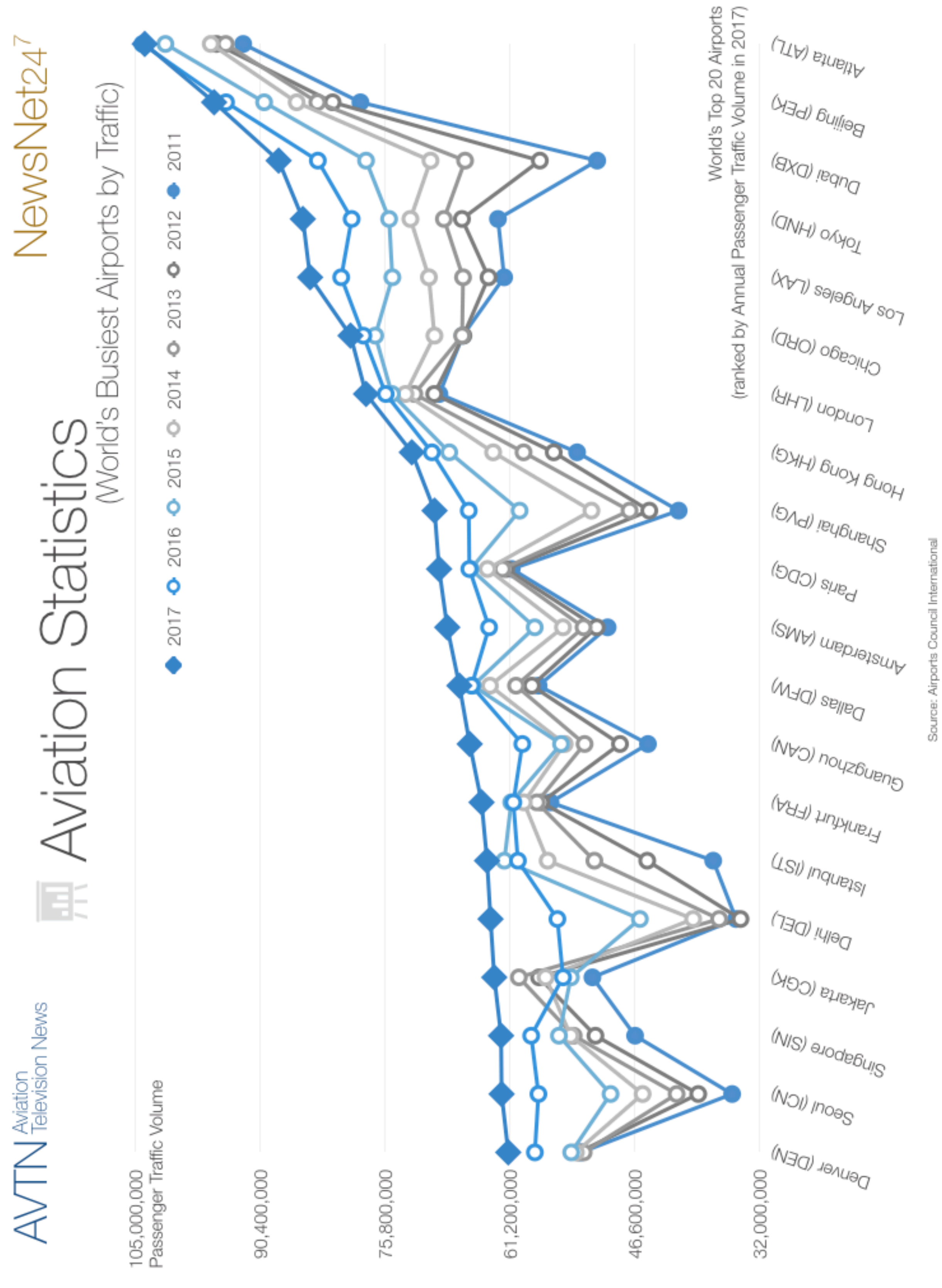
**$55,980**
US Aerospace and Aviation Employee Average Wage[5] (2015)

**$22b**
Contribution by Business Aviation to the EU[8]

**310**
Aerospace and Defence Companies and their Divisions[7]

Sources: (1) COOP [Co-Operatives UK]; (2,3) GAMA; (4,6) ATAG; (5) US Bureau of Labor Statistics; (7) AIA; (8) Quoted from Fang Liu, Secretary General of ICAO, at ABACE2016;
(*) The Commission on the Future of the United States Aerospace Industry


AVTN Aviation Television News
Aviation Statistics
(Industry Outlooks)
NewsNet24/7
Airbus Market Outlook‡ (2017–2036)
7.8 billion
Passengers Forecast by 2036 (ICAO)
↑6.3%
Passenger Traffic Growth Forecast (over 20 years)
↑4.7%
↑4.6%
Freight Traffic Growth Forecast (over 20 years)
↑4.2%
20,500 (2017)
World Fleet (Present)
23,480 (2017)
42,530 (2036)
World Fleet (Projected)
47,000 (2036)
Growth for New Planes (Accounting for Growth and Retirement)
>$6 trillion
Boeing Market Outlook* (2017–2036)
41,030
Demand for New Aircraft (2017–2036)
8,210 Widebody (20.0%)
29,530 Single Aisle (72.0%)
Airplanes in Service*
2036 47,000 airplanes
2017 23,480 airplanes
Traffic Share‡ by 2036
CIS 3%
Africa 3%
Latin America 8%
Asia-Pacific 41%
Middle East 7%
North America 16%
European 20%
Bombardier Business Aircraft Outlook (2015–2024)
$250 billion
Large category aircraft to represent half of overall revenue ($130 billion)
$130b
$36b
$84b
2,400
3,100
2,800
8,300 deliveries
North America, Europe, China and Latin America will be the largest business aircraft markets during this period
Light category
Medium category
Large category
% indicates forecasted CAGR
Light: $8–20m typical; cabin vol. 300–700ft³; range 2,000–3,000NM • Medium: $20–40m typical; cabin vol. 700–1,500ft³; range 3,100–5,000NM • Large: $40–75m typical; cabin vol. >1500ft³; range >5,000NM


AVTN Aviation Television News
NewsNet24/7
Aviation Statistics
(World's Busiest Airports by Traffic)
2017
2016
2015
2014
2013
2012
2011
Passenger Traffic Volume
105,000,000
90,400,000
75,800,000
61,200,000
46,600,000
32,000,000
World's Top 20 Airports
(ranked by Annual Passenger Traffic Volume in 2017)
Atlanta (ATL)
Beijing (PEK)
Dubai (DXB)
Tokyo (HND)
Los Angeles (LAX)
Chicago (ORD)
London (LHR)
Hong Kong (HKG)
Shanghai (PVG)
Paris (CDG)
Amsterdam (AMS)
Dallas (DFW)
Guangzhou (CAN)
Frankfurt (FRA)
Istanbul (IST)
Delhi (DEL)
Jakarta (CGK)
Singapore (SIN)
Seoul (ICN)
Denver (DEN)
Source: Airports Council International

AVTN Aviation Television News

NewsNet24/7

# Aviation Statistics (Social Media)

## 220+ Major Airline Accounts

40m+ Followers @ 64% growth
(over 12 months)

## 190+ Major Airline Accounts

195m+ Likes @ 39% growth
(over 12 months)

Statistics updated on 04 May 2018

Top 20 charts!

| Airline | Twitter Followers | % change |
|---|---|---|
| Aerolineas Argentinas | 3,333,000 | 1172.14% |
| Cebu Pacific Air | 3,300,000 | 115.69% |
| Air Asia | 3,230,000 | 62.31% |
| Phillipine Airlines | 3,020,000 | 118.84% |
| KLM | 2,400,000 | 18.23% |
| Southwest | 2,210,000 | 12.76% |
| Volaris | 1,950,000 | 34.48% |
| Turkish Airlines | 1,830,000 | 60.53% |
| Aeromexico | 1,790,000 | 37.69% |
| Malaysia Airlines | 1,760,000 | 80.33% |
| American Airlines | 1,530,000 | 20.47% |
| Delta | 1,460,000 | 32.73% |
| Qatar Airways | 1,340,000 | 79.38% |
| British Airways | 1,160,000 | 39.76% |
| Emirates Airline | 1,110,000 | 70.77% |
| Saudi Airlines | 1,040,000 | 56.16% |
| United | 986,000 | 27.23% |
| Avianca | 842,000 | 21.85% |
| Virgin America | 837,000 | 10.71% |
| WestJet | 679,000 | 14.50% |

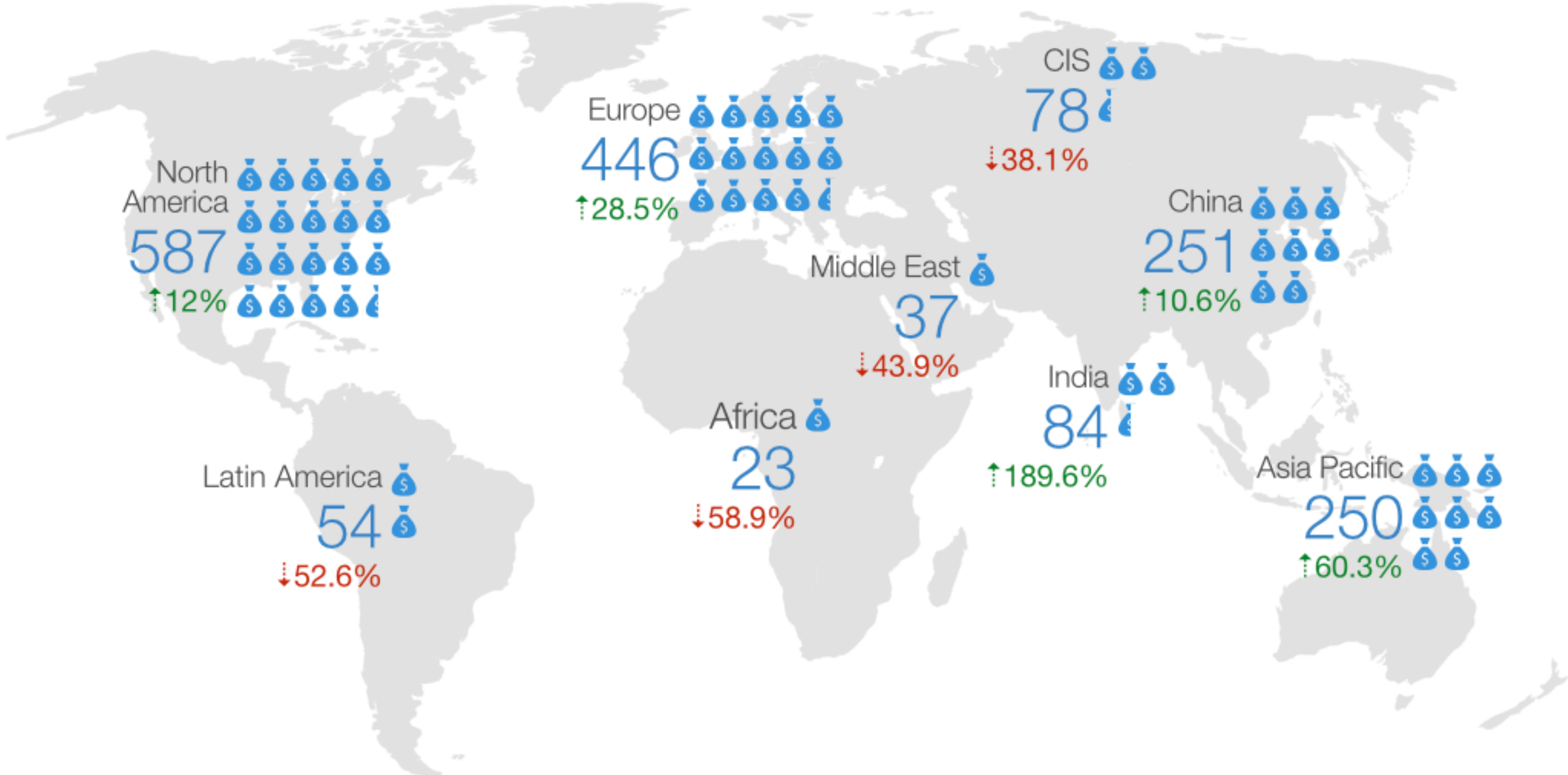
| Airline | Facebook Likes | % change |
|---|---|---|
| Qatar Airways | 13,648,076 | 24.74% |
| KLM | 12,579,873 | 25.28% |
| Air Asia | 11,294,226 | 252.09% |
| Turkish Airlines | 10,661,317 | 33.33% |
| Emirates Airline | 9,499,761 | 72.47% |
| Air France (Fr) | 7,231,071 | 31.03% |
| Southwest | 5,895,072 | 20.43% |
| Saudi Airlines | 5,592,203 | 99.04% |
| Thomson Airways | 5,344,659 | 522.69% |
| Cebu Pacific Air | 4,438,718 | 78.40% |
| Etihad Airways | 3,548,882 | 95.1% |
| Singapore Airlines | 3,544,094 | 61.96% |
| Lufthansa (DE) | 3,536,432 | 81.19% |
| Gol | 3,520,064 | 31.23% |
| Jet Airways | 3,167,301 | 21.40% |
| British Airways | 3,110,867 | 41.07% |
| Wizzair | 3,035,927 | 386.13% |
| Delta | 3,020,490 | 96.6% |
| Phillipine Airlines | 2,979,841 | 95.31% |
| China Southern (US) | 2,517,771 | 31470.80% |

AVTN Aviation Television News

NewsNet24⁷

# Global Distribution of Billionaires

Source: Forbes




BIZ — HNWIs account for approximately 1/3 of business jet deliveries

An HNWI is often defined as someone with a net worth of $50 million or more

$500–999M ↑6% — HNWIs in the $500m to $999m band grew by 6% in each of the two years preceding 2014

>$1B — Many business jets are sold to HNWIs with a net worth in excess of $1 billion

Bombardier Business Aircraft Market Forecast 2014–2023 & 2015–2024 • % indicates change from 2014 • HNWI = High Net Worth Individual

## Military Demographics

The US Air Force is not only one of the World's largest, but provides an interesting cross-section of age groups, dependents and non-military personnel, and is felt to be a good representation of the make-up of a typical Western air force, for the consideration of advertising and defence interest (excludes other US military services operating aircraft).

**Military Personnel**

- 319,124 on active duty
  - 28.6% are female
  - 39% are under the age of 26
- 61,306 officers
  - 21% are female
  - Average age of 35
  - 12% are under the age of 26
- 257,818 enlisted
  - 19.7% are female
  - Average age of 28
  - 45% are under the age of 26
- Line officers (versus non-Line)
  - Male @ 85%
  - Female @ 58%
- 12,471 pilots (inc. 730 females)
- 3,270 navigators (inc. 317 females)
- 1,308 Air Battle Managers* (inc. 226 females)
- 24,913 non-rated line officers*
- 20.1% of the current force is assigned overseas
  - 8,955 officers
  - 55,204 enlisted personnel
- Race & Ethnicity
  - Asian: 3.9%
  - Black/African American: 15%
  - Hispanic/Latino: 12.9%
  - White: 72%
- Marital Status & Family
  - 28,364 on active duty married active duty personnel
  - 141,583 on active duty married non-military
  - 161 on active duty married Reserve Personnel
  - 142,744 active duty members are not married
  - 1,671 married to members of other military services
  - 385,419 are dependents of active duty personnel
  - 251,712 dependents reside in an AF household

Note: Some numbers may not add up due to rounding

**Civilian Employees**

- 139,452 US Citizen Full-Time Employees
- 2,848 US Citizen Temp or Term Employees
- 868 US Citizen Part-Time or Intermittent Employees
- 21,768 Non-Appropriated Funds Employees
- 9,033 Air Force Reserve Technicians
- Average age of 48.1
- 71.4% are male; 28.6% are female
- Job profession
  - Admin: 38.2%
  - Blue Collar: 21.8%
  - Professional: 20.8%
  - Technical: 12.5%
  - Clerical: 3.8%
  - Other: 2.8%
- Education (Blue Collar)
  - Bachelor's Degree: 6%
  - Master's Degree: 0.8%
  - PhD/Professional degree: <.1%
- Education (White Collar)
  - Bachelor's Degree: 28.7%
  - Master's Degree: 31.4%
  - PhD/Professional degree: 2.9%
- Race & Ethnicity
  - Asian: 3.6%
  - Black/African American: 13.4%
  - Hispanic/Latino: 8%
  - White: 71.4%

## The AVTN Editorial Team

The Network intends to employ the best available journalists and business analysts available for all its services. The Editorial Team for AVTN will comprise of a balance of known and new talent from the field of Aviation in accordance with the overall employment policy.

The New York, Singapore and EU Broadcasting Centres proposed in the Budget Tiers will also have a Senior Editor (Channel/Subject) appointed to liaise operationally with the Chief of Operations & Bureau, and the Channel News Director on editorial matters.

| **Senior Editorial Roles (Channel/Subject)** | |
|---|---|
| News | Director |
| News Assignment | Desk Chief |
| Digital | Editor |

| **AVTN Editorial Roles (as appropriate to Region)** | |
|---|---|
| Business & Political | Editor/Host |
| UAV & Defence | Editor/Host |
| Commercial Aviation | Editor/Host |
| General Aviation | Editor/Host |
| PAX Experience | Editor/Host |
| Propulsion | Editor/Host |
| Avionics & Technology | Editor/Host |
| Pilots & Personnel | Editor/Host |
| Safety & Regulation | Editor/Host |
| Aerospace & MRO | Editor/Host |
| Chief correspondent | Editor/Host |
| Europe | Editor/Host |
| Americas | Editor/Host |
| Asia Pacific | Editor/Host |
| Middle East & Africa | Editor/Host |
| Environment | Editor/Host |
| Aviation Meteorologists | Editor/Hosts |
| General Correspondents | TV & Radio |
| Junior Journalists | TV & Radio |

## AVTN Training

From the project inception, significant thought has been given to the issue of delivering Media training to Aviation personnel and Aviation training to Media personnel in order to ensure consistently high standards.

AVTN intends to deliver this via a mix of group media training sessions, online and App based training within the operational budget. Discussions are already under way with a supplier to leading airframe manufacturers, who are able to deliver a comprehensive course of easily accessed and re-accessible modules for Aviation training. The system, which already includes Health and Safety requirements, can be easily adapted to requirements. For Media Training, see page 108.

## The News

As an Aviation orientated channel, AVTN will primarily focus on interpreting the implication of Aviation news, world events, and financial information as it affects the Aviation business and Consumer at a national, regional and global level; while remaining able to address multiple stakeholder perspectives and interests; and maintaining a consistent dynamic.

### The News Cycle & News Generation

The majority of AVTN's news cycle is expected to fall during the working week, though there are any number of variables that can lead to a major news story breaking on the weekend. Weekend programming is expected to have a greater focus on the General Aviation and Consumer Markets. It is anticipated that news story generation will come from a combination of relevant topics (see the following page).

## The Volume of Aviation News

Aviation news consists of more than the headline stories that are covered by the Mainstream News Media. The volume of news dealt with by Business News channels also represents a relatively small fraction of available information, data and content. Mainstream and Business News coverage of mainstream events or announcements while representative of the key areas where AVTN will compete for like-for-like coverage, also defines the scope of that competition. While B2B publications and their OTT services may cover some of this additional news, their own ability to report is often limited to weekly or monthly publication, whereas AVTN will offer coverage on a 24/7 basis.

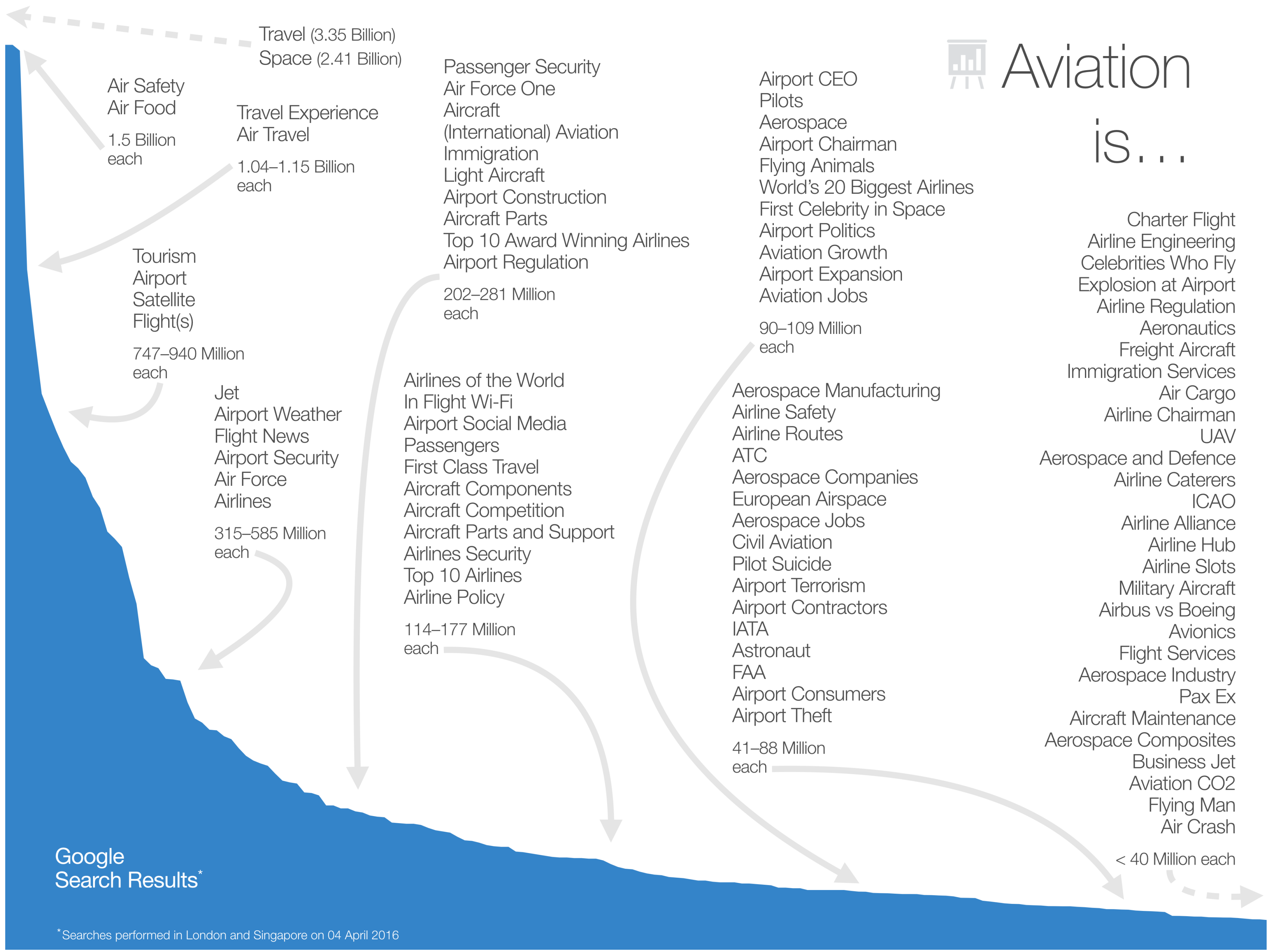
AVTN Aviation Television News

# News Topics

| | | | | | |
|---|---|---|---|---|---|
| Airlines | Travel | Corporations | Business | Press Releases | Government/ Political Activity |
| Airports | MRO | Mergers & Acquisitions | SMEs to PLCs | Economy | International Events |
| Passengers (Pax) | Defence | Market News & Analyses | Research & Development | Workforce & Trade Unions | Interest Stories |
| Variation of Flight Routes | Industry Events | Management Areas | Technology | Heritage & Museums | World Sport |
| Aviation Weather | Regulation | Sales & Procurement | Consumer Experience | Environment | World Weather |

— New York — London — EU — Singapore —

# Sources for AVTN Aviation Television News



Aviation
is. . .
Travel (3.35 Billion)
Space (2.41 Billion)
Air Safety
Air Food
1.5 Billion
each
Travel Experience
Air Travel
1.04–1.15 Billion
each
Tourism
Airport
Satellite
Flight(s)
747–940 Million
each
Jet
Airport Weather
Flight News
Airport Security
Air Force
Airlines
315–585 Million
each
Passenger Security
Air Force One
Aircraft
(International) Aviation
Immigration
Light Aircraft
Airport Construction
Aircraft Parts
Top 10 Award Winning Airlines
Airport Regulation
202–281 Million
each
Airlines of the World
In Flight Wi-Fi
Airport Social Media
Passengers
First Class Travel
Aircraft Components
Aircraft Competition
Aircraft Parts and Support
Airlines Security
Top 10 Airlines
Airline Policy
114–177 Million
each
Airport CEO
Pilots
Aerospace
Airport Chairman
Flying Animals
World's 20 Biggest Airlines
First Celebrity in Space
Airport Politics
Aviation Growth
Airport Expansion
Aviation Jobs
90–109 Million
each
Aerospace Manufacturing
Airline Safety
Airline Routes
ATC
Aerospace Companies
European Airspace
Aerospace Jobs
Civil Aviation
Pilot Suicide
Airport Terrorism
Airport Contractors
IATA
Astronaut
FAA
Airport Consumers
Airport Theft
41–88 Million
each
Charter Flight
Airline Engineering
Celebrities Who Fly
Explosion at Airport
Airline Regulation
Aeronautics
Freight Aircraft
Immigration Services
Air Cargo
Airline Chairman
UAV
Aerospace and Defence
Airline Caterers
ICAO
Airline Alliance
Airline Hub
Airline Slots
Military Aircraft
Airbus vs Boeing
Avionics
Flight Services
Aerospace Industry
Pax Ex
Aircraft Maintenance
Aerospace Composites
Business Jet
Aviation CO2
Flying Man
Air Crash
< 40 Million each
Google
Search Results*
*Searches performed in London and Singapore on 04 April 2016

## Manufacturing

Manufacturing in the Aerospace Industry represents a significant un-tapped portion of News interest for the Aviation and Business communities, with a considerable volume of press releases issued annually. Development of new aircraft, seating, cabin facilities, check-in facilities and more can be addressed to interest the Consumer

The table below represents the volume of news and press releases issued by the Top 100 aerospace manufacturers during a single research year as part of our research.

| # | News Source | Vol. | # | News Source | Vol. | # | News Source | Vol. |
|---|---|---|---|---|---|---|---|---|
| 1 | Airbus | 554 | 35 | Spirit Aerosystems | 50 | 68 | Parker Hannifin | 15 |
| 2 | Boeing | 367 | 36 | Harris | 49 | 69 | Chemring | 13 |
| 3 | Northrop Grumman | 311 | 37 | Orbital Sciences | 48 | 70 | Esterline | 12 |
| 4 | Eaton | 295 | 38 | Avic | 47 | 71 | Woodward | 12 |
| 5 | Saab Aero | 250 | 39 | Dassault | 45 | 72 | ITP | 12 |
| 6 | Raytheon | 212 | 40 | Lockheed Martin | 39 | 73 | Denel | 10 |
| 7 | ATI | 212 | 41 | B/E Aerospace | 37 | 74 | Doncasters | 10 |
| 8 | Heico | 210 | 42 | Kaman | 37 | 75 | Precision Castparts | 9 |
| 9 | Bombardier | 190 | 43 | ST Engineering | 35 | 76 | Meggitt | 9 |
| 10 | Rockwell Collins | 178 | 44 | L-3 | 33 | 77 | Lisi | 8 |
| 11 | General Dynamics | 129 | 45 | Curtis-Wright | 33 | 78 | Circor | 7 |
| 12 | General Electric | 118 | 46 | Triumph | 30 | 79 | Korea Aerospace | 6 |
| 13 | Rolls-Royce | 101 | 47 | Exelis | 30 | 80 | Diehl Aerosystems | 6 |
| 14 | Bae Systems | 99 | 48 | GKN | 29 | 81 | Aciturri | 6 |
| 15 | Finmeccanica | 88 | 49 | Fokker | 28 | 82 | Avio | 5 |
| 16 | Textron | 75 | 50 | Crane | 27 | 83 | Amphenol | 3 |
| 17 | Alliant Techsystems | 75 | 51 | Zodiac | 26 | 84 | Martin Baker | 3 |
| 18 | MDA | 72 | 52 | Cobham | 25 | 85 | Honeywell | n/a |
| 19 | Safran | 69 | 53 | Aeroflex | 25 | 86 | Thales | n/a |
| 20 | CAE | 69 | 54 | Hertoux Devtek | 25 | 87 | Aernnova | n/a |
| 21 | Embraer | 67 | 55 | MTU Aero Engines | 24 | 88 | ASCO | n/a |
| 22 | United Technologies | 67 | 56 | Ruag | 24 | 89 | Elettronica | n/a |
| 23 | Hindustan Aero | 66 | 57 | Ultra Electronics | 23 | 90 | Firth Rixson | n/a |
| 24 | Gencorp | 64 | 58 | FLIR | 23 | 91 | Indra | n/a |
| 25 | Kongsberg | 63 | 59 | Ducommun | 22 | 92 | Irkut | n/a |
| 26 | Fuji Heavy | 63 | 60 | Garmin | 20 | 93 | Ishkawajima-harima | n/a |
| 27 | ALCOA | 60 | 61 | Mitsubishi | 19 | 94 | Israel Aerospace | n/a |
| 28 | ITT | 59 | 62 | MOOG | 19 | 95 | Jamco | n/a |
| 29 | Kawasaki Heavy Ind. | 58 | 63 | BBA Aviation | 17 | 96 | Latecoere | n/a |
| 30 | Marshall | 57 | 64 | Magellan | 17 | 97 | Senior | n/a |
| 31 | Ball | 56 | 65 | Transdigm | 17 | 98 | SKF | n/a |
| 32 | Terma | 56 | 66 | Pilatus | 17 | 99 | Sonaco | n/a |
| 33 | Elbit Systems | 55 | 67 | Hexcel | 16 | 100 | Teledyne | n/a |
| 34 | Cytec | 52 | | | | | | |

The available volume for our survey was 5,619, with some manufacturers' information unavailable; with a daily average in excess of 15; and a weekday average in excess of 21 items. It should be noted that this is prior to consideration of news and releases from in excess of 300 airlines; plus airports and airfields; maintenance and service suppliers; regulators; national defence and political statements; and interest stories on a worldwide basis. In addition, many aviation news stories can be dealt with from multiple stakeholder perspectives, and when the variety and breadth of sources is considered, it is felt that there is more than enough news to cover; and importantly this is prior to applying typical broadcast news practices such as rolling news repetitiveness.

## Airlines, Airports, Routes and other

The level of news from Airlines and Airports is reviewed on an ongoing basis, albeit substantial. Data for Route and Equipment changes during a single research year was also encouraging. In total there were 4,145 announcements, averaging 11.3 per day, and 15.1 per weekday, with only 198 announcements occurring during weekends.

## AVTN Programming Areas

### Headline News

Discussion of global events while taking into consideration their effects and potential consequences on the world of Aviation. Such events, incidents and accidents that are news-worthy to mainstream news will be dealt with expertly, tastefully and without controversy by AVTN's Editorial Team, and represents the main area where AVTN will compete in like-for-like news with other News channels and services.

### Financial Content

Includes discussion of stocks and share movements, alerts and announcements; lease, loan and banking issues; merger and acquisitions; that affect manufacturers, airlines, airports, general aviation, and suppliers; from SME to PLC. AVTN will compete at this level with other Financial News services, but will have market advantage in its focus as an aggregator of Aviation relevant news.

### The Ticker

A scrolling news banner, or 'ticker', provided by the Broadcast Industry service leader will deliver a line of live Aviation related stock data, while a secondary line will scroll headline news.

### Business Content

Focus on every internal and external factor influencing businesses in the Aviation sector, whether they are: regulatory; political; fiscal; natural; from SME to PLC; from start-up, through growth and contraction to bankruptcy; workforce and union issues; supply and demand; operations; associations and organisations; or procurement. Freight will feature with Aviation carrying 35% of world trade by value. While AVTN will deal with topics that other Business News services may deal with, advantage will lay in the ability to focus upon the internal and external effects within a single industry.

### Technical Content

Areas covered will include: Materials; Engineering; Research & Design; Manufacture; Development; Maintenance; Repair; Overhaul; Suppliers; Supply Chain; Operations; Technical specifications; Testing. As a Television News service, AVTN will have the resources and be in the position to report on Aviation Technical News as it happens, in an industry where print and online media resources are often updated on a (bi-)weekly or monthly basis.

### Defence

An important focus for technical development and procurement. However, coverage will be closely monitored to conform to any restrictions that may be applied by governments in or of certain countries.

### Consumer & Passenger Experience (Pax Ex)

A central focus of Commercial and Business Aviation. Growing attention is being given to the passenger experience not just in airport terminals and on-board aircraft, but from the point of ticket purchase to arrival at the final destination — Booking methods, Transport links, Customer Services, interactions, and interactive technologies are now as important as aircraft seating, in-flight meals and entertainment. This area is fast-moving and offers subject diversity. Consumer features discussing the experience of travelling and the business of delivering service to the customer are seen as key to driving audience ratings, and increasing appeal to a broader cross-section of premium brand advertisers.

### The AvGeek

A 'tag' worn proudly by many, representing both the professional who takes their 'work' home with them as a private pilot or enthusiast, and those with a wholly amateur interest. Air show coverage is seen as being the biggest draw for the general interest viewer. More people attend airshows in the UK than Football matches. Since monitoring of Aviation news levels, and the AvGeek scene began, the volume of business, manufacturing and technical news shared by this community has been impressive, verging on obsessive, and it is assessed as encouraging that business orientated news stories do not appear to alienate amateur interest — they simply want to be 'in the know'! AvGeeks are all sexes from +3 to +90.

## AVTN Programming

### Show Format

At present, the preferred weekday format is for a round-table panel discussion of news and views hosted by at least two members of the Editorial team, with guests and specialist members of the Editorial Team rotating through the studio throughout the day. This is not to say that AVTN rules out programming based on other formats. A single presenter format is most likely to be employed for multilingual OTT bulletins. Interviews will be treated in the conventional way, and dependent on their length billed as segments, specials or part of the regular programming cycle. Long-form pre-recorded editorial 'feature' style programmes will also feature.

### Programmes

AVTN intends to divide each region's programming into three blocks dependent on scheduling for day-of-the-week, region and time, with potential for interactive overlap between regions, one such example being the proposed **'Atlantic Flight-line'**, and interaction between London and the Euro Studio. A program may focus on a particular theme, but more commonly feature a variety of themed segments based on elements of Aviation that require daily attention. A sample schedule for weekday and weekend programming can be found in **Part II**, on pages 110 through 117.

### Segments

Segments will vary in length and feature subjects such as: Aircraft, route and operational analysis; company and executive profiles; Stock Markets opening/closing bells; corporate announcements, and figures; Consumer, passenger/PAX issues; manufacturing and maintenance. These will be delivered through a mix of one-on-one interviews, panel or round-table discussions, as well as location features.

### On-Screen Personnel

The AVTN Editorial Team of on-screen Anchors, Hosts, Presenters, and Correspondents based from each Broadcasting Centre, will comprise of key editorial staff with a variety of aviation expertise that will also be responsible for editorial content when they are off-set; and in addition will travel out of the studio to conduct interviews and present segments or programming from key events.

As a start-up, AVTN does not intend to compete for on-screen talent with existing broadcasters. Primarily, this is because known and recognisable broadcasting talent is unlikely to have the requisite Aviation knowledge and experience to enable them to be effective in their jobs. With a few possible exceptions AVTN will seek out editorial personnel from Aviation with prior experience of Broadcast, and give training where necessary. It is not intended to pay inflated salaries for on-screen responsibilities in the near-term, seeing this principally as a bonus of profitability that must be justified by ratings; though exception could be made in the event that on-screen talent brought with them quantifiable audience ratings and revenues of significant volume. On-screen personnel will however, participate in the Network Bonus scheme.

## Weather

Weather reports will be compiled by the in-house team of Aviation Meteorologists, and contain — as far as is possible — information typical of a pilot weather briefing. Discussions have already been initiated with an Industry leading provider, and appropriate allocations included within the budgets.

## Features Programming

AVTN intends to schedule, commission and produce a number of long-form editorial programmes. This will allow more detailed, in-depth focus on subjects, such as interviews with prominent figures.

## Schedule Diversity

While a more diverse schedule including entertainment, sports highlights, films and other family inclusive programming may be desirable, it would be subject to different licence terms in the UK. Under terms of the AVMSD 50% of EU production must originate in the EU. Greater schedule diversity is not under immediate consideration, nor currently budgeted for. As profit targets are reached this area could be developed with surplus revenues, beginning with OTT services, subject to licensing conditions and distribution costs to audience ratios.

## AVTN Events and Expos

Attendance of Air Shows, Events and Expos is budgeted for, either as part of AVTN's flagship coverage programme or within the general news-gathering and long-form programme budgets. Special significance has been given to attendance of Events that are seen as important for increased advertising revenues and in terms of marketing value.

Flagship event attendance is currently allocated to the following international commercial air shows:

**Dubai**
**Farnborough**
**Paris**
**Singapore**

The budget includes provision for a 15m × 15m two-storey pavilion structure, including marketing and studio facilities. It is the expectation that this will deliver key display, interview and specialist coverage options, with the potential ability to sell highlights to other networks. Air Display coverage will be cutting edge in nature. The events allocation lies within production budgets; the marketing benefits of such a presence are significant.

At present, budgets are based on costs typically associated with the use of outsourced Outside Broadcast (OB) facilities, crews and up-links. However, due to ongoing developments in broadcast equipment technology, the potential for the Network to build either its own OB facility upon funding (most likely as a fly-away system package) within existing budgets is being considered. It should be noted that if a wholly owned or leased system were to be built, the Network would seek a partnership with a facilities company to utilise the asset outside of its own requirements; and such a move would affect levels of assets owned or held, as well as depreciation projections, while also creating a further revenue stream, justifying the cost outlay.

The benefits of such a move would, however, significantly outweigh any negative elements.

In light of the tragic events of the 2015 Shoreham Air Show (UK), where our CEO was in attendance, it is felt that it is important to emphasise that the onus of the Dubai, Farnborough, Paris and Singapore events is on the Sale of commercial aircraft, defence systems, associated equipment and services.

While flight displays are a part of these events, the teams responsible for their flight operations represent the highest industry standards on both their trade and public access days. Air Show attendance worldwide is expected to grow and to continue to exceed Football/Soccer attendance in the UK.

## AVTN Potential Programme and Segment Ideas

**Afterburner**
Potential to focus on military and supersonic flight, with Aerion Supersonic gaining attention.

**Airline Routes**
With a significant volume of flight operations announcements and changes per business day, this is expected to be a regular feature during weekdays with the AVTN video wall enabling graphics representations.

**Airside**
May become a feature on anything past the point of customs, or about airline and airport operations.

**Airspeed**
Seen as offering general use and air-racing potential.

**ATC**
May feature anything to do with Air Traffic Control.

**Air Tug**
Could be used to discuss all aspects of moving un-powered aircraft on the ground.

**AvGeeks**
A slang term that refers to the army of amateurs who follow aviation.

**Aviation Authority**
Either everything to do with regulation, or an authoritative spot on aviation.

**Check-In**
Might feature anything to do with check-in and customer facing services.

**Combustion**
Might focus on engine technology, or energy and fuel types and technology.

**Cyclic Nuts**
A play on terms; could feature people who love and fly helicopters.

**Deadheads**
Not fans of the Grateful Dead Rock Band, but referring to re-positioning aircrews.

**FL360**
A flight level of 36,000 feet. This could be used for in-flight features or as a 60 Minutes style programme.

**Flight Deck**
Anything to do with the flight deck, and pilots.

**Full Throttle**
A useful term that could be used in a general application.

**Hanger Time**
Features on maintenance repair and overhaul (MRO), commercial or general aviation.

**IFR**
Instrument Flight Rules might be a feature on instruments and avionics.

**In-flight Entertainment**
Potential for use to discuss both technology and content.

**Inside the Fence**
Refers to anything that goes on inside the perimeter fence of an airport/airfield.

**Jet-A**
Anything to do with jet fuel development, and environmental issues.

**Kick the Tyres & Light the Fires**
A phrase from military aviation that could be used in that context.

(continues…)

**Learning to Fly**
Close association with songs by Pink Floyd and Tom Petty, this title could be used for all aspects of private, commercial or military pilot training, as well as the business of pilot training, and associated services.

**Logbook**
Potential for pilot responsibilities and regulation.

**Media Review**
A review of newspapers, print and online media sources featuring aviation.

**On the Apron**
Anything that goes on around the aircraft at the gate and on the ground.

**Passenger Space**
Might refer to the overall passenger experience, seating, and more.

**PaxEx**
PAX are passengers, and this could be used for passenger experience coverage.

**Propeller Heads**
A useful title for anything to do with amateur interests with an association to geeks.

**Pushback**
Refers to when an aircraft leaves the terminal gate.

**Ramp Ops**
Anything to do with operations around the aircraft.

**Rotate**
Generally useful; refers to the point a pilot pulls back on the controls, lifting the aircraft into the air.

**Terminal Space**
Anything inside the airport or airfield buildings.

**Terminal Velocity**
Anything to do with the business and pastime of Parachuting.

**Trade Winds**
Could be a feature on inter-continental business, freight or route economics.

**The Trip**
Potential for a focus on the lifecycle and pipeline of travel.

**Turbofan**
Might focus on engine technology or just be a cool segment or program title.

**Turn & Burn**
Could focus on Propeller driven aircraft and technology.

**VFR**
Visual Flight Rules could feature private pilots and the business of general aviation.

**Whirlybirds**
Potential for helicopter related programming.

### Broadcast Services at Airports and for the Traveller

The delivery of News and services in airport terminals is highly attractive, represents a relatively captured market; and it is a long-term goal of AVTN to enter this market. The market has already been recognised by two competing broadcast corporations, with the market leader in Business News and Information installing a video wall at London City Airport (LCY) in January 2014, and the World's largest Broadcast News Organisation in the process of entering the Airport market with a branded news and entertainment service at San Diego International (SAN). However, these services are general and **do not** represent comparative services to those envisioned by AVTN.

**Key considerations of this market:**

- The entry into this market by two significant broadcasting corporations does go some considerable way to validating the existence of the market which AVTN has also identified and proposes services in.
- While entry into the airport market by competing broadcasters represents competition, the nature of that competition does not address the neglect of the Aviation News Market, and there are relatively few service crossovers identifiable in the nature of the offerings by other broadcasters to those proposed by AVTN.
- AVTN believes that scale of roll-out and nature of service must be identifiable as being one of quality, relevance, and ease of access or availability of service, and not perceived as an exercise in branding and exposure. Ideally, service should not be restricted to airport terminals or a limited number of locations by the nature of technologies employed and method of delivery; instead it should be available in ancillary facilities such as car parks, and on service routes via Wi-Fi or 3G/4G/5G technologies.
- The opening of a café in Abu Dhabi International Airport (AUH) by one such competitor suggests that the exercise may be part of a series of brand exposure initiatives.
- The limited roll-out and access issues of services, leads to significant questions on the ability of these offerings to provide 'excellent' or 'quality customer service', either in single or multiple locations. These services are currently limited to airport terminals, and are far from reaching significant levels of coverage at present.
- In the pursuit of Air travel news and entertainment services, whether on-the-ground or in-flight, offerings must be tailored to address a key observation among Aviation Passenger Experience Consultants: That, the passenger experience and journey begins at the point of booking, continuing through the airport and flight until arrival at the destination. Otherwise, service availability is subsequently significantly restricted.
- AVTN sees this market as requiring considerable thought before entry, as well as the appropriate airport, infrastructure and service partners. Adaptive access, via application of a variety of technologies, will offer the traveller relevant and useful information from the point of booking, throughout their travel experience, until arrival. Such a service represents greater relevance, and revenue streams, than existing alternatives. AVTN's own entry into this market will therefore be: considered, targeted, and rolled-out in multiple venues in a co-ordinated schedule. Such services are therefore a long-term, rather than short-term, objective.

## Under-served and Under-exploited

Under-served and Under-exploited is probably something best demonstrated rather than defined, and we encourage a personal assessment of the available aviation based content available to the individual. Despite the enormous number of satellite or cable television platforms and the hundreds of channels available the volume of content in the Network's target markets is small in relative terms.

### News

Mainstream news generally only considers an aviation story headline news, if it relates to an air accident; airline or airport security threat; corporate story affecting profitability or employment issues; a world first, record attempt or similar. Business news — while focusing more on the economic, and share price stories — will tend to prioritise interest across multiple industries. However, interest is calculated by an outlet, the news from each of the Networks target markets is diluted by the myriad of alternate subjects that can be covered, but with little or no focus.

### Documentaries

The volume of new documentary material relating to Aviation is small. The Network's management recognise and admire a notable flagship show relating to air accidents, as being a significant contribution to the factual Aviation documentary market. However, the programmes production team is only able to produce a limited number of high quality one-hour programmes per year. While episodes are repeated often, the popularity of the repeats serves both to highlight the audience's desire for content, as well as the lack of alternate sources of content that interests this market.

While a number of airport and airline fly-on-the-wall documentaries have also aired in recent years, it is important to distinguish between their ability to fulfil a day-in-the-life perspective versus their ability to impart industry sanctioned practices, information and data, and promote Consumer interest.

Programming of a one-off nature may relate to a significant product launch, a Heritage event, aircraft retirement, record attempt or similar. In addition a proportion of existing programming is repeated, and may often be so old that the footage is in an antiquated format; in a degenerative condition effecting presentation, colour and sound quality; requires restoration or transfer to current TV formats. It should be noted that in many cases 4:3 formatted footage could be re-framed and re-transferred, the audio re-processed or voice-over re-recorded in order to improve the consumer experience, making the content of greater interest or commercial value.

A recent development in documentary is the development of the pseudo-documentary, as a sub-set of Reality TV, where the content is heavily scripted, but presented as factual, and this is seen by many as a danger to the future of factual information programming. In addition, traditional print resources are in decline, and online on-demand content is on the rise. To paraphrase the feature film, Jerry Maguire, "Show us the content;" and do it on a 24/7, 365-day-a-year on-demand basis — herein lies the issue, it simply is not there in any appreciable volume. This issue may be equally applied to other Network markets.

## Redefining the Market

AVTN will aim to re-define and connect the market. Aviation is an industry with 3.8 billion passengers (ICAO) and stakeholders; a market estimated by manufacturers to be worth US $6+ trillion from 2017 to 2036; there are 360,000 aircraft under private ownership; the business jet market is forecast as worth $250 billion or 8,300 deliveries between 2016 and 2025[x]; military contracts are worth billions; there were 5,619 press releases from the Top 100 manufacturers, and 4,145 Route changes and announcements identified during our research, prior to consideration of other stories; and over 3.2 billion Travel related items in online searches. At present there is no cohesive resource delivering news to this market — the audience must actively find its own sources and decide on the quality of the content themselves.

Television regardless of delivery medium, OTT services, Radio or Audio services all offer a platform where news may be easily digested, often while an individual or group multitask; an option not possible with print media. Aviation television presents a huge global market in which considerable TV and Radio Advertising, and co-branded revenues could be achieved.

However, only a fraction of the interest and revenues that this market could achieve are being realised. It is not that the target audience is not interested in the subject; it is that they are not presented the content to pass judgement on, specifically as to whether or not the content is of interest to them to begin with.

The Network intends to apply this philosophy across all of its target markets. At a time when content is held 'King' and 'Quality' is 'Everything'; the market is not suffering from saturation of choice defined by sheer volume, but is searching for 'Relevance'.

A market of the size and scope of Aviation does not lack an audience. It is the audience which lacks **'Relevant'**, **'Quality'** content!

[x] Bombardier Market Forecast 2016-2025

# Part IB

## THE MARKET FOR NEWSNET24^7

NewsNet24^7

Business and
Consumer News for
the Global Citizen

## Introduction

NewsNet24⁷ will provide the Global Citizen with International News from a Business and Consumer perspective 365 days per year. The global news industry is a multi-billion dollar enterprise, attracting similarly large audience figures daily. Daily news consumption in the United States is estimated to be at 76% across all news media. The world's appetite for news increases with population, the growing ease of access, and — in certain territories — with the liberalisation of government and the demographic.

The growing focus within the market is on relevance and ease of access. Fewer people have time to read newspapers in their busy schedules, and the market for easily consumed formats such as traditional TV Radio is growing, while demand for segments easily consumed via OTT services on personal devices is increasing substantially. An increase in sectorial interest is subsequently predicted, and NewsNet24⁷ will be a leading player in accessing the new-media news market.

With NewsNet24⁷, the Network wants to concentrate on a more accessible relationship between International News, Business and Consumer. The mission brief will be to look for different perspectives on traditional stories, and to seek out news that falls between the gaps from sources and industries with significant demographics. Considerable scope for crossover interest between target areas is seen with the appropriate blend of stories, and perspective addressing the interests of all.

The market for concise, accurate and reliable analysis of data and information in the Business and Investment community is seen as a growing market, and is already worth in excess of $11.8 billion. The Network sees a successful TV and Radio News channel as a driver to demand for future products in this sector.

**The NewsNet24⁷ Market**

# NewsNet24⁷

**Available in your home, office or on the move via…**

Satellite
Cable
IPTV
App

**The Premier Source of Breaking…**

Airline
Aviation
Technology
Travel News

***Serving…***

Business
Investor
Passenger
Consumer

**24 hours a day**

**365 days a year**

— New York — London — EU — Singapore —

# NewsNet24/7

## The News

A Global
Perspective

Business and
Industry Reviewed

World News &
Stock Market Updates

The Latest in
Consumer Experience

## Services

Direct-to-Home Broadcast
by Satellite, Cable, IPTV
and Device

4K UHD, HD,
Adaptive Streaming

Global IP Radio

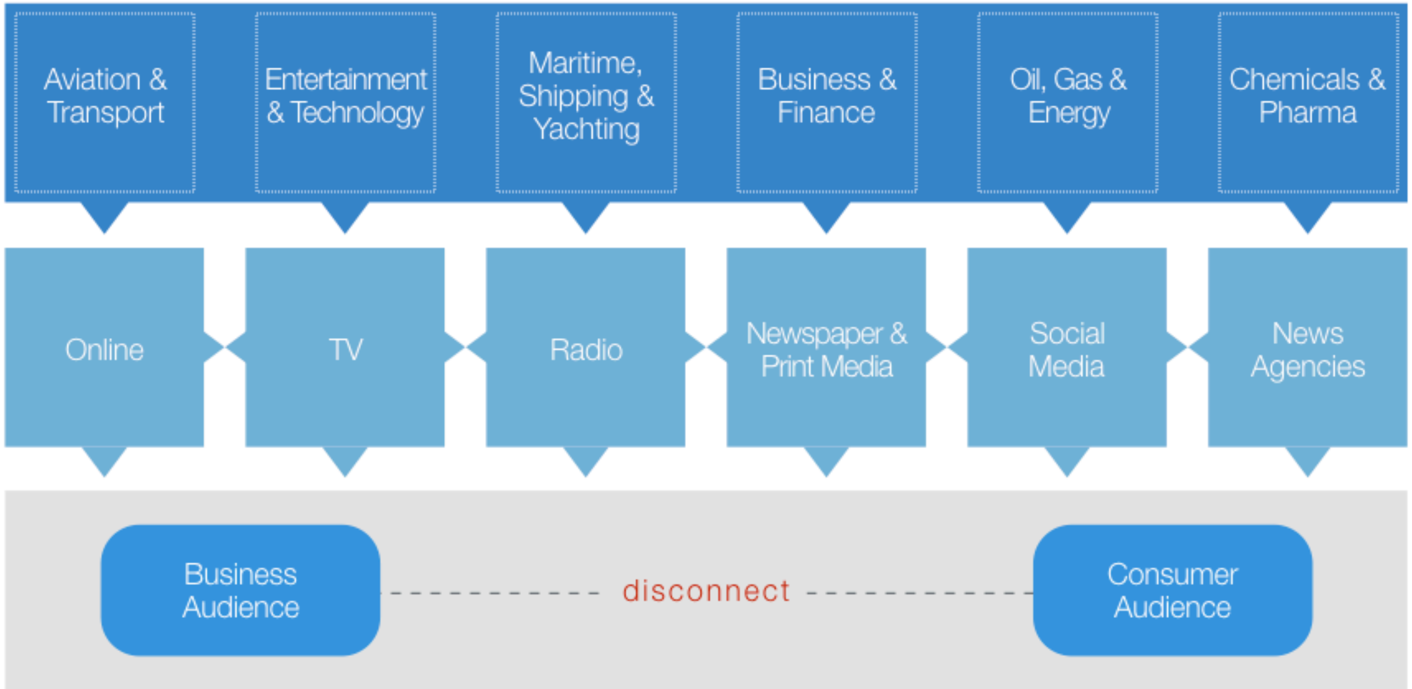
Business & Financial Data

Multi-Lingual Delivery

— New York — London — EU — Singapore —

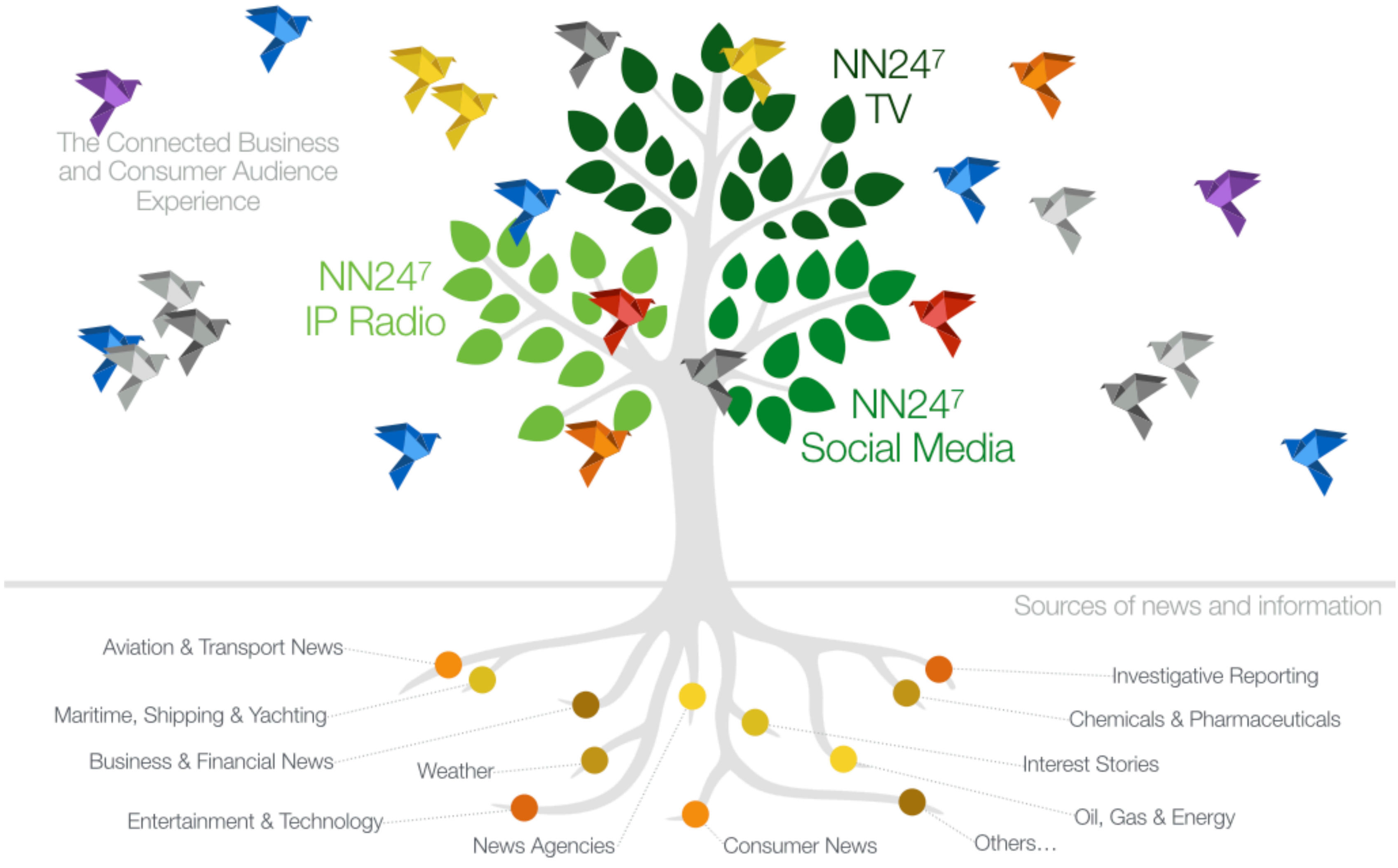
NewsNet24/7

# Business & Consumer Media:
## The Problem




— New York — London — EU — Singapore —

# The NewsNet24⁷ Solution



## NewsNet24[7] Advertisers

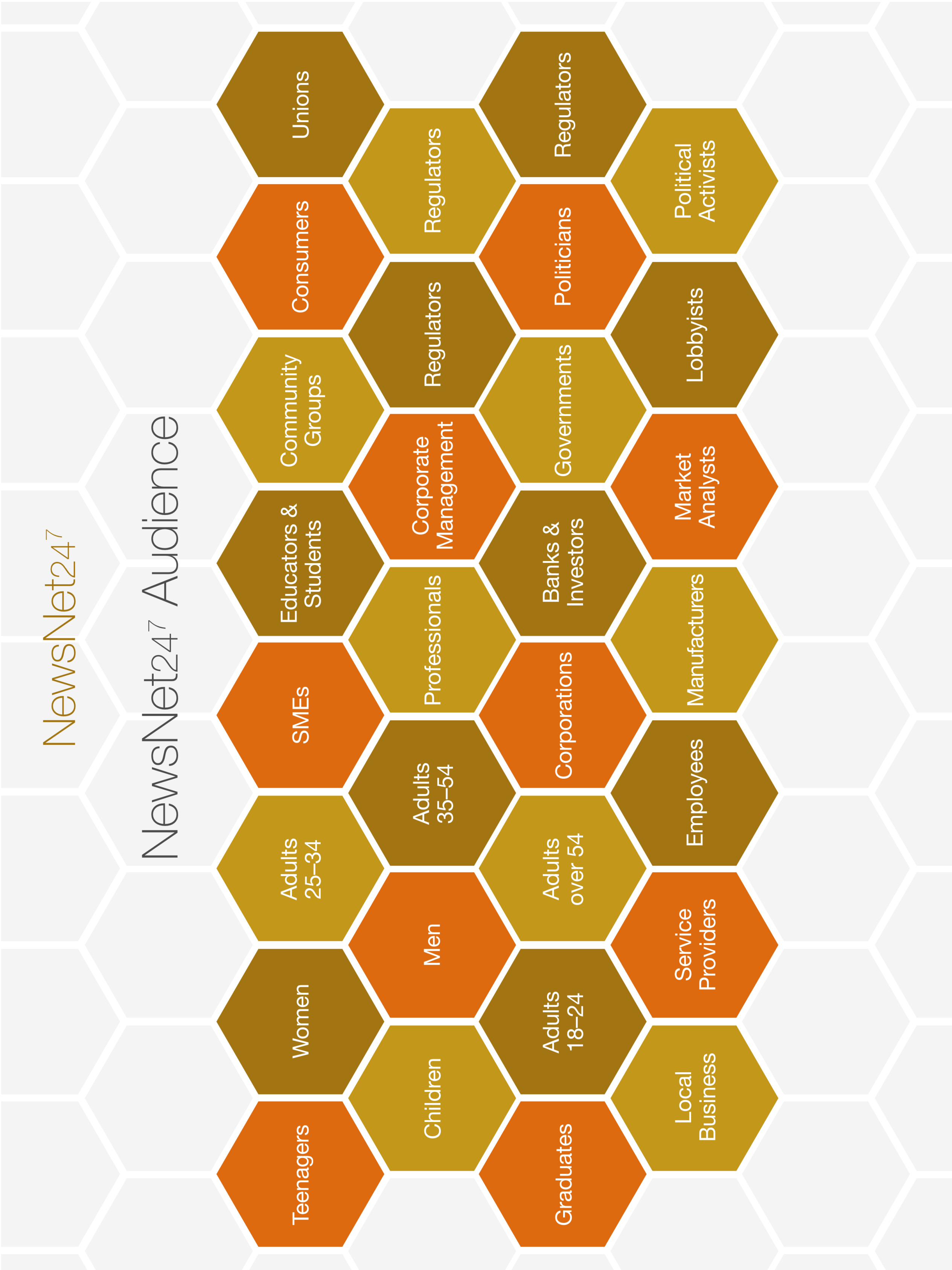
There is considerable crossover, between the AVTN and NewsNet24[7] advertising markets, though additional breadth is gained by the addition of more Consumer products, services, brands and personal interests. The following table is seen as representative of the advertising market for General News:

| | |
|---|---|
| Airlines | International Brands |
| Banks | Investment Services |
| Car Manufacturers | Petrochemical Companies |
| Consumer Products | Premium Marques & Brands |
| Energy and Utilities | Service Providers |
| Entertainment | Sports and Health |
| Financial Services | Technology |
| Food Outlets | Travel Companies |
| Hotels | |

## NewsNet24[7] Audience

NewsNet24[7] will serve a world that already generates and consumes significant volumes of News. At the time of publication, there were a total 20.34 billion news items available online. The following table is seen as representative of the General News audience for an outlet such as NewsNet24[7]:

| | |
|---|---|
| Children | Employees |
| Teenagers | Governments |
| Adults 18–24 | Graduates |
| Adults 25–34 | Lobbyists |
| Adults 35–54 | Manufacturers |
| Adults over 54 | Market Analysts |
| Men | Political Activists |
| Women | Politicians |
| Banks & Investors | Professionals |
| Community Groups | Regulators |
| Consumers | Service Providers |
| Corporate Management | Local Businesses |
| Corporations | SMEs |
| Educators & Students | Unions |


NewsNet24/7
NewsNet24/7 Audience
Teenagers
Women
Adults 25–34
SMEs
Educators & Students
Community Groups
Consumers
Unions
Children
Men
Adults 35–54
Professionals
Corporate Management
Regulators
Regulators
Graduates
Adults 18–24
Adults over 54
Corporations
Banks & Investors
Governments
Politicians
Regulators
Local Business
Service Providers
Employees
Manufacturers
Market Analysts
Lobbyists
Political Activists

## NewsNet24⁷ Audience Engagement

The global market for News, Business News, Data and Information is sizeable, with the Business Data market alone being valued at $11.8b annually. Similarly to the market for AVTN, the market for Business and Consumer News is sizeable, and the demographic represents a diverse cross-section of the global community. NewsNet24⁷ content will be designed to appeal to the Business community, Consumer and Global Citizen.

In discussing Business, the content must be thorough, informative and knowledgeable but also recognise and discuss the factors that interest and concern the Consumer and average person going about their daily lives. Conversely, things that interest the Consumer and General Public can be approached in a manner to interest and inform the Business community.

While there may be regional differences, on the whole transparency and impartiality in news reporting is extremely important to the Global audience, and in markets such as the UK is enshrined in the regulatory standards of the media industry.

**Key Audience Engagement & Advertiser Drivers** continue to be…

- A broad cross-section in programming content
- Programming quality as a driver to audience vol.
- Ability to interest, engage and retain the audience
- Reliability of news, data and information, in comparison to other sources

**Premium Brand Advertisers** are seen as attracted to advertising outlets providing them with consistent means of delivering an engaged demographic, which aspires to purchase, own, use or consume their products or services. The News demographic as a whole is comprised of the most attractive age groups 25-54, seen as having the greatest level of disposable income. As a broadcaster, service diversity increases the ability to reach particular portions of the global community with an array of advertising campaigns.

**Investor Interest:** NewsNet24⁷ will offer a broader array of stories to cater for the Investor to understand, monitor, and analyse data and information about shareholdings and corporate entities. Investors are drawn to consistent, high quality sources of information on which they can rely. NewsNet24⁷ intends to be a leading news, information and data resource to the investor community.

**Business Interest:** As with other Network outlets will be generated by providing information, data and news, interpreted in a manner to be of use and interest to the global business community as a whole, keeping business leaders informed, and able to make decisions based on reliable impartial analysis.

**Consumers and Global Citizens:** The focus of interest for the General public is found in stories that affect an individual's daily life or someone they know, whether World events, Business, employment, political or environmentally orientated; human interest stories also feature, while Sport rates as one of the most unifying global interests. Consumers want stories about the latest technology as well as existing news services.

**Sports, Events, and Leisure:** Sports news is in great demand from media outlets, and NewsNet24⁷ intends to be representative of the biggest global sports interests. Special events, such as commemorative events and exhibitions, will also provide opportunities for coverage. Leisure stories will be able to feature a vast array of subjects and personal interests worldwide. These areas are representative of all sexes and the single person or family unit, from age +3 to +90.

# NewsNet24[7] Audience Engagement and Advertisers

### Key Audience Engagement & Advertiser Drivers

- Programming quality as a driver to audience volume
- Ability to interest, engage and retain the audience
- Reliability of news, data and information

### Premium Brand Advertising Drivers

- Consistent delivery of an engaged demographic
- Aspiration to own, use or consume products and services
- NewsNet24[7]'s prime age demographic is 25–54, with higher-than-average earnings

### Psychometric Drivers

- Concise and succinct news reporting
- Adaptive and cohesive programming, adhering to selected demographic and psychographic groups
- In-depth, investigative reporting on relevant issues and a variety of subjects
- Appeal to all: kids, teenagers, adults, and seniors
- 'Human Element' in reporting

### Business & Investor Interest Drivers

Relevant and quality analyses of…

- Business News
- Financial and Industry Data
- Shareholding and Market Movements

### The Global Citizen

- Overview and review of significant and cultural events, special interests and sports
- App creates opportunity for continual, uninterrupted presence with access and engagement — anywhere, anytime
- Key news, weather and breaking content immediately available via app or virtual ticker

## The NewsNet24⁷ Editorial Team

The Network intends to employ the best available journalists and business analysts available for all its services. The Editorial Team for NewsNet24⁷ will comprise of a balance of known and new talent from a cross-section of relevant field, such as: Business, Financial Markets, Banking, Insurance, Aviation, Oil, Gas & Energy, Technology, Maritime and Transport; in accordance with the overall employment policy.

The New York, Singapore and EU Broadcasting Centres proposed in the Budget Tiers will also have a Senior Editor (Channel/Subject) appointed to liaise operationally with the Chief of Operations & Bureau, and the Channel News Director on editorial matters.

**Senior Editorial Roles (Channel/Subject)**

| | |
|---|---|
| News | Director |
| News Assignment | Desk Chief |
| Digital | Editor |

**NewsNet24⁷ Editorial Roles (as appropriate to Region)**

| | |
|---|---|
| Business & Finance | Editor/Host |
| Political | Editor/Host |
| Chief Correspondent | Editor/Host |
| International Affairs | Editor/Host |
| Asia Pacific | Editor/Host |
| Europe | Editor/Host |
| Middle East & Africa | Editor/Host |
| Americas | Editor/Host |
| Maritime, Shipping & Yachting | Editor/Host |
| Industry | Editor/Host |
| Agriculture & Horticulture | Editor/Host |
| Environment | Editor/Host |
| Oil, Gas & Energy | Editor/Host |
| Entertainment & Technology | Editor/Host |
| Automotive | Editor/Host |
| Chemicals & Pharmaceuticals | Editor/Host |
| Meteorologists | Editor/Host |
| General Correspondents | TV & Radio |
| Junior Journalists | TV & Radio |

## The News

As a Cross-Sector Business & Consumer News Channel, NewsNet24[7] will primarily focus on interpreting the implication of Business, Financial and Industrial news, world events, and financial information as it affects the sectors at a national, regional and global level, while remaining able to address multiple stakeholder perspectives and interests, and maintaining a consistent dynamic.

### The News Cycle & News Generation

The majority of NewsNet24[7]'s news cycle is expected to fall during the working week. However, there are any number of variables that can lead to a major news story breaking at the weekend. As a result, while the bulk of news reporting is expected to fall within the business week, news bulletins and programming will continue through the weekend with greater focus on the Consumer likely. It is anticipated that news story generation will come from a combination of relevant topics (see page 89).

## The Volume of News

Business, Financial and Industry news by sector consists of more than the headline stories that are traditionally covered by the Mainstream News Media, and considerable opportunity exists to grow the Consumer interest market beyond existing models. The volume of news dealt with by Business News channels also represents a relatively small fraction of available information, data and content. Mainstream and Business News coverage of world events or announcements while representative of the key areas where NewsNet24[7] will compete for like-for-like coverage, also defines the scope of that competition, though it should be recognised that this overlap is greater than that of AVTN. While B2B publications and their websites may cover some of this additional news, their own ability to report is often limited to weekly or monthly publication, whereas NewsNet24[7] will offer coverage on 24/7.

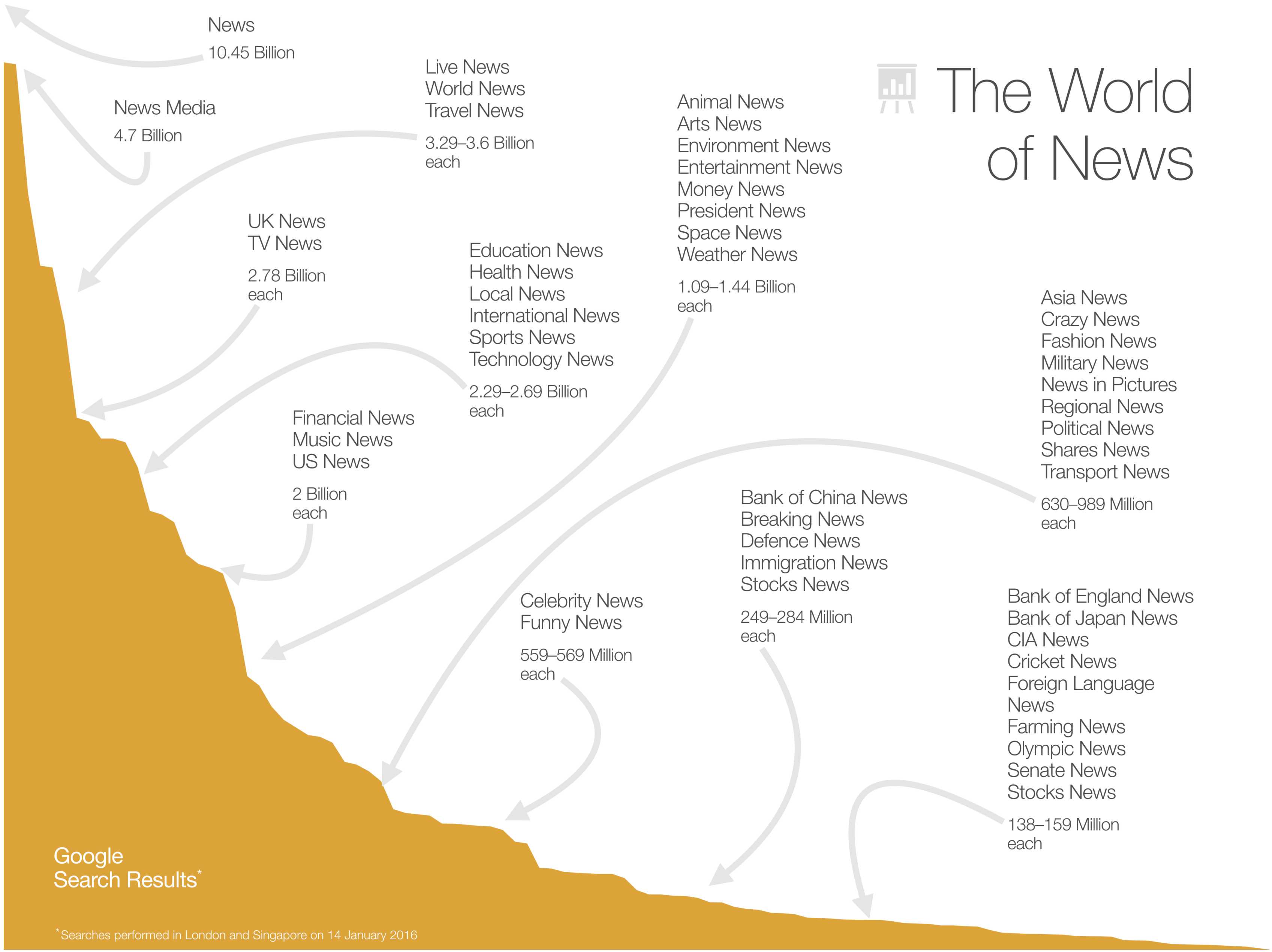
NewsNet24/7

# News Topics

| | | | | | |
|---|---|---|---|---|---|
| Aviation, Transport & Travel | Automotive | Corporations | Business | Press Releases | Government/ Political Activity |
| Maritime, Shipping & Yachting | Chemicals & Pharma. | Mergers & Acquisitions | SMEs to PLCs | Economy | International Events |
| Agriculture & Horticulture | Defence | Market News & Analyses | Research & Development | Workforce & Trade Unions | Interest Stories |
| Oil, Gas & Energy | Industry | Management Areas | Technology | Other News | World Sport |
| Weather for Industry | Regulation | Sales & Procurement | Consumer Experience | Environment | Weather |

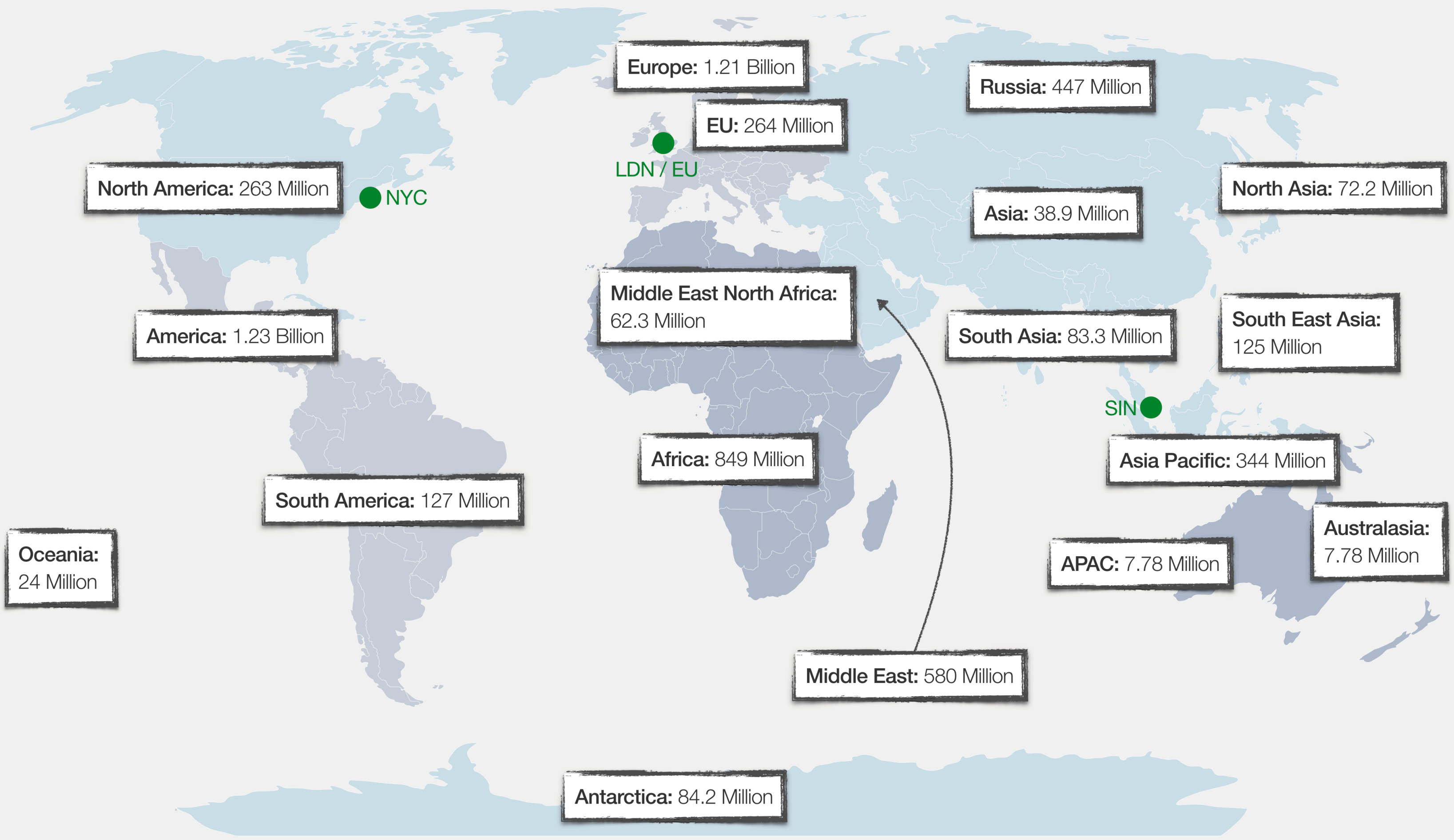
— New York — London — EU — Singapore —

# The World of News



# Where in the World is the News?

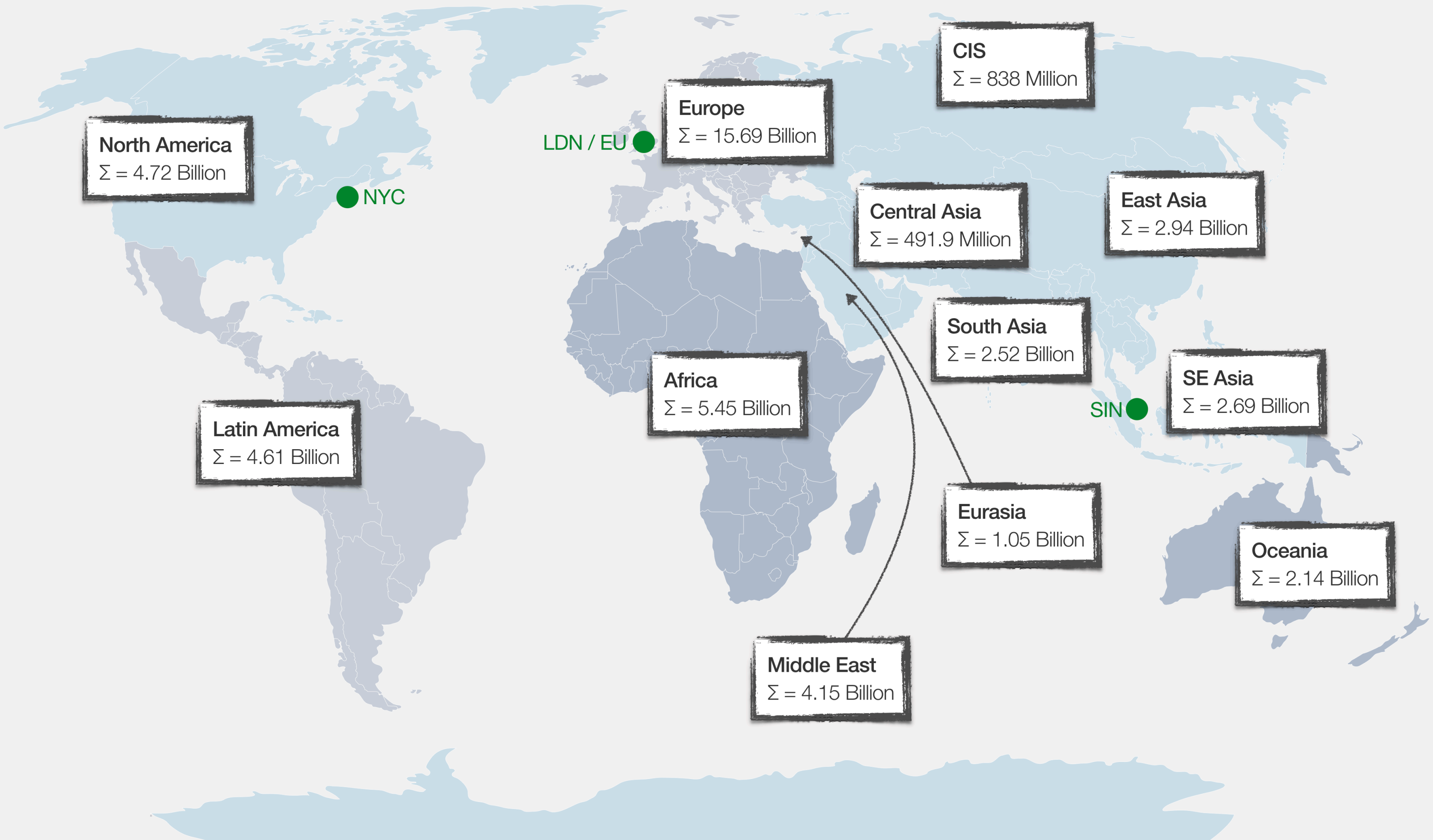
(Regional Definition)




Note: Each figure is derived from the respective Google search results (performed on 02 April 2016)

# Where in the World is the News?

(Regional Summation)




Note: Each figure, represented by 'Σ', is the sum of all Google search results for countries within the respective region (performed on 14 January 2016)

## NewsNet24⁷ Programming Areas

**Headline News**
Events will be discussed while taking into consideration their effects and potential consequences on the world maintaining, as far as is possible a global outlook. Mainstream news will be dealt with expertly, tastefully and without controversy by the editorial team. A key part of the NewsNet24⁷ brief will be to identify, and bring to the public, the far reaching effects of a story in all its contexts.

**International Affairs**
Global issues and events; sovereign states and foreign policy; International organisations and multinational corporations; International Law and geo-politics; Socio-Political events.

**Regional Perspective**
Africa, Asia, Europe, CIS, Middle-East, North America, South America, Oceania.

**Business & Financial Content**
Discussion of global and national finances and central bank movements; key stocks and share movements; alerts and announcements; lease, loan and banking issues; merger and acquisitions; business, industry, from SME to PLC.

**The Ticker**
A two-tier scrolling news banner, or 'ticker', will deliver live stock data, and headline news.

**Political Content**
Expert discussion on significant national and international factors.

**Technology Content**
The latest in technology releases and R&D, for home, business, industry, health and science.

**Manufacturing & Industry**
From new products to legacy industries; from national and regional topics to global trade deals; topics and issues as they occur.

**Agriculture & Horticulture**
The World's population is growing, and food production is increasingly a hot topic; from cost of production and sale price; animal welfare to crop pests; rustling and theft; GM; fisheries; regulation and many more.

**Fashion**
We all buy and wear it — items from textile development, to garment manufacture and major showcases.

**Sports**
Highlights and commentary of the World's major sports, and related topics.

**Environment**
The key issues as they affect the world by region, from global warming to pollution.

**Weather**
World weather outlook by region.

## NewsNet24⁷ Programming

### Show Format

Similarly to the Network's other proposed offerings, the preferred format for NewsNet24⁷ programming is for a round-table panel discussion of news and views hosted by at least two members of the Editorial team, with guests cycling through the studio throughout the day. A single presenter format is the most likely for OTT multilingual bulletins. Interviews will be treated in the conventional manner, and dependent on their length billed as segments, specials or part of the regular programming cycle.

### Programmes

In Tier 1, the Network intends to divide NewsNet24⁷'s day by region into three programme blocks dependent on scheduling for day of the week, region and time, with potential for interactive overlap between regions. As Bureau locations are reduced in Tiers 2 & 3 allocations will be suitably divided. A budget for special programmes is also allocated.

### Segments

Segments will vary in length and feature the channel's core subject topics. These will be delivered through a mix of one-on-one interviews, panel or round-table discussions, as well as location features.

### On-Screen Personnel

NewsNet24⁷ will have a variety of specialist on-screen Anchors, Hosts or Presenters plus meteorologists and general correspondents assigned by region. These roles will be held by key editorial staff with a variety of TV news experience that will also be responsible for editorial content when they are off-set; and in addition will travel out of the studio to conduct interviews and present segments or programming from key events.

As with all Channel Offerings, as a start-up Network it is not intended to compete for on-screen talent with existing broadcasters. Primarily, this is because known and recognisable broadcasting talent is likely to carry a significant premium, and it is felt that developing fresh talent is more appropriate to a new approach. It is not intended to pay inflated salaries for on-screen responsibilities in the near-term, seeing this principally as a bonus of profitability that must be justified by ratings; though exception could be made in the event that on-screen talent brought with them quantifiable audience ratings and revenues of significant volume. On-screen personnel will participate in the Network's Bonus program.

### Weather

Weather reports will be compiled by the in-house team of Meteorologists. The possibility of contractual tie-ins with a variety of weather services is being considered, in order to enhance this area or reduce costs, subject to regulatory restrictions. Weather bulletins for specific market sectors throughout the day are completely feasible.

# Part II

## NETWORK INFRASTRUCTURE AND PRODUCTION CONSIDERATIONS

## Bureaus & Facilities

The Network intends to create four main broadcasting centres or bureaus in order to establish a strategic division of resources and studio facilities worldwide, to ensure access to markets, and to cater to the needs of the Network's channels. It is felt that the goal to deliver a unified approach to Network structure and broadcasting requirements is best served from bases in London, New York, Singapore, and the EU with London serving as corporate headquarters. The reasoning behind this is as follows:

(i) Strategic division by key markets, financial centres, communication centres, and time zones.
(ii) Relative ease of licensing and ongoing regulatory obligations compared with alternatives.
(iii) Closer geographic proximity of editorial and production assets to any breaking news story.
(iv) Locations and staff that achieve cultural diversity, local knowledge and language skills.
(v) The locations are ideally suited to the goal of an IPO in the future.
(vi) Ability to reduce expensive anti-social shift patterns for personnel from the business model.
(vii) Reductions in travel time and cost; less long-haul travel, fewer layovers, simpler scheduling.
(viii) Stand alone capability — in the event that any facility's ability to broadcast is compromised.

It is recognised that Brexit and other potential World Political or Regulatory issues may play a role in the suitability of any one location as a potential HQ, and this is being closely monitored. As a result of Brexit London and any EU Location have been specifically designed and budgeted for interchangeability.

### Location Choice

Due diligence on 46 Cities in 22 Countries has been conducted, taking into consideration: market sectors; potential future market sectors where growth may be generated; regional position; access to financial and professional experts; and political and regulatory climates — prior to choosing the primary launch Cities.

### Consideration of the Traditional Single Location Solution

While the Network's preference is for Tri-regional broadcast centres, for the 2018-19 proposal it has been necessary to adopt a Quad-Regional infrastructure. The current political and regulatory climate in Europe has led to the addition of an EU base with either Amsterdam, Dublin or Tallinn under consideration for an EU location. This decision is specifically with consideration to Brexit, and the likelihood of the UK leaving the AVMSD (Audiovisual Media Services Directive) as a result, and in order to maintain access to both the UK and EU audiences and their lucrative advertising markets. While in Tiers 2 & 3 of the proposals for AVTN and NewsNet24[7] reduce regional capability region by region, London and EU locations are retained, along with Global budgets for Regional Broadcast.

Single location broadcasting is most commonly associated with broadcasting in national interests, or to the interests of a highly localised demographic. It is perceived as most appropriate for single or localised broadcast market models. While global distribution is achievable; content can often struggle to gain traction in overseas markets, particularly the US, or fail to completely reflect regional interests of global demographics; it may however, supply an alternative viewpoint to overseas viewers; or comfort nationals far from home. While many News operations may give the appearance of single site location in their presentation of news, reality is that they are often supported by multiple regional operations.

A single location model may achieve:

- National or global distribution in the national interest or to a limited market.
- Concentration of facilities and personnel.
- Efficiencies in national or local broadcast models.
- Reductions in areas of expenditure.
- Requires only a single play-out facility with backup.

## Detracting Factors

- A single location may be seen as lacking innovation or imagination in addressing global markets.
- Large facilities are prohibitively costly in city centres, tending to dictate suburban or industrial locations.
- A single location presentation may not project well to a global demographic.
- A single location facility does not necessarily reflect efficiency in global news-gathering.
- Substantial supporting studio and office infrastructure is still required to achieve transmission.
- Play-out facilities still require backup to protect transmission commitments.
- News-gathering assets become a considerable time and distance from two-thirds of the globe.
- Distance from news results in higher travel costs, extended layovers and crew rest periods.
- Overseas posts and contractual agreements with other broadcasters are of greater necessity.
- Growth may be restricted, and often results in a short-term requirement for new facilities.

## The Network's Position on a Single Location Structure

- A multi-regional infrastructure is preferential for a multi-market/sector media strategy.
- North America accounts for 38% of the broadcast market; Europe 31%; and Asia Pacific 21%.
- Significant growth is forecasted in North America, Europe, Asia and other regions.
- Easy access to corporate leaders and financial commentators is essential for success.
- Smaller facilities may present barriers to long-term growth without significant re-investment.
- Some commercial broadcasters will enhance single-site news formulas with night-time programming from sister channels in other time zones within the same network. In order to accomplish consistently high standards in news delivery by both AVTN and NewsNet24[7] under a single location model, nightshifts and other solutions must be implemented to maintain service, without significantly reducing the volume of high-quality news delivered by our brands to markets watching in other time zones. As a result, while locations and capabilities may be reduced in the Budget Tiers, the ability to reduce personnel, and need to maintain shift patterns does not reflect significant reductions in personnel.

## Consideration of Main Site plus Regional bureaus

**Minor Regional Bureaus**: Mainly act as staging points for production and news-gathering. Overseas sites may also handle local regulatory, legal and visa obligations. Such sites rarely have a full broadcast studio capability, and very small facilities will rely on contracts with local broadcasters, or even share facilities. Uplink of pre-recorded production elements may be achieved via either satellite or MPLS.

**Advanced Regional Bureaus**: Implemented within a regional model, may result in sites developing into small broadcast centres complete with studios, delivering local variations of the main channel's broadcast feed. This formula may be applied at both a National, Regional and Global level. Creation of regional bureaus on a larger scale is often used to deliver service where time zone differences are significant — or where cultural, regulatory and political concerns must be considered in addressing specific markets. This is reflected in the infrastructure choices for Tier 2 & 3 as a result of Brexit.

**Erosion of the requirement**: For secondary regional bureaus, subordinate to main sites in news-gathering and delivery has to date been significantly achieved by the growth in produced-on-behalf-of contracted services offered by the global news agencies to broadcast channels and networks. Available services range from single reports to complete programme production and uplinks to a broadcasters' main site(s). In addition, agencies offering freelance reporters and news crews are also becoming widely available worldwide at extremely competitive local rates. Services like these will allow AVTN and NewsNet24[7] to achieve flexible news-gathering and specific delivery requirements in many regional markets which as yet do not justify a permanent operation. However, Brexit may cause a reversal of this trend between the UK and EU.

The use of an easily accessible App-based information and training tool, for AVTN and NewsNet24[7] requirements, is seen as an ideal way to ensure high standards among suppliers and contractors. The reduction in operations/personnel requirements is seen as being reflected in budget discussions reported in the press, with one US News broadcaster recently enacting a budget cut of $100m (£73.7m) on an annual budget of $750m (£552.9m). Services such as AP's 'LiveU' service will enhance capabilities.

## Regional bureaus

As a direct result of the availability of contracted services in the modern news-gathering environment, the Network has largely seen low demand for establishing Minor Regional bureaus, though recognises the potential for Advanced Regional bureaus in answer to the potential issues created by the nature of Brexit and the likelihood of the UK leaving the AVMSD. In the global regions this is seen as dependent on the rates of market growth observed and forecast, particularly in Latin America (8%); Middle East & Africa (2%).

### Regional bureaus as an Investment Condition

It is entirely feasible to include any or all potential regional bureaus within the launch budget on the basis of a staggered schedule of construction and launch, following that of four main facilities. However, it should be noted that: (i) attempting to achieve simultaneous launch alongside the main broadcast centres could overstretch the available resources of both Manufacturers and System Integrators; (ii) will decrease profitability while increasing operational costs, and capital requirements until profitability stabilises; and is therefore advised against.

## A Multi-Centre Regional Approach to Global Broadcasting

The multi-centre approach to Broadcasting in a Global market should be considered 'The Triple Crown' of Broadcasting, and is easily delivered with appropriate investment and management structures. The market is globalising, despite certain political sensitivities, and proximity to key markets must be considered a significant element of corporate strategy. While a corporation must be headquartered somewhere, in such a model; equal division of assets and capabilities is a priority.

### Multi-Centre Broadcasting Pros

- A multi-centre regional approach is most able to be representative of a global perspective.
- Delivers regional advantage and representation while maintaining a balance in cost vs. service.
- Regional allocation of personnel brings cultural diversity, language skills and regional knowledge.
- Closer proximity to News reduces news-gathering costs, and achieves other operational efficiencies.
- Delivers regional revenue streams and financial management more easily.
- Smaller stand-alone broadcast facilities are more attractive if future divestment were required.
- Protection against service interruption is more easily achieved.

### Detracting Factors

- US rules on media ownership mean that the Network's corporate structure must be negotiated at the time of licensing with the FCC if the US market is to feature. This has not seen an insurmountable issue and the FCC has indicated in the past that it will address the subject of overseas shareholding on a case-by-case basis. However, the current political and regulatory climate has led to cautious observation. If US broadcasting rights were not achievable, while it would result in a £9-11m hit to revenues, it would NOT significantly affect global profitability, or news-gathering operations in the US; some savings in costs would also be realised.
- It is hoped that ownership rules for a US Bureau may continue to be satisfied with the appropriate combination of US investment and corporate structure (this would likely represent 25% of the investment required by this proposal, representing up to 75% of the US subsidiary, based on current information.
- All proposed sites are in the Northern hemisphere, as a result of current TV market share statistics.

### Regional Necessity

- The Broadcast Market: North America (accounts for 38%); Europe (31%); Asia-Pacific (21%); Latin America (8%); the Middle East and Africa (2%). Significant growth is forecast in all global regions.
- A multi-centred approach easily achieves global reach, news-gathering, and delivery.
- Global coverage reduces dependency on specific market ratings to drive advertising revenues.
- The Infrastructure in all Tiers plans for future market growth as a Network, not just a single Channel.
- Audiences with global connectivity require global perspective and reach.
- Global interest in News supported by global access, increases audience yield and revenues.
- Each Budget Tier is designed for success, within the means allowed by projected revenues for that tier.
- The Network's budget tiers are comparable to a range established by News channel launches.
- Under-funded start-up channels are observed to regularly fail; and there are considerable concerns at the notion of launching from an under-funded position.

## European Operations & Brexit

Following the Referendum on the UK's Membership of the European Union (EU) the UK will leave the EU and Customs Union on the 29th of March 2019. Notwithstanding any favourable interim transition period, or subsequent Treaties, it is necessary for the Network to create a corporate structure within the EU that satisfies all the legal, regulatory, statutory and employment requirements in order that it may operate within the EU. The remaining 27 EU Member-States collectively represent the Network's largest market.

Key to the Network's business plan are the following:

- Freedom of movement of Personnel and Goods
- A multi-national/multi-lingual workforce
- Customs Union – VAT and Duty/Carnet free movement of Goods and Services
- AVMSD (Audiovisual Media Services Directive) Broadcast & Content Distribution

### Customs Union & Freedom of Movement for Personnel & Equipment

The Customs Union enables the Free movement of people and goods within the EU. A key Network requirement is to employ a multi-national, multi-lingual work-force, Freedom of Movement is therefore of paramount importance, and subsequently requires the Network to maintain European Operations. The ability to freely move Equipment, and Outside Broadcast Facilities around Europe without the hindrance of Customs checks, Carnets, VAT and Duties being chargeable is of equal significance to planned Network operations, and is necessary to minimise production costs.

### VAT

As important to the freedom of Movement of our Personnel or Equipment is the ability to legitimately minimise the Network's exposure to VAT until it can be reclaimed. In order for the Network to be in a position to satisfactorily reclaim VAT, and benefit from rules on inter-country sales within the EU States, it is necessary for the Network to have a Corporate structure within the EU. Without such a structure the Network could lose as much as 27%, or an average 21% of its budget expenditure within the EU on unrecoverable VAT. Tier #1 budgets have been prepared to reflect the expected EU VAT rates and liabilities in specific nations; whereas in Tiers 2 & 3 the VAT rates and liabilities have been projected at 23% rate (as per Rep. of Ireland) in order to make corporate structures and planning interchangeable with each other; in order to maintain an element of flexibility at this stage of planning.

### European Creative League Table

The European Creative League Table[xi]* is based on levels of: Digital Government; Broadcast Law; Levels of English; Creative Skills; Corruption; Transport Links; Standard of Living Index. The Top 5 EU Nations are:

1. The Netherlands
2. Republic of Ireland
3. Republic of Estonia
4. Malta
5. Belgium

[xi] IDA/Expert Media Partners, 2018 (*Note: the UK is not included in the league table as it is leaving the EU on the 29 March 2019*)

## AVMSD (Audiovisual Media Services Directive)

The AVMSD governs European coordination of National legislation on every aspect of audiovisual media distribution, from Broadcasting to On-demand and OTT services. On leaving the EU, regardless of any negotiated treaty that may or may not materialise, the UK will also leave the AVMSD and the umbrella of benefits it presents for UK corporations distributing content into the EU. In order to maintain the ability to Broadcast freely within the EU, the Network will be required by the Member-State of its choice to establish a corporate, editorial, personnel and Production structure to satisfy that Member-State's end-to-end requirements as a Broadcasting corporation and content provider.

While attitudes to the interpretation of the AVMSD tend to vary from State to State, overall interpretation is consistent and based on plain text reading of the Directive. While there are a number of rules that may apply to licensing in a particular jurisdiction, none exist that should cause particular concern to the Network or its operations.

Of Key importance to any Network structure are:

- Quotas for European Production;
- The principle of 'Country of Origin';
- Location of Editorial Control; *and*
- Regulation of Advertising Slots.

## Country of Origin

The AVMSD sets the base level and criteria by which production(s) qualify as European from a regulatory perspective – The Country of Origin. The current requirements are for 50% European works as a Broadcaster and for carriage of 30% for on-demand platforms. Individual Member-States may impose higher requirements, providing that there is adherence to EU Competition Law and the TFEU (Treaty on the Functioning of the European Union). As the majority of the Network's on-demand (VOD) assets will be the product of previously broadcast content the ability to meet the quota is envisioned. Qualifying criteria include Corporate and Production Location(s), Post-Production, and Nationality of Personnel. The centralisation of Video Editing and VOD/SVOD distribution is being considered to increase the ease with which compliance is met.

## Location of Editorial Control

It is expected that the Network can and will satisfactorily demonstrate that there is substantive Editorial control and a decision-making structure existent within its EU operations. The Network intends to establish European operations as a full subsidiary with its own Regional Board. Key Positions within the Network in Europe will be: Chief of European Operations & Bureau; Director of European Compliance; Director of European News & Programming; Director of European News Operations; in addition to the standard regional distribution of Editorial and Production personnel.

## EU Location of Operations

The Network has explored a number of options within Europe, and has created a short-list to include Amsterdam (The Netherlands); Dublin (Rep. of Ireland); Tallinn (Rep. of Estonia), and relationships have been established with the respective National bodies. Each of these locations provide their own potential advantages.

### The Netherlands - Amsterdam

Currently the favoured EU location, on which EU budgets have been calculated. A business and regulatory environment not too dissimilar to the UK, with a large proportion of English speakers. Amsterdam offers both AVTN and NewsNet24[7] proximity to a major Aviation hub in Schiphol Airport and European bourse in the Amsterdam Euronext, as well as easy access to C-Suite personnel and experts across many industries. Amsterdam is a major Internet hub, and is a good choice for basing GDPR compliant data operations. *(Also see Licensing)*

### Rep. of Ireland - Dublin

A business and regulatory environment closely modelled on English Law and regulatory principles, with English as the first language. Dublin offers both AVTN and NewsNet247 proximity to an International Airport with pre-clearance for flights to New York's JFK International, with London-Dublin being the 9th busiest air-corridor in the World in 2018. Though Dublin airport does not share the same hub status as Amsterdam Schiphol, Ireland is home to a large portion of the European aircraft leasing business. Dublin is home to the ISE bourse, and some 1,000 key Sector companies have operations in Ireland, though many are not HQ's, and may not provide as easy access to C-suite personnel or Industry experts. This could however, be offset by the continued presence in London, and by focusing on VOD/SVOD, EU Production, and post-production services from Ireland. Ireland is home to a thriving Contact-Centre Industry, and offers significant multi-lingual capabilities, and is a good choice for basing GDPR compliant data operations. (Also see Licensing). Ireland has an existing legal framework designed specifically around Intellectual Property.

### Rep. of Estonia - Tallinn

A straight forward business and regulatory environment not too dissimilar to the UK, and a European leader in technology adoption. Estonia boasts the claim to being Europe's first fully Digital Economy, and is home to an innovative E-Residency program. English is commonly spoken (70%) among its 1.3 million citizens, especially in Business. While Estonia is not home to a major Aviation Hub or Bourse, it's flexibility for conducting business based there is very interesting. With London, New York and Singapore providing access to C-Suite personnel and Industry Experts; Estonia could provide a European base of operations for personnel in a flexible and engaged regulatory environment, with EU Production, Editorial control, Editing, Data, VOD/SVOD all being based there. Also of potential interest to trialling Russian speaking services in the future is that one-third of the population (300,000) is Russian speaking. *(Also see Licensing)*

## Languages & Closed-Captioning

### Closed Captioning

Multilingual capability is an important part of the transmission strategy. While the network's main language will be English, it is intended to provide as much multilingual closed captioning availability as practicable. Closed-captioning is now a US legal requirement, and is expected to become so in Europe in the near future, and already is in certain jurisdictions. Subtitling in local languages is a requirement of a number of EU states.

### Alternate Language Versions & Dedicated Feeds

While a multi-centred approach greatly facilitates the ability to deliver a global service through efficient division of assets, in other regions the Network recognises that as a start-up broadcaster it cannot have a physical studio presence in every global region. At present, it is intended to achieve news-gathering and delivery for these regions using a combination of own assets, produced-on-behalf-of services, newswire, and local agreements. This may change in the long-term, past the period represented by this proposal.

#### Interviews

From the outset, where corporate leaders and financial commentators are bi-lingual, it is intended to use the Network's own multi-cultural, bi-lingual personnel base to deliver alternate language versions of pre-recorded interviews and programming whenever practical. Given that production assets will already be in place, this is an easy and low-cost way of entering this market. Alternate language versions will be made available via the Network's OTT VOD/SVOD services. Outside of internal cultural diversity, it is expected that the use of freelance correspondents will greatly enhance this capability.

#### News Bulletins & Programming

Alternate languages will be addressed with regular news bulletins and not less than 1 hour of programming per day. Service is anticipated as being delivered by OTT VOD/SVOD services. The application of rolling news principles can be applied to 15-minute, 30-minute, and one-hour news bulletins, repeated or downloadable throughout the day, with updates applied as and when necessary in order to develop into a scheduled service. Alternate language versions of long-form programmes are also possible under the same principle or via overdubbing. Schedule growth thereafter is seen as being achieved organically.

#### Dedicated Feeds

Addressing a number of alternate languages as dedicated feeds is a long-term possibility and will be initially achieved as indicated above via the Network's planned infrastructure as described within this document, though demand for Advanced Regional bureaus or an additional Broadcasting Centre may develop outside the budget time-line presented in this document (see Regional bureaus). Addition of facilities will require careful consideration of TV audience, News market, NEW market data, growth and geo-political factors.

### The Chinese Language Market

Chinese language represents a significant market, however in Mainland China comes with considerable regulatory restriction, and must be entered with caution in order to achieve success. The Network has an infrastructure capability to offer Chinese language programming, and there is certainly great enough demand to consider service without access to Mainland China. The addition of Mainland service would represent a potential audience reach of up to 400m additional households. Singapore as a base of operations, is in a position to provide alternate English language segments for the main English language feed to conform to any regulatory restrictions required by Chinese regulators, and a Chinese language News Bulletin falls within the overall alternative language policy of the Network. A long-term consideration may be the construction of facilities in China, but this is not proposed at present. A leased option in one of the many studio facilities available or under construction in China may be more appropriate, with the potential for a reciprocal agreement involving a local broadcaster, and reduced exposure to risk.

### The Spanish & Portuguese Language Market

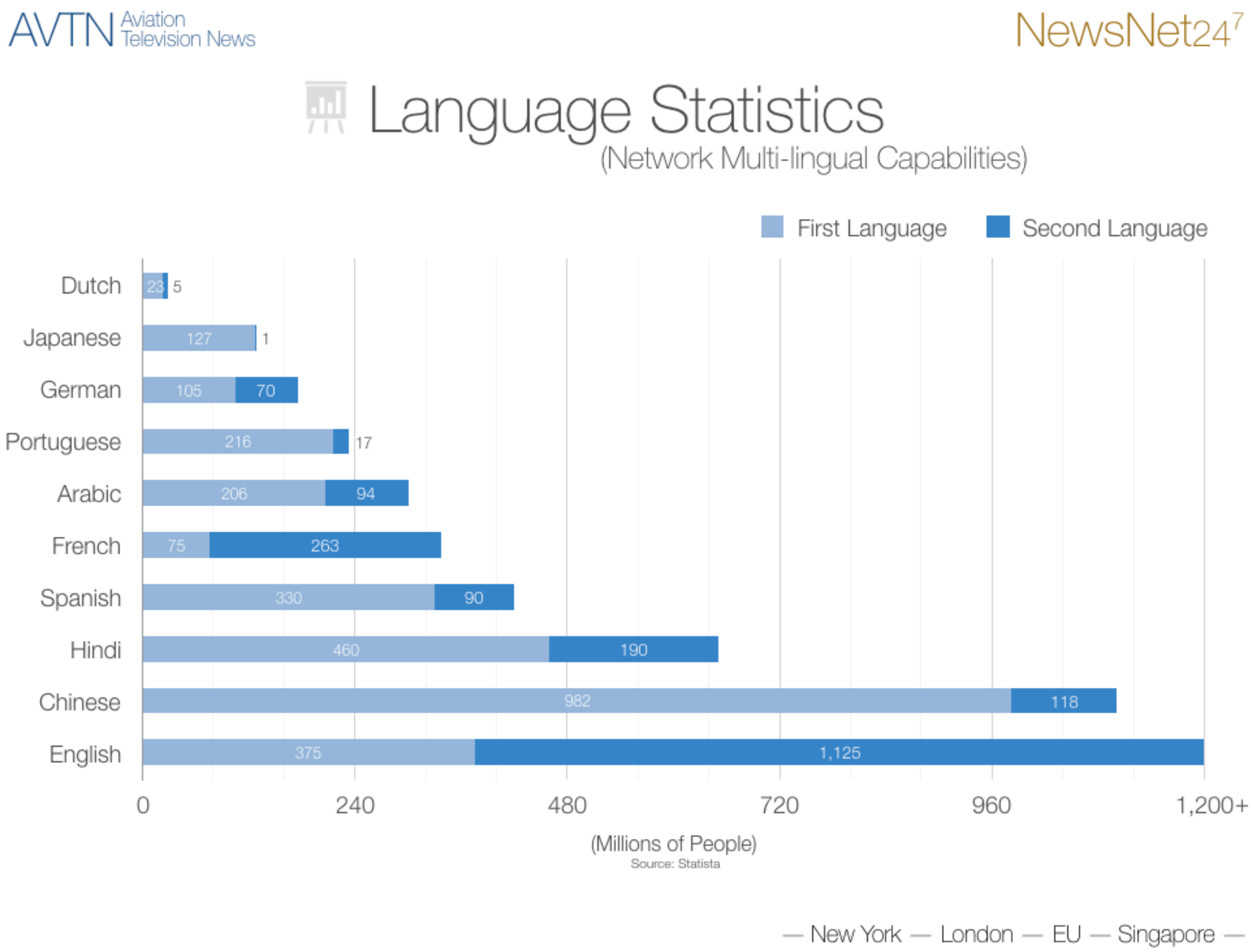
Spanish and Portuguese speakers represent a significant demographic worldwide. Outside of Europe, their influence in Latin America, poses the strongest case for consideration of constructing additional facilities in the future, following careful observation of growth — the market currently accounts for 8% of global TV. A commitment to facilities in Latin America would more likely justify construction of a further full Bureau rather than an Advanced Satellite Bureau, with a two-studio facility as opposed to a single-studio solution enabling simultaneous Spanish and Portuguese programming. For this reason it is seen as a project to consider beyond the timeframe of this document.

### Arabic Language Market

Dubai is identified as strategically important, and the most likely candidate in the MENA region to warrant a future bureau given its growing regional influence as well as being an International travel and aviation hub, plus the general level of aviation growth in the region. However, there are a number of regulatory implications that must first be considered prior to such expenditure, which would likely be not less than £25 million based on current operational infrastructure and production budgets. At present, news-gathering can be achieved through local agreements, and production services offered by News agencies who are already well-established in the region, allowing for significantly greater programming flexibility. While important in Aviation terms for AVTN, the region is currently small in TV market share, at 2%, and will be monitored carefully for future growth, and regulatory conditions.

## Language Statistics

The languages in the table below represent the most likely candidates for alternative dedicated News feeds. However, subject to the availability and continuous pursuit of bi-lingual skills among editorial personnel (staff or freelancers). On a programme-by-programme basis it is expected many alternate languages may be addressed, though they may not all become regularly scheduled features or broadcast feeds. As a part of planning for an EU base of operations, if The Netherlands is confirmed as the location for an EU site, Dutch OTT services will be respectfully added to the permanent schedule, while an exemption to licensing requirements will be applied for, in order to facilitate the International English language feed.



## News-Gathering

The Network intends to achieve news-gathering using a combination of:

- **Newsroom Computer Software**: or NRCS, is software that enables news broadcasters to manage their newsroom, and resources. The software enables collation, management and prioritisation of content, including newswires, alternative news resources, social media, audiovisual content, and story creation. The field has been narrowed to two market leaders; one a news agency system; another from an independent supplier.

- **Own assets** (personnel and equipment based out of Network facilities):
  - Institutional editorial intelligence pursuing and developing stories.
  - Analysis and interpretation of stakeholder data, press releases, presentations.
  - Analysis and interpretation of Industry events, and related international news.
  - Assets will be able to travel extensively from each location and return in a single day.
  - Some assignments may still require long-haul travel over multiple days.

- **News Agencies**: are organisations that use national or global assets to gather, compile, and analyse news to supply to broadcasters, and other institutions, that have a need for news analysis. Comprehensive service packages have been quoted for by the three leading providers.

- **Newswires**: are news alert services available from national and global news agencies. Both text and video services are available, and these are included within the news agency packages quoted for. Other services are accessible on an ad-hoc basis.

- **Audio, Video & Picture Archive**: services are available from news agencies, broadcasters, and historic sources on a contracted or ad-hoc basis. The Network will also progressively acquire its own archive material as time progresses. In the long-term the archive will itself become a source of revenue. This may be facilitated either internally, or by contracting out access via a known archive provider.

- **Produced-on-behalf-of services**: over recent years the major news agencies have increasingly been offering production services to complement editorial assets, and now produce interviews, segments and whole programmes on a commission basis for many broadcasters, which are presented under the client channels identity on-air. Such commissions fall outside of the news agency service packages and would be funded by the general programming budgets at editorial discretion.

- **Local agreements**: relationships may be established with national or regional arms of global broadcasters, local news agencies, and print media on a long-term or ad-hoc basis.

- **Freelancers**: relationships may be built or exist within the editorial team, and freelancers used on a regular or ad-hoc contract basis.

## Regional Priorities

There may be need to prioritise news-gathering, or establish a more permanent presence in locations important to the Network's markets, such as Aviation, or for more general Business and Consumer News based on geo-political priorities. The level of presence will reflect, and be proportional to, the significance of the location by these measures.

The Network expects to principally achieve this via: the services of established News Agencies; content sharing agreements with other Media entities; the use of freelancers; and permanently posted personnel. The growing trend in 'Produced-on-behalf-of' services from News Agencies is seen as significantly reducing the traditional obligation to building multiple regional bureaus globally, and enables significant flexibility of broadcast and editorial assets.

The creation of regional bureaus or additional broadcasting centres is seen as a long-term consideration; the basis of which will be the level of market growth observed; geo-political; and financial considerations.

Increased presence is, however, foreseen in a number of locations relevant to news-gathering, but does not directly reflect a justification for regional bureaus in those markets, though may reflect need for permanently based correspondents or increased freelance and agency contacts and arrangements.

The locations most likely to warrant an increased news-gathering ability (as opposed to regional bureaus) are listed below. In the event that funding options not including Singapore or New York are adopted, then New York and Singapore would both join the list, and be high-priority locations until future growth allowed for their establishment:

New York*
Singapore*
Amsterdam
Ankara
Athens
Bangkok
Barcelona
Beijing
Berlin
Brussels
Canberra
Chicago
Copenhagen
Dubai (UAE)
Dublin
Geneva
Hamburg
Hong Kong
Houston
Islamabad
Istanbul
Jakarta
Johannesburg
Kuala Lumpur
Los Angeles
Madrid
Mexico
Montreal
Moscow
Mumbai
Nairobi
New Delhi
Oslo
Ottawa
Paris
Perth
Prague
Rio de Janeiro
Rome
Sao Paolo
Seoul
Shanghai
Stockholm
Sydney
Taipei
Tokyo
Vancouver
Vienna
Washington (D.C.)
Wellington

## Innovation Policy

Innovation will be nurtured and encouraged, and as far as is possible, enabled by the provision of the highest level of technology available so that the Editorial and Production Teams are as unrestrained as possible in both their resources and ability to develop and deliver innovation and creativity.

While this document sets out the basic nature of programming and scheduling in order to move forward with licensing, it has been left as open as possible for the Editorial and Production Teams to develop these ideas as well as their own ideas, as and when they are appointed in accordance to the schedule.

It is a strongly held view of the Management that the innovation of news-gathering and delivery should be left to those departments, and while it may be encouraged (ratings, regulation and licensing terms considered), attempting to define precisely how the Editorial and Production Teams may innovate prior to being contracted, is to constrain the very thing desired of them. Such a move could ultimately lock these departments and their personnel into delivering ideas that may well be out-dated quickly in a fast-moving, competitive Industry.

## Regulatory and Media Training

A Team of contracted regulation experts will be assembled, in order to deliver regulatory support and training for TV and Radio services. The training system the Network intends to use for Aviation is modular, and its creators are able to adapt it for other corporate applications. Regulatory and Media orientated materials can be integrated into newly commissioned modules within the online/App based system at a cost effective price. Other Media training will be commissioned and delivered by manufacturers and specialists as required.

## Time Zones & Daylight Saving

While it would be preferable for each global region to broadcast in precisely eight hour slots in order to achieve a 24-hr program structure, time-zones, daylight savings adjustments, and the need for two European locations to satisfy the regulatory needs of Brexit mean that this will vary by region and time of year. Consideration of this will be taken into account as far as possible within the programme schedule.

Of particular consideration for the Americas is the three-hour difference between the East Coast and West Coast. A West Coast studio would have to begin broadcasting as early as 03:00 to catch the rise of ratings from the East Coast breakfast market; while conversely an East Coast studio only needs to broadcast three hours longer before handing off to Singapore, accommodating a more sociable starting time for personnel, and significantly reducing salaries. In the event that there was no US location, then shift patterns in Europe will compensate.

It is seen as important for the US East Coast breakfast schedule to be served, at least in part by a home US editorial team, without too much interference with the London timeline. Consequently, a joint London and New York handover programme, or simultaneous regional broadcast will be employed.

## Schedule Overview

A provisional schedule with working titles for programming based on AVTN, and illustrating the time offsets of follow-the-sun transmission, has been prepared in accordance with licensing requirements (see following pages).

For the purposes of illustration, the weekday programming cycle in GMT terms is likely to be structured as below:

**GMT 24-hour cycle**

Start Singapore
22:00 – 01:00 Asia — Block 1
01:00 – 03:00 Asia — Block 2
03:00 – 06:00 Asia — Block 3

London/EU
06:00 – 09:00 Europe — Block 1
09:00 – 12:00 Europe — Block 2

London/EU & New York
(Joint or Simultaneous Transmission)
12:00 – 15:00 US / European Simulcast or Separate Simultaneous Regional Broadcasts

New York
15:00 – 17:00 USA — Block 1
17:00 – 19:00 USA — Block 2
19:00 – 21:00 USA — Block 3
21:00 – 22:00 USA / Pan-Pacific Block

# Network Channel Schedule for AVTN

## Weekday Sample Programme Schedule (1/2)

| Location | GMT | | | | | | | | | | | | | | GMT |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| New Zealand (Oceania) | GMT +11 | 1300 | 1400 | 1500 | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | GMT +11 |
| Singapore (Asia-Pacific) | GMT +8 | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 | 1500 | 1600 | 1700 | GMT +8 |
| | | | Departures Asia | Departures Asia | Departures Asia | Destination Asia | Destination Asia | Flight-line Asia | Flight-line Asia | Flight-line Asia | | | | | |
| London / EU (Europe) | GMT | 2100 | 2200 | 2300 | 0000 | 0100 | 0200 | 0300 | 0400 | 0500 | 0600 | 0700 | 0800 | 0900 | GMT |
| | | | | -1 day | | | | | | | Euro Departures | Euro Departures | Euro Departures | Euro Hub | |
| New York (USA East Coast) | GMT -5 | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | 0200 | 0300 | 0400 | GMT -5 |
| | | Pacific Flight-line | | | | | | | -1 day | | | | | | |
| Los Angeles (USA West Coast) | GMT -8 | 1300 | 1400 | 1500 | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | GMT -8 |

# Network Channel Schedule for AVTN

## Weekday Sample Programme Schedule (2/2)

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| New Zealand (Oceania) | GMT +11 | 0200 | 0300 | 0400 | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 | GMT +11 |
| | | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | 0200 | 0300 | 0400 | 0500 | 0600 | |
| Singapore (Asia-Pacific) | GMT +8 | | | | | | | +1 day | | | | | | Depart-ures Asia | GMT +8 |
| | | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | 0200 | 0300 | 0400 | 0500 | 0600 | |
| | | 1000 | 1100 | 1200 | 1300 | 1400 | 1500 | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 | |
| London / EU (Europe) | GMT | Euro Hub | | Atlantic Flight-line | | | | | | | | | | | GMT |
| | | 1000 | 1100 | 1200 | 1300 | 1400 | 1500 | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 | |
| | | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 | 1500 | 1600 | 1700 | |
| New York (USA East Coast) | GMT -5 | | | Atlantic Flight-line | | | Departures USA | | Destination USA | | Flight-line USA | | Pacific Flight-line | | GMT -5 |
| | | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 | 1500 | 1600 | 1700 | |
| Los Angeles (USA West Coast) | GMT -8 | 0200 | 0300 | 0400 | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 | GMT -8 |

# Network Channel Schedule for AVTN

## Weekday Sample Programme Schedule — during DST in LDN (1/2)

| Region | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| New Zealand (Oceania) | GMT +11 | 1300 | 1400 | 1500 | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | GMT +11 |
| Singapore (Asia-Pacific) | GMT +8 | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 | 1500 | 1600 | 1700 | GMT +8 |
| | | | Departures Asia | | | Destination Asia | | Flight-line Asia | | | | | | | |
| London / EU (Europe) | GMT | 2100 | 2200 | 2300 | 0000 | 0100 | 0200 | 0300 | 0400 | 0500 | 0600 | 0700 | 0800 | 0900 | GMT |
| | | | | -1 day | | | | | | Euro Departures | | | Euro Hub | | |
| New York (USA East Coast) | GMT -5 | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | 0200 | 0300 | 0400 | GMT -5 |
| | | Pacific Flight-line | | | | | | | -1 day | | | | | | |
| Los Angeles (USA West Coast) | GMT -8 | 1300 | 1400 | 1500 | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | GMT -8 |

# Network Channel Schedule for AVTN

## Weekday Sample Programme Schedule — during DST in LDN (2/2)

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| New Zealand (Oceania) | GMT +11 | 0200 | 0300 | 0400 | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 | GMT +11 |
| | | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | 0200 | 0300 | 0400 | 0500 | 0600 | |
| Singapore (Asia-Pacific) | GMT +8 | | | | | | | +1 day | | | | | | Depart-ures Asia | GMT +8 |
| | | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | 0200 | 0300 | 0400 | 0500 | 0600 | |
| | | 1000 | 1100 | 1200 | 1300 | 1400 | 1500 | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 | |
| London / EU (Europe) | GMT | Euro Hub | Atlantic Flight-line | | | | | | | | | | | | GMT |
| | | 1000 | 1100 | 1200 | 1300 | 1400 | 1500 | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 | |
| | | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 | 1500 | 1600 | 1700 | |
| New York (USA East Coast) | GMT -5 | | | Atlantic Flight-line | | | Departures USA | | Destination USA | | Flight-line USA | | Pacific Flight-line | | GMT -5 |
| | | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 | 1500 | 1600 | 1700 | |
| Los Angeles (USA West Coast) | GMT -8 | 0200 | 0300 | 0400 | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 | GMT -8 |

# Network Channel Schedule for AVTN

## Weekend Sample Programme Schedule (1/4)

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| New Zealand (Oceania) | GMT +11 | 1300 | 1400 | 1500 | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | GMT +11 |
| | | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 | 1500 | 1600 | 1700 | |
| Singapore (Asia-Pacific) | GMT +8 | | Route Review | Docu-mentary #1 | News | Docu-mentary #2 | Docu-mentary #3 | CEO Interview | News | PAX Ex Asia | | | | | GMT +8 |
| | | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 | 1500 | 1600 | 1700 | |
| | | 2100 | 2200 | 2300 | 0000 | 0100 | 0200 | 0300 | 0400 | 0500 | 0600 | 0700 | 0800 | 0900 | |
| London / EU (Europe) | GMT | | | Friday | Saturday | | | | | | Route Review | Docu-mentary #1 | News | Docu-mentary #2 | GMT |
| | | 2100 | 2200 | 2300 | 0000 | 0100 | 0200 | 0300 | 0400 | 0500 | 0600 | 0700 | 0800 | 0900 | |
| | | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | 0200 | 0300 | 0400 | |
| New York (USA East Coast) | GMT -5 | Pacific Flight-line | | | | | | In the Air Tonight | Friday | Saturday | | | | | GMT -5 |
| | | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | 0200 | 0300 | 0400 | |
| Los Angeles (USA West Coast) | GMT -8 | 1300 | 1400 | 1500 | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | GMT -8 |

# Network Channel Schedule for AVTN

## Weekend Sample Programme Schedule (2/4)

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| New Zealand (Oceania) | GMT +11 | 0200 | 0300 | 0400 | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 |
| Singapore (Asia-Pacific) | GMT +8 | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | 0200 | 0300 | 0400 | 0500 | 0600 |
| | | | In the Air Tonight | | | | Saturday | Sunday | | | Middle East Review | | | Route Review |
| London / EU (Europe) | GMT | 1000 | 1100 | 1200 | 1300 | 1400 | 1500 | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 |
| | | Docu-mentary #3 | CEO Interview | News | PAX Ex Europe | | | | | | In the Air Tonight | | | |
| New York (USA East Coast) | GMT -5 | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 | 1500 | 1600 | 1700 |
| | | | | | | Route Review | Docu-mentary #1 | News | Docu-mentary #2 | Docu-mentary #3 | CEO Interview | News | PAX Ex USA | |
| Los Angeles (USA West Coast) | GMT -8 | 0200 | 0300 | 0400 | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 |

# Network Channel Schedule for AVTN

## Weekend Sample Programme Schedule (3/4)

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| New Zealand (Oceania) | GMT +11 | 1300 | 1400 | 1500 | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | GMT +11 |
| | | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 | 1500 | 1600 | 1700 | |
| Singapore (Asia-Pacific) | GMT +8 | | Route Review | Docu-mentary #4 | News | Docu-mentary #5 | Docu-mentary #5 | MRO | News | Asia Review | | | | | GMT +8 |
| | | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 | 1500 | 1600 | 1700 | |
| | | 2100 | 2200 | 2300 | 0000 | 0100 | 0200 | 0300 | 0400 | 0500 | 0600 | 0700 | 0800 | 0900 | |
| London / EU (Europe) | GMT | | | Saturday | Sunday | | | | | | Route Review | Docu-mentary #4 | News | Docu-mentary #5 | GMT |
| | | 2100 | 2200 | 2300 | 0000 | 0100 | 0200 | 0300 | 0400 | 0500 | 0600 | 0700 | 0800 | 0900 | |
| | | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | 0200 | 0300 | 0400 | |
| New York (USA East Coast) | GMT -5 | PAX Ex USA | | | | | | | Saturday | Sunday | | | | | GMT -5 |
| | | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | 0200 | 0300 | 0400 | |
| Los Angeles (USA West Coast) | GMT -8 | 1300 | 1400 | 1500 | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | GMT -8 |

# Network Channel Schedule for AVTN

## Weekend Sample Programme Schedule (4/4)

| Location | Zone | | | | | | | | | | | | | | Zone |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| New Zealand (Oceania) | GMT +11 | 0200 | 0300 | 0400 | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 | GMT +11 |
| Singapore (Asia-Pacific) | GMT +8 | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | 0200 | 0300 | 0400 | 0500 | 0600 | GMT +8 |
| | | | | | | | Sunday | Monday | | | | | | Depart-ures Asia | |
| | | 1800 | 1900 | 2000 | 2100 | 2200 | 2300 | 0000 | 0100 | 0200 | 0300 | 0400 | 0500 | 0600 | |
| London / EU (Europe) | GMT | 1000 | 1100 | 1200 | 1300 | 1400 | 1500 | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 | GMT |
| | | Docu-mentary #6 | MRO | News | Euro Review | | | | | | | | | | |
| | | 1000 | 1100 | 1200 | 1300 | 1400 | 1500 | 1600 | 1700 | 1800 | 1900 | 2000 | 2100 | 2200 | |
| New York (USA East Coast) | GMT -5 | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 | 1500 | 1600 | 1700 | GMT -5 |
| | | | | | | Route Review | Docu-mentary #4 | News | Docu-mentary #5 | Docu-mentary #6 | MRO | News | Asia Review | | |
| | | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 | 1500 | 1600 | 1700 | |
| Los Angeles (USA West Coast) | GMT -8 | 0200 | 0300 | 0400 | 0500 | 0600 | 0700 | 0800 | 0900 | 1000 | 1100 | 1200 | 1300 | 1400 | GMT -8 |

## Satellite, Cable & IPTV Distribution & Uplinks

The Network intends to secure C-Band and Ku-Band transponder service and bandwidth for HD and SD Satellite, Cable and IPTV distribution with a number of key Satellite Distribution Services. In addition to this access with the leading Platforms for each region will also be pursued with a target of achieving a global reach of 541 million homes, via up to 126 platform providers, across 28 satellites. Service to Cable and IPTV head-ends, and for the purposes of distribution for up-link to Ku-Band satellites will utilise C-Band, while regional DTH (Direct-to-Home) platforms will be supplied via Ku-Band service.

In addition to channel distribution services, both permanent and temporary links between locations and studios, and land-links between studios and Satellite stations will be a requirement, and this is accounted for: within the MPLS/Data budget; and within the production budgets in incidental cost allocations. Mobile uplink equipment will be rented on an ad-hoc basis and is also accounted for in production budgets.

Terms for Cable Network access vary wildly between regions in a market currently in flux — access in the US alone may vary from situations where a platform pays to carry content from a channel, to where they pay nothing; while in other markets platforms may charge for carriage, and such variation has been considered in the budgeting process. In the event of issues associated with US cable platform access, the Network sees a deal with the leading IPTV services providers as an alternative to achieving similar audience reach possible through cable service and a bonus in the event that few or no issues are experienced with market entry.

Until the Network is sufficiently backed and able to negotiate with satellite providers and platforms for capacity to allocate to either AVTN or NewsNet24[7], and able to make choices based on precise market data, only a budget allocation may be made. The Network's budgets have been allocated based on data provided by the leading Satellite companies. Budget allocation has been made in each Tier with a view to achieving the described reach. Among the considerations made are advance payments, and platform costs. Satellite and Cable Service allocations are based on known mean regional averages. See distribution chart on Page 119.

**Average Transponder Costs**

| Region | per Transponder | MHz | per MHz |
|---|---|---|---|
| Africa | US$2,200,000 | 36 | US$61,111 |
| America - North | US$1,800,000 | 36 | US$50,000 |
| America - South | US$1,800,000 | 36 | US$50,000 |
| Asia - South | US$1,000,000 | 36 | US$27,778 |
| Asia | US$1,900,000 | 36 | US$52,778 |
| Asia - Northeast | US$2,600,000 | 36 | US$72,222 |
| Australia & New Zealand | US$1,700,000 | 36 | US$47,778 |
| Europe - Central | US$2,200,000 | 36 | US$61,111 |
| Europe - Eastern | US$2,200,000 | 36 | US$61,111 |
| Europe - Western | US$3,200,000 | 36 | US$88,889 |
| Middle East | US$2,200,000 | 36 | US$61,111 |

## Target Reach by Households

The following table represents target reach by households, defined by Country or Region.

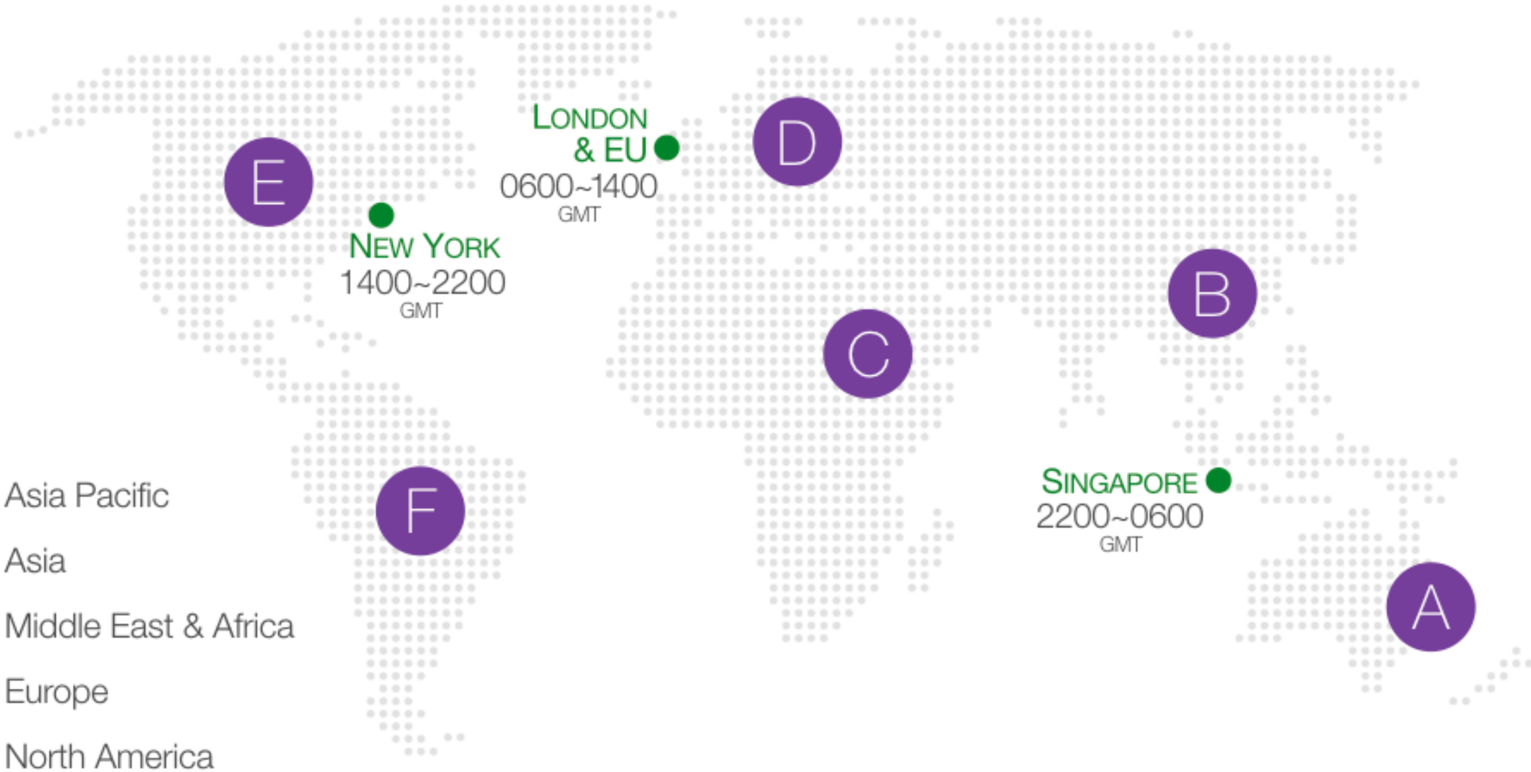
| Household Reach | Country or Region | Household Reach | Country or Region |
|---|---|---|---|
| 6,710,000 | Africa — Maghreb | 2,824,491 | Japan |
| 2,519,400 | Africa — Morocco | *see MENA* | Jordan |
| 1,283,310 | Africa — Tunisia | 30,000,000 | LATAM |
| 1,800,320 | Africa — Algeria | 537,419 | Latvia |
| 4,451,000 | Africa — South Africa | 731,735 | Lithuania |
| 2,828,000 | Africa — Sub-Saharan | 200,000 | Luxembourg |
| *see LATAM* | Argentina | 147,896 | Malta |
| 514,657 | Armenia | 2,859,382 | Malaysia |
| 2,600,000 | Australia | 27,389,970 | MENA |
| 3,420,000 | Austria | *see LATAM* | Mexico |
| *see MENA* | Bahrain | 630,000 | Moldova |
| 1,650,000 | Baltic | 7,180,000 | Netherlands |
| 980,000 | Belarussia | 860,000 | New Zealand |
| *see LATAM* | Belize | *see MENA* | Nicaragua |
| 5,050,000 | Belgium | 2,062,667 | Norway |
| *see Sub-Sahara* | Benin | *see MENA* | Oman |
| *see LATAM* | Bolivia | *see LATAM* | Panama |
| 847,917 | Bosnia | *see LATAM* | Paraguay |
| *see LATAM* | Brazil | *see LATAM* | Peru |
| 1,370,000 | Bulgaria | 5,015,133 | Philippines |
| 2,434,047 | Cambodia | 12,774,808 | Poland |
| 26,300,000 | Canada | 7,062,037 | Portugal |
| *see LATAM* | Chile | *see LATAM* | Puerto Rico |
| *see LATAM* | Columbia | *see MENA* | Qatar |
| *see LATAM* | Costa Rica | 7,310,000 | Romania |
| 520,000 | Croatia | *see MENA* | Saudi Arabia |
| 1,000 | Cyprus, Republic of | 2,480,000 | Serbia |
| 1,197,260 | Czech Republic | 1,429,691 | Singapore |
| 2,460,000 | Denmark | 908,293 | Slovakia |
| *see LATAM* | Ecuador | 205,263 | Slovenia |
| *see MENA* | Egypt | 3,322,931 | South Korea |
| *see LATAM* | El Salvador | 9,200,000 | Spain |
| 471,358 | Estonia | *TBC* | Sri Lanka |
| 2,128,205 | Finland | 3,960,000 | Sweden |
| 16,750,690 | France | 3,310,313 | Switzerland |
| 36,120,000 | Germany | 6,598,509 | Taiwan |
| 1,260,870 | Greece | 1,955,545 | Thailand |
| 3,389,389 | Hong Kong | 19,307,000 | Turkey |
| 4,090,000 | Hungary | *see MENA* | UAE |
| 119,100,000 | India | 18,730,000 | UK |
| 1,661,465 | Indonesia | 10,670,000 | Ukraine |
| 1,380,000 | Ireland | *see LATAM* | Uruguay |
| *see MENA* | Israel | 85,439,000 | USA |
| 8,423,077 | Italy | 2,492,198 | Vietnam |

**∑ = 541,306,246**

AVTN Aviation Television News

NewsNet24[7]

# Network Satellite Distribution & Programming Schedule




A Asia Pacific
B Asia
C Middle East & Africa
D Europe
E North America
F South America

— New York — London — Singapore —

## IPTV & OTT— Streamed & Downloadable Services

IPTV (Internet Protocol Television), or OTT (Over-the-Top) Streamed and Downloadable delivery over the Internet, to the Home or Personal Devices is a rapidly growing market. Whether delivered to set-top boxes or personal devices by App, OTT services are an increasingly important access point for driving audience share, and providing important promotional abilities and revenues. The network intends to pursue an agreement with market leading platforms, as well as develop it's own services. OTT service development for the Network's Website and App development is planned and allocated substantial budget.

## Online & OTT Capabilities

### Website

A significant online presence is seen as being an essential part of the proposed service outside of other OTT offerings. The website will be an integrated part of the editorial Team's delivery of news, carrying live feeds and offering reports, alternative language offerings, editorial archive and many other facilities to subscribers as part of OTT services. This presents an additional area for advertising, and co-branded marketing.

### Social Media

A robust and adaptive policy is proposed across the main social media networks: Facebook, Google+, LinkedIn, Medium, Pinterest, Snapchat, Tumblr, Twitter, and YouTube etc. However, any platforms that are felt to be appropriate and beneficial by the Editorial or Sales and Marketing Teams will be readily embraced. Analytics will be used to measure the effectiveness of respective platforms to drive content optimisation. Engagement methods and techniques will evolve from identification and analysis of: keywords, trends, impressions, demographics, and psychometrics. In view of recent revelations over the security of user data and due to the introduction of GDPR in Europe, these factors will be taken into account in deploying services.

### OTT & Apps

News Channel apps are becoming an important means of delivering linear and non-linear OTT content to viewers: when they are on the move; when they want more in-depth information; to catch-up with a news item they missed; to search for and access archives; to view away from traditional linear television. It is felt that strong brand loyalty may be developed with a top tier news app. An app also presents additional Advertising options or opportunity for other OTT services, and developed to encompass both the Freemium and Subscription markets.

### Development of Services

As with the majority of IT requirements, development work for Web and App platforms will be outsourced, with the Network IT, creative and editorial departments in oversight. It is thought that once developed, in-house capabilities will take responsibility for daily maintenance and security of both systems and IT platforms. Discussion of IT and OTT requirements with Systems Developers and Integrators is already underway, and has generated indicative costs for budget purposes (see also IT & Telecommunications).

## Regulation and Compliance

The Network and all of its Channels, whether AVTN, NewsNet24[7] or future offerings, will fall under the scrutiny of multiple Broadcast, Competition, Financial, and Health and Safety regulators in each territory that it operates in, while some AVTN production activities are also likely to fall under Aviation Regulators. A Chief Regulatory Officer will be appointed to oversee the necessary interactions and considerations of regulation and compliance that the Network and its personnel will need to negotiate on a daily basis.

### Broadcast Regulation & Compliance

Ofcom (UK), the FCC (USA), and the Media Development Authority (SIN), the CVDM in the Netherlands, BAI in Ireland and the TRA in Estonia are or may be the regulatory authorities in oversight of the Network and its Channels compliance responsibilities. These bodies are responsible for regulating the terms of licensing, and ongoing obligations as a broadcaster, including audience complaints relating to content and the compliance issues. Included within this area are requirements on quotas relating to content type, origination, ethnicity, disability, other minorities and social responsibilities. These may be designated by law, guideline and subject to regional variation. Experts in broadcast regulation and compliance will be contracted.

### Financial Regulation

In addition to matters relating to the Network's own incorporation; as a Broadcaster reporting and commenting on financial activities and shareholdings the SEC (Securities & Exchange Commission - US), FCA (Financial Conduct Authority - UK), and Monetary Authority of Singapore will all have regulatory requirements that must be adhered to, and similarly for any other EU location chosen. A key point will be that a considerable portion of personnel will be obligated to declaring shareholdings when directly reporting on the financial markets.

### Health and Safety

Health and Safety is of paramount importance and will be taken very seriously, with policy based on best practice regardless of geographical location. Discussions have already been opened to create an easily accessed web and app based training program for both full-time and freelance personnel and contractors. In addition, a full-time Director of H&S will be appointed, though the initial formulation of a comprehensive policy may be outsourced.Regulatory oversight for the UK falls under The Health & Safety Executive (HSE); while for the US the body is The Occupational Safety & Health Administration (OSHA); and in Singapore the Ministry of Manpower, and other bodies will apply as per final decision on EU Operations, or location of personnel.

### Aviation Regulation

Depending on the location and nature of news production, from time-to-time Network, and specifically AVTN, crews will fall under the regulatory oversight of Aviation Safety Bodies around the world, such as the CAA (Civil Aviation Authority - UK); FAA (Federal Aviation Authority - US); EASA (European Aviation & Space Authority - EU); or the Civil Aviation Authority of Singapore. This will be the case when crews are working on airfields; within airports; on aircraft; or when using equipment attached to or installed within aircraft, particularly stabilised camera mounts for helicopters and aircraft, or the use of UAVs (Drones). It will therefore be necessary to deal with regulatory editorial in a tactful manner.

## Information & Security (InfoSec)

As a Broadcasting and Media Corporation the Network expects to be a sizeable target for those, intent on breaching our systems and data. The Network intends to approach Information & Data Security with a robust proactive strategy, recognising it as a strategic risk management program. Key information assets will be identified and appropriately protected and monitored. The Network has already made a number of IT hardware and technology decisions based on minimising exposure to issues in the long-term. It is intended to suitably firewall systems and wherever possible employ secondary hardware, and software and data backups. Segregation of network area's as well as strict access controls will be in place across all systems and applications.

Appropriate protocols will be in place throughout the Network, and all Network personnel will be provided with suitable information security training and awareness with regular updates. Regular drills for handling both internal and external data attacks and efforts to disrupt broadcasts and services will be held, including system shutdown and re-starts, as well as data recovery and business continuity scenario testing and exercises.

Protecting the data and information of our clients, business partners and personnel will be extremely important, and the highest standards will be maintained. Company data will be centralised within the European Union under GDPR (General Data Protection Regulation) protocols. Common standards will be maintained across all locations by using internal binding corporate rules. Only if absolutely necessary will internal data protection policies differ to adhere to local laws. This will be communicated to all stakeholders in clear and concise language.

### GDPR

As an organisation operating within the European Union (EU), the Network will be obligated to observance of GDPR (The General Data Protection Regulation).

GDPR applies to all entities worldwide that process the personal data of European Union (EU) citizens. GDPR applies to any data that identifies, or may be used to identify an individual. Of key importance to the introduction of GDPR is the introduction of tighter definitions and rules regarding consent on how that data may be processed where consent is used as a lawful basis. GDPR also introduces the requirement for Data Protection Officers (DPO's) and Data Protection Impact Assessments (DPIAs), and a requirement for notification to the relevant EU Member-State supervisory authority within 72 hours of discovering a data breach. The GDPR sees the definition of responsibility for Data extend to all forms of organisation. Privacy is now required within systems and processes by design and default. Fines of up to €20m or 4% of group annual global turnover may be levied for a range of infringements of the GDPR, fines of €10m or 2% of annual group turn-over are possible for lesser offences. If non-adherence continues, a total ban on further processing can also be issued by the relevant supervisory authority, effectively prohibiting further business within the European Economic Area for those parts of the business where personal data is processed.

The Network intends to appoint a Chief of Information & Data Security, to oversee the overall function of data systems and processes, a separate DPO will also be appointed.

## Licences

Licensing applications will be processed by the in-house General Counsel working in conjunction with the appointed external and internal regulatory and legal advisors in each territory. Applicable in ALL territories discussed within this document, the granting of licences and permits is not a guarantee of satellite or cable network access for the proposed channel; licenses are subject to a test that the management may be found to be ‘fit and proper’ persons to be issued and hold such a licence. Significant factors to consider include:

### UK & EU

Application to Ofcom for a Category B TLCS (Television Licensable Content Services) licence under the terms of the Broadcasting Act 1996 is straightforward with a fixed £2,500 fee and banded turnover based element attached to each licence granted, renewable on an annual basis. There is a fee cap at a maximum turnover of £300 million net revenue. A licence is required for any feed varying in any way from another, and for services demonstrably definable as differing to another. For Channels maintaining a wholly news orientated service there is NO requirement to adhere to the 50% EU programme origination quota (until the UK leaves the EU); though applications for exemption may be submitted; and the Network will be exploring this avenue to allow for more diverse scheduling. At present, a Licence granted in the UK applies to the EU as a whole, this will cease to be the case when the UK leaves the EU. As defined within this proposal, alternative licenses and locations within the remaining EU member-states are currently under consideration. Ofcom turnover based fees apply to any ‘relevant revenue’ applicable to broadcasts made within Ofcom’s regulatory territory, and under the terms of each license; and are banded for Cat. B as follows:

| Range | Percentage | Max. per Category |
|---|---|---|
| £ 0m – £ 10m | 0.01526 | £291,900 |
| £ 10m – £ 35m | 0.03056 | £2,045,750 |
| £ 35m – £ 75m | 0.06112 | £8,766,750 |
| £ 75m – £ 300m | 0.12224 | £70,131,000 |
| Over £ 300m | – | No further fee |

### The US

Subject to Network Structure or future operational commitments, application to the FCC under the terms of the Telecommunications Act 1996 S.652 requires the input of experienced regulatory and legal advisers dealing with the system of licences and permits that combine to cover the scope of an applicant’s requirements, and this will be handled by a specialist regulatory and legal team. The issue is more of complication than of cost. The FCC can require up to 75% ownership of a TV or Radio Station broadcasting from within the US; though in recent history the FCC has announced consideration of a relaxation of this requirement on a case-by-case basis. However, at present US political and regulatory framework is under considerable review. It is felt that the ownership rules for US services remain satisfiable with the appropriate combination of US investment and corporate structure at this time — this could represent up to 25% of the total investment required by this proposal.

## Singapore

Subject to Network Structure or future operational commitments, application to the Media Development Authority under the terms of the Singapore Broadcasting Act is straightforward with a fixed fee Subscription International Television Service Licence costing S$5,000 per five year period, per licence. As the Network intends to register in Singapore, no local agent or bond is required. Broadcasts from Singapore must act responsibly with consideration to local laws of **ALL** Countries capable of receiving the broadcast, and is not seen as an issue for current proposed programmes.

## The Netherlands

Application to the Dutch regulatory authority the CVDM is straight-forward and in-line with a plain-text interpretation of the AVMSD. Broadcasts into The Netherlands carry a 40% Dutch speaking quota, for which an exemption may be applied, though the Network intends to provide an amount of Dutch language VOD programming. Subtitling requirements exist for the hearing impaired (Not of issue). TV Licence rates have no profit based element, though are based off reach and audience calculations, and are chargeable as follows:

| | | 2017 |
|---|---|---|
| CPI Adjustment | | 0.90% |
| | | |
| TV Broadcasting Services | | |
| **Netherlands** (National Households) | | |
| < 25,000 | < 12 hours | €417.47 |
| | ≥ 12 hours | €834.95 |
| 25,000 – 50,000 | < 12 hours | €834.95 |
| | ≥ 12 hours | €1,669.90 |
| 50,000 – 100,000 | < 12 hours | €1,669.90 |
| | ≥ 12 hours | €3,339.79 |
| 100,000 – 500,000 | < 12 hours | €3,339.79 |
| | ≥ 12 hours | €6,679.59 |
| > 500,000 | < 12 hours | €6,679.59 |
| | ≥ 12 hours | €13,359.18 |
| Audience Market Share ≥ 0.3 | < 12 hours | €13,359.18 |
| | ≥ 12 hours | €26,718.35 |
| | | |
| **Non-Netherlands** (External Households) | | |
| Audience Market Share < 0.3 | < 12 hours | €4,383.48 |
| | ≥ 12 hours | €8,776.96 |
| Audience Market Share ≥ 0.3 | < 12 hours | €8,776.96 |
| | ≥ 12 hours | €8,776.96 |

## Republic of Ireland

The Republic of Ireland has been actively researching and presenting solutions to Brexit and all forms of business since 2016. The Regulatory environment under The BAI (Broadcasting Authority of Ireland) is accountable and transparent, and the AVMSD is interpreted based on a plain-text-reading, though independence, fairness flexibility and responsiveness to change is assured. The 50% European production quota applies.

Application for a Section 71 License covering Satellite, Cable, IPTV and OTT service providers is straight forward, The process should take 2-5 months, and fee structure is low with an application cost of €1,500, Contract fee of €2,000 per annum + 23% VAT. Key codes-of-practice exist for Advertising, Children's Advertising, Alcohol, Gaming, Programme Standards, Plurality and Impartiality, none of which present the Network with any particular concerns. It should be noted that Defamation and Contempt laws are stricter than in civil-law jurisdictions, and are Common Law. Privacy laws are constitutional.

## Republic of Estonia

Requirements include: a registered Estonian company; an Editorial Control structure within the Country and EU recognised by the regulatory body and terms of the AVMSD. Significant workforce must be present or employed from Estonia. The Estonian Media Services Act transposes the AVMSD into law. Program structure must include 5% news; 10% monthly for internal production; 51% of content must be generated within the EU irrespective of news. Protections exist on advertising for Children, Consumers, Medicinal Products, Alcohol. Advertising slot allocations are 12 mins. max. News may only be interrupted once per 30 minutes. Typical sponsorship restrictions exist for news and current affairs. Broadcasts available in Estonia must be accompanied by an adequate Estonian translation, though this does not apply externally. Fees for a Satellite Broadcast Licence are €960, with licensing taking 6 months. The licence lasts 5 years. The service provider and service must be economically sustainable. Estonia will not supply licences in violation of International Treaties, or where the provider may violate EU Competition Law.

## Performing Rights & Phonographic Performance Licences

The Network is responsible for reaching agreement with those owning copyright or performing rights to any of the material which it proposes to broadcast via any Channel it may own.

Any music broadcast in the UK must be licensed by PRS for Music, prsformusic.com. Commercial sound recordings must be licensed from Phonographic Performance Limited (PPL), ppluk.com. The playing of music originating outside the UK will remain subject to copyright or performing rights licensing. Copyright or performing rights conditions will be adhered to for each subsequent territory from which the Network broadcasts from. Significant funds have been allocated as an allowance within licence contingencies appropriate to each budget Tier. The UK's PRS has been extremely helpful in progressing this area, and is capable of acting as a liaison for most territories. Despite this, the US remains a special case, requiring appropriate funding, also allocated.

## Competitors

The Network and AVTN, NewsNet24⁷ will offer an ultra-high quality combination of 'flagship' television news, online content; and business information. As yet there is no direct rival to AVTN, and similarly significant investment would be required of any competitor intending to compete in the market space. In terms of NewsNet24⁷, existing news Channels would need to modify their offering considerably to compete on a like-for-like basis of news commentary. Apart from specific areas within News and information services that AVTN or NewsNet24⁷ may face competition in the future, the network will additionally also have to compete purely for audience share against other types of Television, Audio and News content, available via linear and non-linear services, which may be regarded as dissimilar and unrelated.


While the following areas of the media, as discussed, compete in some or all of the areas that the Network proposes to operate in, there are companies within these areas that could equally present partnership opportunities for the success of the project. The pursuit of symbiotic business partnerships, particularly those that may act as sources of information or revenues are considered to be of benefit to the overall profile, success and value of the project.

## Network Overview

### Mainstream News media

TV, print, or online resources naturally focus on a variety of national and global news stories across a wide variety of topics and prioritise them to serve a diverse cross-section of the population. As a result, while there will be cross-over into AVTN's market, these outlets will mainly compete with NewsNet24[7].

### Business News Media

Focuses predominantly on issues affecting business, financial markets, national or global financial and geo-political news and issues; requiring delivery of news across a wide variety of subjects, for the business, financial and market interests of a broad cross-section of the population. It is expected that AVTN will compete on a like-for-like story basis, while NewsNet24[7] will be a more direct competitor.

### Aviation News Media

This can be classified into two main areas:

(i) **Professional Print Media**: generally limited to (bi-)weekly or monthly aggregation of related news, and has limited resources to respond online to breaking news, while compiling a print publication.

(ii) **Professional OTT Media Services**: online resources may theoretically be able to respond with greater agility, though in reality tend to be governed by the same schedules and budgetary restrictions of print media. OTT resources are, however, able to support articles with audiovisual content, which is often outsourced. This represents the bulk of AVTN's direct competition, particularly for data and information services by subscription. They often rely heavily on Video content acquired direct from manufacturers rather than original in-house content.

### Business Data & Information Services

An industry worth an estimated $16 billion (£11.8 billion) globally, of which the main competitor has a $7 billion (£5.16 billion) market share, though the market share of Aviation data is unknown. There are multiple service providers in this area, from individuals to corporate providers. Data flow, and report publication varies dramatically from daily, through to annual, and costs can vary substantially from low subscription rates to thousands in Sterling, US Dollars or Euros. The Network intends to compete via either AVTN or NewsNet24[7] and any other future offerings, and to grow its market share in this lucrative, though competitive area.

### User Defined

Resources allow management of streams of data from multiple sources, such as Twitter, Facebook, RSS feeds, and blogs (to name a few). While these resources may be tailored to requirement, they are subject to a user's own choice of feeds, and unless — from a reputable source — may not meet the normal standards of professional journalism. These sources can, however, be said to compete in the media space, though the Network would more than likely become a prime source for such material, given its resources and ability to keep reporting current.

## TV Broadcasting Corporations

Mainstream TV broadcast news and the more focused business news providers currently only address headline stories as they relate to: International events; political; or stock market and investor interest. While the Network will carry mainstream content, its remit is to identify areas of news interest where existing outlets are lacking and to exploit them.

### The Network Perspective

Whether addressing the volume of Aviation News or more generally Business and Consumer News, there are a substantial amount of related news stories that are not reported in the television or other media outlets and further opportunities are lost for coverage on websites and blogs because: (i) it does not fit the outlet's remit; and (ii) there are not enough resources for increased coverage.

Below are a number of case studies of existing news broadcasters which are intended to inform on the subject of costs, investment levels, and financial issues associated with TV News. The proposal is based on a balanced, conservative approach to expenditure and revenue expectations, and comparisons to launch budgets at each Tier level may be made. (The names have been removed for legal reasons.)

**Case Study A**: A multi-award winning, British-based, 24-hour English language News Channel launched in 1989. The launch budget was approximately £50m inclusive of a £10m share of costs from the launch platform. Adjusted for inflation the launch budget would now be **£118m**, however in a like for like world, this would only provide for SD and not HD service. The channel currently reaches 100m homes in 118 countries, and has 11 bureaus and 9 studios globally. The channel's flagship status and award-winning success is greatly admired by the Network management. The current annual budget is estimated to be in the region of £350m. This channel is run with subsidies from the platform on which it exists.

**Case Study B**: A French and English language News Channel launched in 2006 with a budget of $114m. Adjusted for inflation and exchange rates the launch budget would now be **£116.1m**. The channel now offers French, English and Arabic language services to 245m Households, following M&A and additional investment. English and Arabic language service was a late addition to the offering. The current annual budget for the channel, which operates in the public sector as a PSB, is approximately €100m (£88.2m). The audience-to-cost ratio is approximately £0.36p per household.

> "We have just created a French audiovisual Network of international dimensions that aspires to be powerful and ambitious." —*Alain de Pouzilhac, in Le Monde*

Inception as a government and private enterprise joint venture was painful and at the time under-funded. Launching with 36 correspondents and a total of 180 editorial staff, heavy reliance on freelancers was criticised (note: this was before widespread adoption of Produced-on-behalf-of services). The French-only language launch in France provided insufficient audience to achieve the required revenues for sustainability, requiring re-investment and modification of the business model to increase household reach and accessibility to the audience.

**Case Study C**: An English language, 24-hour News Channel operated by the leading British PSB service. Launched in 1997, the channel comprises the main part of the PSB's news budget, which currently totals approximately £350m per annum, and is supported by some 3,500 staff, of which around 2,000 are journalists. A total of £550,000 was spent on rebranding news output in 2007. Audience reach is approximately 380m globally.

**Case Study D**: An Arabic language, 24-hour News Channel launched in 1999 with an annual budget of $25m and a five-year loan of $137m. Adjusted for inflation, this would now be £24.9 and £136.4m respectively. The network is funded from Qatar, with apparently unlimited backing. In 2002, budgets had grown to $40m with Ad revenues around $8m. Expansion of the broadcaster, including English language services and pursuit of global reach, particularly in the US market, has come at an approximate price tag of $1b (£881.8m today). The current annual budget is approximately $100m (£73.7m). Audience reach is published at 260m households, making the annual audience-to-cost ratio approximately £0.25p per household. Direct competition has twice been offered by a UK PSB broadcaster on a purely regional basis. The first offering was closed down after 1.5 years of service; the most recent offering was launched with a budget for Middle East service only of £19m, allocated in 2005 (£25.5m today). Considerable modification of the Channels' reach and access has recently occurred, with transmission capabilities being utilised to provide alternate services, and infrastructure being downsized with the closure of the United States arm announced.

**Case Study E**: A US English language news network, with 41 news bureaus and editorial operations, 10 of which are located in the US, and distributed in more than 200 countries. TV feeds are available in five regions: Europe/Middle East/Africa; Asia Pacific; South Asia; Latin America; and North America. A Spanish language version is distributed in Latin America and the US. Other services are available in Canada, the Caribbean, parts of Latin America and the Asia Pacific region. In a number of regions, local-language versions have been launched through joint ventures or contractual arrangements with local partners. In addition, content is distributed through a co-branded, 24-hour, English language general news and current affairs network in India. The network has 4,000 employees and 1,000 affiliates, a last known global reach of 384m households (Likely to have grown with the market), and operational budget of $750m (£542.7m), though a $100m (£73.7m) budget cut was reported as under way in the last 2 years.

**Case Study F**: A UK TV News service and leading supplier to independent television broadcasters, with revenues of £126.4m in the 2017 reporting period, of which £87.8m was from News Services. Last known audience reach was stated as approximately 10 million. Cost of all services is approximately £122.7m, putting the cost-per-household at approximately £12.27.

**Case Study G**: A US-based global provider of financial data, business news and television services, with annual revenues in the region of $8.3b (£6.1b). The annual news division budget is not published but significant given that it states having 150 bureaus worldwide in 73 countries, with 2,300 editorial and multimedia staff. Households reached were last indicated as approximately 340m, and likely to have grown in line with our own data.

**Case Study H**: A US-based global provider of business orientated news, with a last known reach to 395m households worldwide (again likely to have grown with the market), while separate business updates reach 400m homes in China. The Network is currently worth an estimated $4b (£2.95b). Headquarters are in the US, with bureaus in Europe, Asia, and the Middle East. A dedicated Arabic version provides service to 50m households. The annual budget is not published.

**Case Study I**: An 'International news organisation created by and for a connected generation'. Their brief is to provide 'an unvarnished look at some of the most important events of our time, highlight under-reported stories from around the globe, and get to the heart of the matter with reporters who call it like they see it'. In media stories, they are often referred to as a market disruptor. The media Network is estimated as having a worth of $2.5b (£1.84b) following a $500m (£368.5m) funding round, and is admired by the Network management.

## Print Media

### The NewsNet24[7] Perspective

Newspapers, including those with a financial or business priority, are primarily focused on headlines. While there is likely to always be a market for print media, it is increasingly becoming a specialist market. This market is widely considered to be contracting from its former levels and seen by many experts as facing industry crisis as it fights with online publications, and its own traditional competitors that have already transitioned to an online existence. 2016 saw a major UK broadsheet newspaper cease print in favour of digital availability, while another has announced a program of redundancies, and a variety of magazines are also going digital. An experimental newspaper introduced to market failed in a matter of months. A growing trend for the online editorial content of print publications to be enhanced by addition of audiovisual material is also observed. Investment in this area requires extreme caution, and launch of new print titles by the Network in support of broadcasting is viewed as potentially toxic.

### The AVTN Perspective

Print Media is not geared to specialise or address anything but major aviation news stories. Aviation print media typically takes the form of a magazine layout, and falls into two categories: (i) those available from newsstands regardless of store format or location; and (ii) those that are primarily available by subscription, and targeted to a more professional B2B aviation readership. A once-weekly Aviation magazine recently contracted to a bi-weekly publication.

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**Case Study AA**: A business publication group with a specialist Aerospace division. The division currently offers 9 aerospace related services from publications to job searches, among which is a suite of the current leading aerospace print publications. Occasional webinars and streamed interviews are available, but as yet there are no scheduled services. The Group's leading B2B publication attracts 1.7m visits per month to its website, with a 31.9K print circulation, and 12.4K digital circulation per month by subscription. The division's archive is recognised as a significant asset. It is believed that the division is valued by the parent group at circa £90m.

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## Online Resources

### The NewsNet24[7] Perspective

A number of established news and editorial based publications now exist online via websites and apps, often with subscription requirements for access. The majority of online news outlets are extensions of broadcast news channels or news agencies themselves.

### The AVTN Perspective

A considerable number of websites featuring 'news', relating to Aviation, exist but many aggregate or re-share news and information from other sources. While a few websites are extensions of well-known magazines, and could be re-purposed to present an element of competition to AVTN, in the UK and Europe a web-based competitor would be required to hold a Category B broadcasting licence issued by Ofcom. Services offering streamed content are seen as facing issues with attracting high profile corporate advertisers, without significant additional investment. A number of aviation journalists run their own prominent websites and blogs, and are seen as potential future AVTN collaborators.

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**Case Study AB**: The web site of an International Air Show offering limited pre-recorded, streamed TV news reports. Content is often made up of segments by exhibitors and clients. Despite the size of the parent company news-gathering resources and content appear restricted. Significant investment and resources would be required in order to achieve a status comparable to a flagship TV News Channel.

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## Industry Reports & Consultancies

### The NewsNet24[7] Perspective

The principal competing sources for Financial News and Market Data are Dow Jones, Bloomberg, Reuters, Pearson, and CNBC. The Network will be both a competitor and client in these terms. Consultancies are seen as a rich source of data to report on, and their compiling entities are considered prime partners for producing co-branded reports and services.

### The AVTN Perspective

With exception to a Global provider of Financial News and Market Data already discussed within the Broadcast sector, the principle competition to AVTN as a provider of business information and reports will be from aviation Consultancies. Rather than compete in every aspect of their business, though this is entirely possible, AVTN sees such consultancies as a rich source of interview guests/pundits and foresees substantial advantage in collaboration when compiling data, with the ability to re-purpose it in formats appealing to both the Consultancy's and AVTN's market and clients. Collaborations could reduce compilation and research costs, while extending the marketable reach and value of data and reports and provide increased exposure for all parties involved.

## News Agencies & Content Sharing Agreements

The Network expects to achieve agreements with other Broadcasting corporations to share or gain access to both breaking news stories and facilities on: (i) a pure cost basis; or (ii) through partial cost and reciprocal agreement basis to supply facilities and expertise to one another when needed for each party's coverage of a news story. This may extend to the hosting of overseas journalists, in a direct 'exchange' programme. A key contractual element of such agreements is carriage of the other party's channel or network logo. It is anticipated that similar agreements may be secured with mainstream print media titles to share journalistic intelligence in return for supplying audiovisual content for their own online presence. Such agreements are known to already exist between Newspaper titles and TV News providers, and are capable of reflecting significant cost savings.


Annual contracts will be entered into for content and services, such as ticker data and 'produced-on-behalf-of' services from news agencies, and key data suppliers. Discussions have already taken place to establish budgetary cost allocation, with the main news agencies, and other agency content may be contracted on an ad-hoc basis.

## Advertising and Marketing

The Network intends to appoint a Chief of Sales & Marketing in accordance with the growing trend for these departments to be better related and interactive in approach. The position will be supported by a number of regional positions. It is expected that strong relationships will be built with Advertising Agencies in each service region.

Supporting positions in this department are expected to include:

Regional Advertising & Sponsor Sales Directors
Regional Advertising & Sponsor Sales Executives
Regional Social Media Directors
Content & Marketing Liaison
Market Analysis
Regional Social Media Co-ordinators

The following represent current trends in both TV and non-TV marketing which may be influential or relevant to directing the marketing ideals of the Network's media outlets:

- The inclusion of audiovisual content in OTT media services.
- Reflect your brand personality, and maintain consistency of what it represents.
- Maximise all available marketing channels available.
- The promotion of channels both on and off 'owned assets' is seen as important.
- Promotion away from 'owned assets' is seen as key for new channels and programming.
- The use and influence in marketing of measurement tools is on the rise.
- Content is important, but quality and relevance of content is of greater importance.
- The importance of social media and audience participation is imperative as a driver to channel content — while expectations of its value, quality, importance, reliability and security is key to retaining audience.

### Paid or Free Access

Newspapers and magazines with free website access and content are progressively moving to limiting free content in favour of paid-for access terms as traditional print revenues fall, and the demand for online content rises along with service costs. Take-up of subscription TV services is on the rise, and according to market figures, 74% of the population now subscribes to paid TV services in the UK. Services offering audience control and preference are gaining significant share over generic delivery.

### The Network view

The Network intends to offer free-to-view services in HD (and SD in Regions where it remains relevant) through satellite, cable, IPTV distribution networks, and its own OTT service options. It is intended to make UHD, premium services and no-advertising options available by subscription. Premium service OTT editorial content may be released to the non-subscription market after an appropriate time, to be assessed on a case-by-case basis, in order to encourage subscription to premium content. It is intended to replace advertising in 'No-advertising' options with additional exclusive content and previews of upcoming programming.

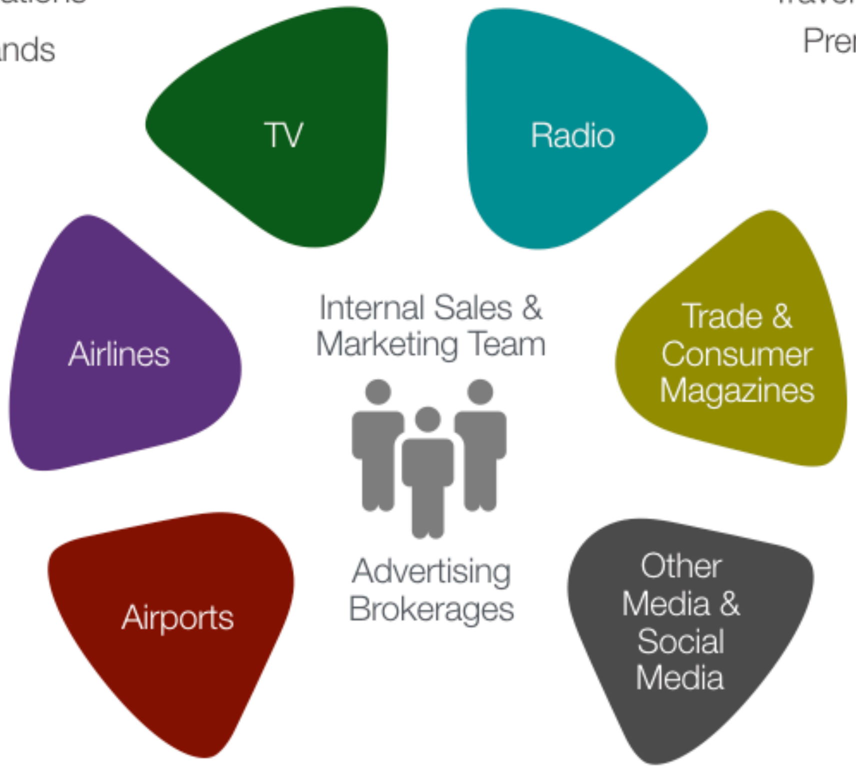
AVTN Aviation Television News

NewsNet24[7]

# Advertising and Marketing

## Potential Advertisers

- Travel Companies & Destinations
- Premium Marques and Brands
- Petrochemical Companies
- Business Jet Charters
- International Airports
- Investment Services
- Financial Institutions
- Aviation Companies
- Manufacturers
- Airlines
- Hotels
- Banks




## Potential Advertisers

- Travel Companies & Destinations
- Premium Marques and Brands
- Petrochemical Companies
- Consumer Products
- International Brands
- Investment Services
- Car Manufacturers
- Financial Services
- Service Providers
- Energy & Utilities
- Sport & Health
- Entertainment
- Food Outlets
- Technology
- Airlines
- Hotels
- Banks

— New York — London — EU — Singapore —

## Brand Diversification

### Recruitment

Recruitment services targeted to specialist areas are now common. The Network expects to be able to negotiate some form of agreement with an existing service, or to develop its own, and in the latter case has already been offered software capabilities. The possibility of purchasing an existing provider and re-branding services is not beyond possibility, though not currently budgeted for within the initial funding calculations. Any offering will be GDPR compliant.

### Related Services & Co-branding

Opportunity already exists for the creation of a number of foreseeable offerings related to Network channels and services, particularly via OTT services. These may be developed and delivered either in-house, or in conjunction with other service providers via co-branding and funding agreements. Opportunities exist for both high profile and high revenue services, and will be evaluated by the management at the appropriate time.

### Merchandising

Network and Channel branded merchandise is an obvious diversification. A competing Business News Channel already offers branded merchandise in a number of US locations, referred to as 'Bureaus'. Products can include apparel, chinaware, and a variety of gift ideas.

## Office and Studio Facilities

It is the intention of the Network to operate its administrative, content generation and studio functions from the same combined space. This will enable personnel levels to be minimised by the combination of certain administrative functions with content and broadcasting responsibilities. Management will, as a result, be within easy access of the day-to-day functions of the Network, improving access and information flow. The preferred option is to lease space within the financial centres of chosen cities. However, consideration has also been given to operations being set-up in commercial centres outside of cities, but in close proximity to international airports.

Consideration has also been given to City vs. Industrial area locations. While Office space as a studio facility within a city centre is generally more expensive than warehousing in an industrial area; converting warehousing would require complete modification of the building and installation of facilities from fresh including air-conditioning and a considerable amount of sound-proofing, while office space typically only requires upgraded specification as a studio. Access to Industry and Commentators on a variety of issues is seen as more easily achieved within City centres — therefore, particular thought has been given to the cost of locations.

Space requirements vary with each Budget Tier - The required allocations for the number of square feet (sq ft) are made on a floating calculation proportional to the number of employees and allotted facilities as set out in the Tier tables of each Budget Tier. Following initial enquiries, advice and discussions with real estate agents, adequate allocation of funds has been made for lease, rates and service charges as appropriate.

### City of London

- Rent: c. £60 per sq. ft.
- Service change: £10 per sq. ft. (in addition to rent).
- 10 year lease, break at 5.
- 21-24 months' rent free – sometimes lower if a break has been included at year 5.
- Rent review at the 5th year.
- Landlord pays vendors agent – 10% rent PA.
- Purchaser pays acquiring agent – 10% rent PA.

### New York

- Rent: c. £57 per sq. ft. per year gross.
- Service Charge: Part included in the rent with additional $5-10/sf/year electricity/operating expenses.
- 10 year lease.
- Fixed rental increases every 5 years.
- 6-12 months' rent free.
- £30-45 per sq. ft. per year tenant improvement allowance.
- The landlord pays all commission fees.

### Amsterdam

- Rent: £31 per sq. ft.
- Service charge: 40 euros per annum per sq. m.
- 5 year lease, or 10 year lease with 5 year break
- 6-12 months' rent free could be negotiated – but this is very locational dependent
- Rent reviews are annual and CPI index linked
- Landlord pays vendors agent – 15% rent PA (excluding incentives)
- Purchaser pays acquiring agent – 15% rent PA (excluding incentives)

### Singapore

- Rent: £52 per sq. ft.
- Service charge: £1.20 per sq. ft. per month (included within rent)
- 5 year lease with option to renew – lease will include rent cap mechanism on the renewal
- Rent holidays are uncommon – but up to 3 months achievable for this kind of space
- Landlord pays all fees for new tenants, these are typically 1 – 1.5 months' rent for purchase/vending agents

### Dublin

- Rent: Prime Grade A rents in Dublin CBD cost up to £58 per sq. ft.
- Service charges: Vary on specification up to approximately £7.
- 10 year lease minimum in City Centre, 10 year lease with break at year 5 possible in Suburban locations.
- Rent Free to be negotiated depending on the specification of the building, typically 3 -5 months' rent free for every 5 years of the lease term, depending on the location.
- Rent reviews are every 5 years and are typically upward/downward to market level.
- Tenant pays Tenant agent – 10% of annual rent PA (excluding incentives)
- Landlord pays Landlord's agentEnquiries for Dublin and Tallinn are ongoing.

Enquiries for Tallinn Estonia remain under-way.

### Air-Conditioning

The heat generated by broadcast studio facilities is notoriously associated with the need for substantial amounts of air-conditioning. The Network plans to apply the best in design, most eco-friendly and energy saving approach to this issue. Energy saving LED lighting will be used throughout the Studios to reduce the burden of air-conditioning. The application of a fully robotic studio pedestal system will remove people from the studio floor, saving the generation of 400-500 BTU per person per hour, or an approximate total of 2,000 to 2,500 BTU per hour. With LED technology having moved at a pace in the last 1o years, Studios utilising LEDs are now achieving a reduction in energy use up to 90%.

## Insurance

Integro Insurance Group are the preferred Insurance brokerage to the Network. They offer a Specialist Broadcast and Film Industry Division with policies underwritten by Zurich, and long-term relations exist with this Company. Insurance for News Channels runs on average between 0.9% to 1.5% of turnover, dependent on the nature and status of threat to its personnel. Insurance is currently budgeted at approximately 1.5% in budget Tiers.

## Production Equipment

Broadcast technologies are a keystone of the business. Proposed acquisitions of new Broadcast equipment total £29.5 million in Tier 1. The equipment intended for purchase ranges from items costing as little as £100, through to cameras, editing and other broadcast systems of up to £500,000 per installation — though the majority of the investment required is for major ticket items. Options for Leasing all Equipment have been calculated for each Budget Tier, and are presented in this Proposal in the from of a single table of Consolidated Management Accounts. Further detailed accounts are available by arrangement.

The Broadcast Industry utilises specialised, professional equipment which, for the most part, is of a high cost. While historically the life of equipment has been long, in the current fast moving Digital age the life and re-sale value relative to original cost may vary with the choice of manufacturer, product type, take-up within the industry or availability of new technologies as they come to market. The adoption of high quality and industry-leading technologies is seen as providing a substantial buffer to longevity and in protecting residual values.

All consideration will be given to the predicted adoption of developing technologies within the Industry as a whole over the next four years. Expert institutional knowledge and the guidance of appointed advisors will be applied to make the best possible equipment choices, in order to protect: (a) the longevity and flexibility of the equipment purchased; (b) the resale value of the equipment; and (c) the attraction of the equipment to leasing companies and their brokers — ultimately benefiting the ease with which financing of the investment may be achieved.

The majority of equipment is expected to be renewed on not less than a four-year rolling cycle from launch, or when it is considered to have reached its useful and cost-effective life. While certain broadcast components age at a rate determined by hours of use, and heavy news cycles may lead to excessive wear beyond expectation leading to a need for replacement within the expected cyclical period, other equipment conversely has a life expectancy well beyond its lease amortisation or depreciative life, and retains considerable value.

The expectation is that in the period illustrated within this document, the Network will be in acquisition mode for equipment, and no disposals or transfers to stock are foreseen. Such disposals, should they occur, will be as the direct result of equipment failure, or damage that may occur outside of warranty.

### Broadcast Equipment

Broadcast equipment will comprise of professional broadcast quality studio cameras, camcorders, and associated lenses, camera support and ancillary equipment; video walls; editing systems, routers, switchers, encoders, monitoring and sound equipment capable of recording, editing and distributing HD and UHD content and programming. In some cases equipment may be capable of accommodating resolutions above UHD broadcast standards.

While it may seem relatively recent that HD has become widespread, the 4K Camera and UHD television revolution is coming at a much faster rate than HD. UHD television provides the viewer with approximately four times the definition of HD, making it particularly ideal for Aviation and Air Show coverage. The Network believes that in order to be ready for the widespread worldwide availability of UHD broadcasting, the equipment must already be UHD capable, to avoid a retrofit of new technology and equipment shortly after launch. Such a retro-fit at an early stage would not be cost-effective, and a lack of preparedness for this technology would appear to lack significant foresight and planning for the future. Additional budget has been allocated for 2018/19 to allow for adoption of IP (Internet protocol) based Broadcast Systems.

## Video Walls

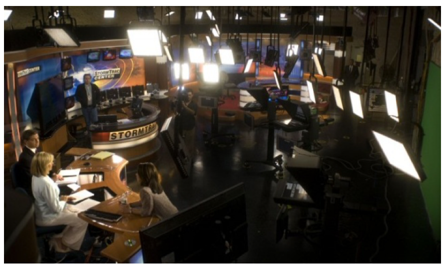
Each main facility will feature a large video wall measuring for use during news segments and program production. Satellite offices will receive smaller video walls. While representing a considerable investment of approximately £455,000 each, they are capable of adding significant production value to all studio-based productions: displaying maps; advanced graphics and studio backgrounds; and enabling links to other studios for interview or presenter interaction. Video walls are a keystone of the modern news studio, and should be viewed as an essential equipment item.

## Robotic Studio Camera Systems

Robotic Studio Camera Systems represent another considerable equipment investment, but are capable of offsetting the equivalent in labour costs within the first three operational years, and every year thereafter, prior to consideration of savings in shift patterns, overtime, social security and healthcare. The systems typically have a life in excess of the depreciation period, and a number of service contract options are offered.

A system comprises of robotic pedestal and remote head on which the camera and teleprompter are mounted. Operation with self-correcting laser accuracy is from a single console within the gallery control room. The number of systems due for installation varies in each location as per the allocations in each Budget Tier.

## Camera Support and Lighting (Grip) Equipment



Camera Support and Lighting Equipment, also known collectively in most parts of the World as ‘Grip’, is considered to be equipment used in the studio or the field other than cameras and lenses. Network camera support equipment will mostly comprise of Pedestals for studio cameras, tripods and fluid heads for location work and studio and location lighting. Specific requirements for camera dollies, track and cranes are expected to be hired in from specialist suppliers, with experienced crew on an as needed basis (See Equipment Hire).

Efficiency in the case of studio lighting will be of key importance. Traditional lighting technology for Film & TV Lighting is power hungry and generates high volumes of heat, which in turn requires high levels of air-conditioning. Significant savings in power consumption and heat generation requiring air-conditioning will be achieved through the use of LED lighting technologies.

### Backup Power Generation

Three-phase power will be taken from the grid in each territory. In the event that there may be a power outage, generation will be required on a backup circuit to power all key systems. Generation equipment is normally located in the building basement, and a budget of £265,000 per installation has been allocated to include supply, location and connection with facilities, and has been discussed with specialist contractors.

### Equipment Hire & Contracted News Crews

The Network intends to maintain a small volume of its own mobile camera equipment, primarily set up for PSC single-user operation. News crews, inclusive of their equipment will be outsourced from specialist industry agencies around the world, to reduce personnel obligations and ensure flexibility and mobility of news gathering assets; this is accounted for within the production budgets.

From time to time, either due to an equipment failure, fleet servicing; or abnormal excess requirement, it may be necessary for the Network to temporarily hire additional or replacement equipment. This is common within the Broadcast Industry and a broad-range of professional equipment hire companies exist for this purpose around the world, particularly in the Network's key locations.

### Studio Sets

Professional studio and lighting designers, experienced in the design and lighting requirements of Newsrooms and multi-purpose studios are to be contracted. Studio specification, layout and video wall allocation are set out in the Tier tables of each project element. A small audience seating area for between 75 and 100 audience is also budgeted for. Set designers will advise on all possibilities, and initial discussions have already been had with industry-leading Design Companies

## System Integrators (SI)

The Network has the option to either: (i) Appoint experienced Systems Integration companies to oversee the provision and installation of Broadcast, IT and Telecommunication technologies, with one supplier having overall responsibility, and answering to the management via the Chief Technology Officer with a number of companies being considered; (ii) Recruit an experienced System Integration Team of its own, achieving further cost savings and flexibility for the project. This recently proved an extremely efficient methodology, in a $150m project.

## IT and Telecommunications

A total initial budget consideration for IT and Telecommunications requirements has been made allocated, with secondary upgrades planned from TX 2 onwards.

Full consideration is being given to both conventional and IP-based telecommunications, inclusive of telephony equipment, cellular and tablet hardware, line rental, broadband, and call charges. The Network's preference, with exception to any system or proprietary software requirements that specifically require the Windows platform, is for Mac OS X based systems, and iOS based tablets and smartphones. With this choice comes some security advantages, and the ability to minimise IT Department requirements. Industry leading systems are available for Apple products, and are common in publication, media and graphic design environments. The need for global access to the Network's web sites and apps dictates the need for compatibility with iOS, Windows and Android platforms.

## General Office Equipment, Outfitting & Furnishings

A policy of the best quality, with the greatest efficiency, reliability and best back-up at the least cost is the preference. Most equipment requirements in this category are comparable to 'white household goods', and are expected to be replaced rather than repaired when they have passed their useful life. Budgets are allocated on a floating calculation according to personnel volumes. This budget includes desks, storage, seating areas, green rooms, couches, kitchen facilities, meeting rooms and executive office suites. The layout will be a mix of Offices, meeting rooms, and open plan areas.

## Contact Centre

While the Network fully intends to make the interface for subscription services via online and App as user-friendly as possible, it is recognised that occasions when the public require personal help from a fellow human being will inevitably occur. Contact centres typically deal with voice, e-mail, and (more recently) instant messaging/web-chat services — established by expert research as the most cost-effective, productive and user-preferred interaction medium of today. Instant messaging/web-chat allows a single operator to handle multiple enquiries at a time. As the result of Brexit and the introduction of GDPR within the EU, It is proposed to base a small multi-lingual contact centre in a suitable location within the EU. Ireland, The Netherlands and Estonia are under consideration in tandem with choice of the EU Broadcast site. Appropriate budget for contact centre services with a staff of 87 (inclusive of management) has been allocated, whether established by the Network or as an outsourced service.

## Accounts Department

The Network intends to employ the basic requirement of accounts personnel, and to outsource as much data processing as is possible. Suitable budget allocation has been made following consultation with Sage Enterprise Accounting for an X3 package tailored to the Network's requirements. Of key importance to operational capabilities are: currency functions; Excel spreadsheet integration; multi-site access; and the ability to cope with high volumes of transactions, subscriptions, and multiple revenue streams.

## Accountants and Auditors

**Silver Levene** are the Network's auditors of choice, and a long-standing relationship exists with Partner Mr. David Ezekiel. Established in 1957, Silver Levene is the leading ACCA accounting practice in the UK, and are specialists in the Media and Entertainment Industries. They are able to bring industry specific experience auditing large groups to individual companies, whether applying UK GAAP, IFRS or US GAAP, and have the technical expertise and International network required. The partners of Silver Levene have given the management every assurance that they are able to deliver an uncompromising level of quality and service to a global broadcasting corporation.

Silver Levene are members of IGAL (Intercontinental Grouping of Accountants & Lawyers), providing access to accounting, tax and legal specialists in major business centres worldwide. Mr. Peter Grossmark, the Head Partner of the Barristers division is global President of IGAL.

While the management is fully aware that larger brand name firms with greater international reach exist, it is felt that Silver Levene represent an excellent choice as auditors in terms of both capabilities and cost effectiveness, though remain open to discussion of Auditor choice as a condition of investment.

| | |
|---|---|
| Proposed<br>Accountants & Auditors | Silver Levene LLP<br>37 Warren Street<br>London, W1T 6AD<br>Telephone: +44 (0) 20 7383 3200<br>Web site: silverlevene.co.uk |
| Proposed<br>Company Secretary &<br>Registered Office | Silver Levene Statutory Services<br>37 Warren Street<br>London, W1T 6AD<br>Telephone: +44 (0) 20 7383 3200<br>Web site: silverlevene.co.uk |

## Legal Counsel

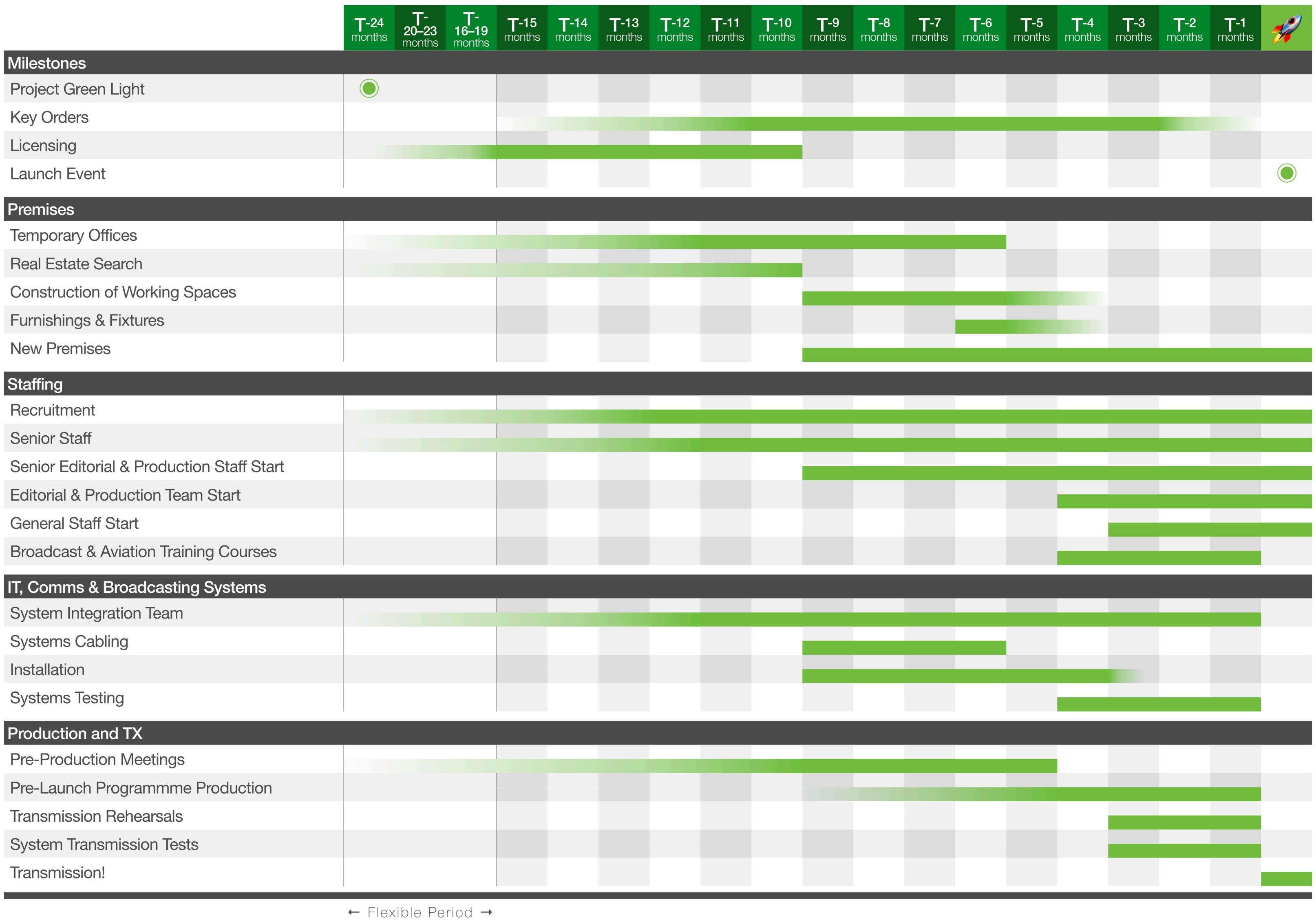
An in-house Chief General Counsel will be appointed, with a level of experience and knowledge based on overall corporate requirements, while more specialist requirements will be outsourced as and when they arise. A substantial departmental budget is allocated within the budgets of every proposal Tier for internal and external expenditure in this area. The legal budget is expected to cover: Licensing applications; Director and Personnel Visas as applicable to the requirements of each jurisdiction; Personnel and Supplier contracts; and potentially regulatory issues or spurious litigation from broadcasting activities.

**Fladgate** are proposed by the management as external independent legal advisors, and a relationship has been established with Partner Alex Haffner. They are a law firm with a strong reputation and a considerable level of experience in the Media, Technology and International sectors among others, acting for both corporate and individual clients.

Fladgate are members of the International Lawyers Network, a global alliance of international law firms in over 60 countries, enabling them to deliver the best possible advice on a global scale. Through the ILN they have access to experts around the world who are able to give advice on local regulations, compliance and market strategies. Fladgate's, head of litigation, Simon Ekins, is the present Chair of the Board.

| | |
|---|---|
| Proposed Solicitors to the Network | Fladgate LLP<br>16 Great Queen Street<br>London, WC2B 5DG<br>Telephone: +44 (0)20 3036 7000<br>Website: www.fladgate.com |

# Network Schedule



## Network Founders - The Driving Force

### Phillip Covell

**Aged 44; Chief Executive Officer & Founder**

Mr. Covell apprenticed at camera facilities house Cinefocus Ltd, manufacturer of the Skymount helicopter camera mount, and supplier to a wide range of Film, Drama, Documentary, Music, News and Current Affairs productions. The company was best known for supplying 'Aliens 2', and 'Clockwise,' and Gerry Anderson's 'Terrahawks.' A full-time position followed at Video Film & Grip Ltd (latterly VFG PLC) in 1992. Additional training was received from: Sony, Kodak, Panavision, Leeds Metropolitan University, the BKSTS and GBCT; Mr. Covell sat on the latter's Board during 2001. Since 1995 he has offered freelance or consultant services, and worked closely with the Directors of VFG PLC until 2001; and the family business L.E.Q. Ltd since. Mr. Covell has worked throughout the field of Broadcast and Film, in senior troubleshooting roles for VFG PLC, to running boutique sales, rental and manufacturing facilities; and Production roles for a diverse clientele.

Mr. Covell is a British National, and the son of Tony Covell (former CEO of Cinefocus Ltd and VFG PLC) and is the 2nd generation of his family to work in Broadcast & Film, and the 3rd generation to have had an involvement in Aviation. His association with Aviation and Broadcast & Film began as a boy, coming together when he joined the crew to film a Concorde takeoff for a now iconic television commercial.

### Key Skills and Abilities

Business Management:

- A natural, proactive and experienced leader; able to identify, utilise and apply team skills and resources fully; instilling confidence and building strong well-motivated teams that achieve their objectives.
- Previous funding experience gained as a team member listing VFG plc on the AIM (Alternative Investment Market).
- Experienced in the supply and management of high value assets, and multi-million Pound equipment fleets and projects with responsibility for financial, administrative and operational activities, analysing processes and performance achieving targets and efficiency. Oversight of supplier vetting, inventory and quality control.
- Knowledgeable in budgeting and managing finances; able to work with financial institutions; negotiate leases, sales and purchase contracts. Conversant in registration and accounting of VAT, particularly for import/export.
- Integration and standardisation of equipment or processes following merger and acquisition.
- Practiced in the application of a comprehensive range of organisational, planning and development skills.
- Able to successfully deliver the complete lifecycle of projects, including those running concurrently.
- Identifies and reacts quickly to resolve complex problems in pressure situations.
- Able to identify product and service opportunities, creating innovative and deliverable growth strategies.
- Able to maintain effective workforce management and communication; assessing: staffing levels, employee selection and recruitment criteria [full-time or freelance]; and experienced in training personnel.
- Execution of programs in all phases of the business lifecycle.

Marketing, Social Media & Networking:

- Conception, development and delivery of marketing strategy and campaigns.
- Technical and content authoring and development for VFG plc (1992-1998).
- Global Business contacts in Europe, N. America, Asia, and Africa; lived in Los Angeles and Dublin.
- Experienced traveller with PAX Ex experience to 31 Countries, 49 airports with 37 airlines over 4 classes.
- Over 4,400 Twitter followers, in the Aviation, Production, Business and Finance communities.

Technical:

- Knowledgeable on engineering, analogue/digital, electro/hydro-mechanical, Media and Aviation technologies.
- Responsible for; or consultant on the design, modification and refurbishment of Broadcast & Film equipment.

## Key Achievements

AVTN | NewsNet247 (2010 – 2018):

- Identified the Network's market, conducting R&D until 2013; and developing the proposal into a £198m proposition. Represented the Project at High-level meetings with Corporate Interests and Investors; and attending Trade & Industry presentations by European Governments.

Standards Agreements (1999 – 2011):

- Identified Industry agreements with potential for anti-competitive abuse that would breach UK/EU Competition Law; advocating transparency and due process; and preventing foreclosure of markets.

VFG Ireland (for VFG plc):

- Established the first overseas base of operations in Dublin for VFG PLC in a 6 month time frame, establishing new clients and contracts, ensuring a first year turnover of £2.2 million.

Procurement & Supply:

- Sourced, supplied and consulted on contracts for the: Sydney Olympics (2000);TV Al Rai Kuwait (2004);
- UK Moto GP; (2003-8); and a £1.8m Sale to China (2011)
- Sourced an alternate product and supplier when a US supplier breached a Chapter 11 contract.
- Awarded the UK Aerocrane agency; and consulted on product development and global expansion plans.

Production:

- Mr. Covell has advised and supplied every type of production, including numerous news and current affairs programmes, documentaries, feature films, TV dramas, commercials and pop videos. He has also worked on and advised over 300 productions, including airline commercials, and heritage aviation projects;
- Hi is a skilled planner of International equipment and personnel movements for production, using a variety of procedures and mechanisms, transporting equipment and crews worldwide with leading airlines.

## Kinny Cheng

**Aged 40; Proposed Chief Technology Officer & Founding Partner**

Mr. Cheng's involvement in AVTN began in April 2014, with him formally joining the Project in January 2015. He brings with him comprehensive knowledge of the Aviation, Communications, and Information Technology Sectors, with particular knowledge and experience of cabin technology, passenger experience and editorial. AVTN requires a CTO able to relate the demands of the editorial team to the capabilities of available and existing technologies in order to deliver them within budgetary restraints; and deliver service diversification by application of technology.

Mr. Cheng has previously worked for iMobile; Mobique.com; Australian Business Traveller; CommunicAvia. With a focus on the Passenger Experience, Mr. Cheng has written for a number of notable Aviation Consultancies, including APEX.aero (Airline Passenger Experience Association) and Simpliflying.com. Mr Cheng's experience in the fields of Technology, Editorial and Social Media ideally places him to provide a conduit between the Editorial and Technical Teams. Mr. Cheng is an Australian National, and graduated from the University of Technology Sydney with a Bachelor's Degree in Marketing & IT.

### Key Skills and Abilities

Business & Editorial Management:

- Experienced working in multi-tier project and business environments as a Creative and Technical Leader.
- Able to develop business and supplier capabilities into deliverable product concepts.
- Capable of identifying and reacting to complex problems in pressure situations in order to resolve them quickly.
- Expertise in Editorial Management including boutique operations: print and online media publishing operations; analytics; design and layout; pieces up to 5,000 words; photography; archive; and advertising requirements.

Information Technology & Mobile Telephony:

- Experienced on a variety of computing and mobile platforms, machine based systems, related technologies, and hardware, including installation, operational and maintenance requirements.
- Conversant with mobile network equipment, related technologies, and device-specific platforms; implementation, and maintenance of systems on multiple platforms.

Aviation:

- Knowledgeable in Aviation, specialising in cabin technologies; commercial airline products and services; airline booking systems; airport operations and facilities; in-flight operations.
- Professional commentator of airline/airport marketing efforts, including real-world and online/Internet activities.
- Travelled with 40 airlines to more than 20 countries and knowledgeable in low-cost to premium service carriers.

Marketing, Social Media & Networking:

- Experienced manager of Social Media for professional and marketing purposes, initiating network interactivity.
- A strategic network of worldwide contacts in over 15 countries, including: journalists, product managers, public relations teams, social media managers, and corporate executives.
- Public Relations management and liaison with agencies, organisations and individuals.
- Lived in and regularly travel between Hong Kong; Singapore; and Sydney.
- 2,000+ Twitter followers in Aviation and Communications.

## Key Achievements

Editorial:

- Authored articles and op-eds, relating to aviation and the passenger experience, for industry publications (APEX.aero, Australian Business Traveller, Simpliflying.com) and mainstream print/online media (Jaunted, Sydney Morning Herald, The Age, USA Today's 'Travel' section).

Finnair & Finavia — 'Quality Hunters':

- Participated as an active contributor to the programme since late 2011, through social media (Twitter) and visits to Helsinki.
- One of fifteen people invited to Helsinki, Finland for a two-day forum. Part of the #FinnairTweets event in June 2014.

Microsoft 'Möbius':

- Two-time attendee of the 'Möbius' event at the invite of Microsoft, a gathering of influential tech pundits, in: Paris, France (2003), and Phuket, Thailand (2006).

Mobique.com:

- Developed diverse relationships with product managers and public relations teams at 3 (Hutchison), BlackBerry HTC, Huawei, Microsoft, Motorola, Nokia, Palm, Siemens, Sony, Sony Ericsson, and Vodafone.

AVTN Aviation Television News

NewsNet24/7

## The Driving Force

**Phillip Covell**
Founder & CEO

**Kinny Cheng**
Founder & CTO

## Senior Staff

Non-Executive Chairman
Non-Executive Board Members
Chief Executive Officer
Chief Financial Officer
Chief Legal Counsel
Chief Regulatory Officer
Chief Technology Officer
Chief InfoSec Officer
Chief Marketing & Sales Officer
Chief Human Resource Officer
Chief of Operations & Bureau Chief (EU)
Chief of Operations & Bureau Chief (USA)
Chief of Operations & Bureau Chief (SG)
Editor-in-Chief (Editorial Content)
Chief of Programming
Additional Non-Executive Director(s)
Accounts & Management Support

| | AVTN Aviation Television News | NewsNet24/7 |
|---|---|---|
| **Senior Editorial Roles** | Editor-in-Chief<br>News Operations Director | |
| | Channel News Director<br>News Assignment Desk Chief<br>Digital Editor | Channel News Director<br>News Assignment Desk Chief<br>Digital Editor |
| **Editorial Roles** (as appropriate by region) | Editor / Host | Editor / Host |
| | Chief Correspondent (EU)<br>Chief Correspondent (Americas)<br>Business & Political<br>UAV & Defence<br>Commercial Aviation<br>General Aviation<br>PAX Experience<br>Propulsion<br>Avionics & Technology<br>Pilots & Personnel<br>Safety & Regulation<br>Aerospace & MRO<br>Asia-Pacific<br>Middle East & Africa<br>Environmental<br>Aviation Meteorologists | Business<br>Political<br>Chief Correspondent<br>International Affairs<br>Americas<br>Asia-Pacific<br>Europe<br>Middle East & Africa<br>Industry<br>Agriculture & Horticulture<br>Automotive<br>Chemicals & Pharmaceuticals<br>Entertainment & Technology<br>Environmental<br>Oil, Gas & Energy<br>Sports<br>Meteorologists |
| | General Correspondents (TV & Radio)<br>Analysts<br>Junior Journalists (TV & Radio) | General Correspondents (TV & Radio)<br>Analysts<br>Junior Journalists (TV & Radio) |
| | Art & Graphics Editor<br>Art & Graphics Designers | |

## Production Roles
(as appropriate by region)

Executive Producers
Producers
Associate Producers
Technical Directors
Radio Producers/Directors
Floor Managers

## Technical Team
(as appropriate by region)

Camera & Studio Operations Co-ordinators
Video Editors
Video Engineers
Video Engineers (Assistant)
Camera Supervisors
Gallery Operatives
Audio Engineers
Audio Engineers (Assistant)
Make-Up & Hairstylists

Camera Crews will be outsourced as freelancers or via National, Regional and Global Agencies

## I.T. Team
(as appropriate by region)

I.T. and Web Support Staff
Web Development Team

## HR Policy and Equal Opportunity

The Network will source and employ outstanding personnel in each required field of expertise, in order to assemble the best possible team. A lawful and robust Human Resources policy will be defined with full consideration to equal opportunity at every level. Best employment practice will be applied regardless of the nationality or nation in which employees are contracted. The Network intends to appoint its own Chief Human Resources Officer (CHRO) on the permanent staff, in addition to working with a number of specialist recruitment companies in selecting senior staff and key positions. An appropriate budget for recruitment fees is allocated within each budget Tier. Technical positions are expected to be filled by direct application to the Network.

## Key Man Insurance

Appropriate Key Man Insurance Policies will be taken out in respect of Phillip Covell and Kinny Cheng, and for other key Senior Management and Editorial Team members as is seen fit, and as positions are appointed.

## Employees

It is expected that at the end of the 1st Year of Operational activity, the Network will have the number of employees, as prescribed by each Project Tier, including the Non-Executive Chairman, Non-Executive Board Members and Executive Directors.

## Salaries

As a start-up, some senior management and editorial salaries do not necessarily reflect wholly typical Industry norms, and may require upward review once operations are under way, though not earlier than Y3 Q2 (TX #2). The 2018/19 Proposal includes provisions for Bonuses of up to 20% of salary for salaries over £52,000 P/A. For the purposes of budget only, Bonus potential is calculated at maximum yield. Bonuses will be awarded for successfully achieving targets in both Pre and Post-Launch financial years, but no cash bonuses will be paid until Y3 Q2 (TX #2) in order to minimise cash flow requirements. Salary Increases in contracts, and bonuses that may be negotiated in the future are not, and cannot be, included in the figures presented in this document, but it is not expected that these will be payable earlier than Y3 Q2, and as the result of the Network achieving figures in excess of the minimum budgetary requirements presented herein.

## National Insurance & Social Security

UK National Insurance Contributions, as well as US and Singapore Social Security have been calculated at rates appropriate to each territory as advised by either national taxation authorities or guidance documentation published by well-known global auditing advisors. EU projections have been based on those of The Netherlands.

## Pensions

Pensions have been calculated at a common rate of 6%, with allowances, scales and caps appropriate to the statutory requirements in the territories in which the Network intends to operate.


AVTN Aviation Television News
NewsNet24/7
AVTN | NewsNet24/7
requires
353–454 Personnel
(subject to the appropriate
tiered funding option)
The Network
intends to appoint
leading recruiters
to fill
Senior Positions
Recruit Industry
Leading Talent
from Aviation,
Existing
Broadcasters and
News Media
The Nature of
Broadcast means
The Network
requires Substantial
Funding to be in
place in order
to…
Achieve
Sustained
Broadcast
Transmission
— New York — London — EU — Singapore —

## Principle Risks & Uncertainties

The Board and Senior Management will have overall responsibility for the all aspects of the Network's business, governing systems, internal controls, and compliance obligations. Compliance with regulation and corporate obligations as well as the implementation and monitoring of system and policy effectiveness will be the responsibility of the Executive Directors and Management, with a view to providing both regulatory and shareholder assurance. The Network intends to implement, monitor, and adapt Risk management and the implementation of internal controls and best practice on an ongoing and pro-active basis.

### Financial Risks

#### Advertising rates

The Network has based it global revenue projections based on National or Regional CPT averages, with the view that average rates will be exceeded. The Network notes that advertising revenues have recently been under pressure in a number of key markets and that trends in the advertising market are experiencing ongoing change.

#### Market & Platform Access

Access to Satellites or Cable/IPTV head-ends, does not necessarily guarantee regulatory permissions for carriage, or carriage by Platforms accessible by such means. The management intends to structure its business and subsidiaries to fulfil regulatory requirements for access in all its proposed nations, regions and markets. Considerable financial, infrastructure and personnel resources have been allocated to achieving access to all markets in terms of satisfying regulatory requirements, and carriage by all intended platforms. Failure to achieve adequate platform coverage or access to more than one market would represent considerable risk to the Network's future, however this is not considered to represent a likely prospect if all regulatory requirements are met and platform negotiations are successfully achieved.

#### US Market

In order to successfully achieve US market access, the Network requires up to 25% of investment (up to 75% of the US Subsidiary) to be funded and owned by US partners. Similarly to EU market access terms, failure to satisfy conditions set out by the FCC would result in a failure to gain US TV market access, which would result in an approximate £10m hit to revenues in TX1, increasing to £20.6m in TX2, £22m in TX 3 and £23.2m in TX 4; a saving of up to £1.7m in Satellite costs p/a would however be realised; while an overall hit to the Deficit/ Surplus calculations is experienced of approximately £5m (24% of Reserves including proposed Credit facilities). International operations, and US news-gathering operations would not be affected by the loss of Broadcast access, while Toronto, Canada offers a suitable alternate location for the Americas Ex. the US.

#### The EU

The UK is set to leave the EU on the 29th of March 2019. The Network has already put considerable planning and infrastructure commitment in place within this proposal to fulfil all potential regulatory requirements of an EU subsidiary in order to secure European market access, with three options for an operational base available in Amsterdam, Dublin or Tallinn; and is equally prepared to establish its headquarters in the EU, if political factors made such a prospect necessary.

## Personnel Risks

A direct and tangible connection lies between corporate performance and that of the Network's personnel. Therefore the ability of the Network to: attract the best personnel available; allow personnel to succeed and achieve; and retain those personnel is of paramount importance, and is reflected in the personnel allocations and remuneration levels within the proposed budgets. As set out within the proposal a Remuneration Committee will oversee salaries and employment packages for all personnel and senior management, with a view to attracting and maintaining a World Class staff. The Management intends to encourage and facilitate corporate and personal achievement as set out within this document on a pro-active basis. Key man insurance will be taken out to protect the network from sudden and unexpected loss of prominent personnel.

## Reputational Risk

### Journalistic Integrity

The Network intends to built a reputation for impartiality worldwide, regardless of regulatory requirement in specific markets. Damage to the reputation of the Network may occur in the event that; (a) a regulatory breach occurs; (b) the Network or one of its outlets may be perceived as failing to meet either its own standards of impartiality, or those of the audience to include prominent political figures. The Network will have strict standards, and internal compliance processes, with the intention to prevent or mitigate regulatory failures. Compliance training will be provided to all personnel with ongoing reviews and assessments. A training and compliance app will be accessible by all personnel internally or while contracted or sub-contracted to the Network.

### Interruption of Service

The Network will be contractually responsible to its Platform partners and end-users for ensuring the continuity of its services. Damage to reputation may occur in the event that there is a systemic interruption to service, either as: a result of a denial of service attack (Cyber/Social Media/Viral - See InfoSec); an internal infrastructure failure; or damage as the result of an act of God, War or Terrorism. The Network intends to implement backup systems and protocols wherever feasible, and recovery policies and disaster plans for multiple scenarios will be in place, with regular system tests and rehearsals.

## Financial Controls

The Management has endeavoured to cover comprehensively all considerations of the Financial framework in which it intends to operate the business within this Proposal. Further enquiries pertaining to such matters may be addressed directly to the Management, in order that they may respond in full.

## Non-Financial Controls

The Network intends to employ a broad range of controls in consideration of best practice for: business continuity; regulatory responsibility; anti-corruption measures; Health & Safety; on a global basis, as laid out within the proposal. The Network's quarterly and annual performance will be monitored by the Compliance Committee.

# Part III

## FUNDING TIERS AND CAPABILITIES OVERVIEW

## Budget Considerations

Three Tiers of detailed budgets have been calculated for the flexible 15-24 month Pre-launch phase, and for four years of Transmission, from which Consolidated Accounts Projections have been prepared. From these budgets it has been possible to project: expenditure schedules; UK, US, Singaporean and EU (NL based) taxation; bank interest; overdraft; depreciation and finance leases et cetera.

The following list details the elements that have been considered and calculated during the budgeting process.

Satellite, Cable & IPTV Transmission
Satellite, Cable & IPTV Platform Charges
OTT Services & Encoding
OTT & App Development (Multi-platform)
Production Budgets — News
Production Budgets — Features
Production Budgets — Events
Production Budgets — Guest Appearances
Marketing Budget
News Wire Services (three Industry leading services)
Newsroom Software
Weather Services
Translation Services
Broadcast Studio Systems
Broadcast Equipment (PSC)
Broadcast Data Storage
Edit Suites
Robotic Studio Systems
Video Walls
Radio Studio Equipment (for Audio-only feed)
IP News Gathering Capabilities
Backup Generators
Computers
Software
IT Networks & Telecoms Hardware
Telecommunications (Landlines/Phones/Tablets)
MPLS & Data Services
Office Equipment
Contact Centre
InfoSec
Licences (Fixed & Profit Based Costs)
AVMSD (Audiovisual Media Services Directive)
The "Fake News" Phenomena
Performing Rights Fees & Licence Contingencies
Compliance — Consultation & Training
Training — Production
Training — Aviation
Training — Health & Safety
Studio Design & Construction
Fixtures, Fittings & Construction
Coffee Shop (Revenue Neutral/Profitable)
Air-Conditioning
Furnishings

Offices — Main (Rent; calculated by sq. ft. per Location)
Offices — Service Charges
Offices — Taxes & Rates
Offices — Temporary (Construction phase)
Offices — Contingencies
Energy
Security & Fire Systems
Security & Front Desk Contracts (Personnel)
Personnel
Personnel — Additional Annual Contingency)
Personnel — Employment Packages
Personnel — Recruitment Fees
Health Care (UK)
Health Care (EU)
Health Care (US)
Health Care (SG)
Pensions (UK)
Pensions (EU)
Pensions (US) 401(K) Scheme
Pensions (SG)
Social Security (UK) / NIC
Social Security (EU)
Social Security (US) inc. Medicare
Social Security (SG)
Taxation (UK, EU, US, SG)
VAT (UK/EU); GST (SG); Sales Tax (US)
UK Apprentice Levy
Brexit
The European Union (EU)
Treaty of the Functioning of the EU (TFEU)
EU Competition Law
Working Capital & Miscellaneous Expenditure
Consultancy Fees
Accountancy Fees (External)
Accounting Systems
Legal Department Budget
Insurance — Global Policy (1.5% of Network Budget)
Insurance Premium Tax
Bank Charges & Commissions
Exceptional Items (Funding & Development Costs)
Brokers' Fees
Inflation (3.5%)
Growth (6.49%; based on an Industry average measure)

E&OE

## Budget Preparation

The budget periods presented within this document are for the 15-24 month pre-launch and construction period and four years of transmission. In preparation of the budgets for each period, every effort has been made to consider reasonable and foreseeable trends in both costs and revenues for that period.

**12–24 months — Construction & Pre-Launch**: The 2018/19 Proposal includes provision for a flexible 15–24 month Pre-Launch and Construction period in order to complete: licensing; satellite, cable, IPTV and platform provider agreements; negotiation of supplier contracts, location, fitting out and equipping of facilities; recruitment and introduction of personnel; pre-transmission production, and dress rehearsals for service launch. This Period is represented as **'Year 1'** in order to simplify presentation.

**Years 2 to 5 (TX #1 to TX #4) — Operations & Transmission**: Service launches and schedules have been discussed with transmission platforms and suppliers, and are considered to be robust and achievable assuming full-funding.

## Trading Projections

Set out below are summarised trading and illustrative financial projections from the Network Tier #1 budget for the first five years **(Suggested Business Year ending 31st May)**. Financial projections accompany each Budget Tier set out within this proposal. The projections are based on industry knowledge and market research. The illustrative trading and financial projections have been extracted from Part IV of this document and should be read in conjunction with the detailed assumptions contained therein. They are not, and are not intended to be forecasts, and should not be relied upon as such.

**Tier #1 • Trading Year**

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Turnover | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Profit before Tax, Exceptional items*, NOL & Ofcom Fees | (104,315) | (24,571) | 90,434 | 104,480 | 121,118 |
| NOL (Net Operating Loss Brought Forward) | – | – | (111,989) | (29,632) | (14,172) |
| Profit after Tax, Depreciation, Exceptional Items* & Ofcom Fees | (131,223) | (24,571) | 17,122 | 53,452 | 78,003 |
| Capital Expenditure | (44,053) | (153) | (3,706) | (3,836) | (3,913) |
| Exceptional Items | **(26,907)** | – | – | – | – |

* The Exceptional Items in the 1st Year figures relate to the costs associated with Project Development and raising Equity Finance

Apart from the initial choice of launch channel, the Network believes that other opportunities exist for future Channels, both through acquisition within its markets and through organic growth and acquisition of complementary businesses, such as related technical channels requiring expert editorial content and financial information. The Network believes that it will be possible to expand the core business geographically as undeveloped markets grow. The potential benefits and costs of these opportunities have not been reflected in the Illustrative Financial Projections.

## Funding Tiers

### Tier #1

Budget: **£198 million**

A Multi-regional presence and Infrastructure, capable of supporting Network growth for the foreseeable future. Global HD/SD Capacity on Satellite, Cable and IPTV as appropriate to market. Plus OTT services including IP-Radio. A combination of C-band and Ku-Band satellite transponders totalling 28 positions will provide global reach, while budget is also allocated for up to 126 regional platforms. OTT services will provide a UHD and HD Adaptive Stream, and VOD/SVOD assets in at least 9 languages, with additional exploration of broader programming over time. The multi-studio capability allows for considerable multi-lingual programme capabilities. Production budgets are strong, and a 10% increase is applied annually from TX #2 across both daily and long-form programming. Some 2200 data-points calculate each of the 54 National or Regional Revenue projections (approx. 118,800), prior to consolidation in the Revenue tables.

**Tier #1 • Advertising Revenues**

| | Year 2 / TX #1 Revenue £ 000's | Year 3 / TX #2 Revenue £ 000's | Year 4 / TX #3 Revenue £ 000's | Year 5 / TX #4 Revenue £ 000's |
|---|---|---|---|---|
| **TV Revenues** | | | | |
| Africa | 1,770 | 3,679 | 3,926 | 4,147 |
| APAC | 8,927 | 18,558 | 19,813 | 20,931 |
| Australia & New Zealand | 1,007 | 1,803 | 1,913 | 2,021 |
| Canada & North America (other) | 4,536 | 9,431 | 10,004 | 10,569 |
| Eurozone (exc. UK & Northern Ireland) | 37,026 | 76,974 | 82,177 | 86,816 |
| LATAM | 3,042 | 6,324 | 6,712 | 7,091 |
| MENA | 3,612 | 7,509 | 7,970 | 8,420 |
| South Asia (Indian Sub-Continent) | 12,535 | 26,059 | 27,659 | 29,220 |
| UK & Northern Ireland | 5,745 | 11,943 | 12,753 | 13,472 |
| USA | 9,576 | 19,907 | 21,257 | 22,457 |
| | 87,775 | 182,186 | 194,184 | 205,146 |
| **OTT Revenues** | | | | |
| Africa | 83 | 80 | 85 | 90 |
| APAC | 503 | 479 | 511 | 540 |
| Australia & New Zealand | 179 | 1,071 | 1,137 | 1,201 |
| Canada & North America (other) | 224 | 311 | 330 | 349 |
| Eurozone (exc. UK & Northern Ireland) | 2,045 | 2,835 | 3,027 | 3,198 |
| LATAM | 183 | 253 | 268 | 284 |
| MENA | 209 | 291 | 309 | 326 |
| South Asia (Indian Sub-Continent) | 878 | 1,216 | 1,291 | 1,364 |
| UK & Northern Ireland | 280 | 388 | 414 | 438 |
| USA | 500 | 693 | 739 | 781 |
| | 5,084 | 7,616 | 8,112 | 8,570 |

**Tier #1 • Advertising Revenues (continued)**

| | Year 2 / TX #1 Revenue £ 000's | Year 3 / TX #2 Revenue £ 000's | Year 4 / TX #3 Revenue £ 000's | Year 5 / TX #4 Revenue £ 000's |
|---|---|---|---|---|
| VOD Revenues | | | | |
| English | 7,390 | 15,295 | 17,313 | 18,290 |
| Hindi | 3,202 | 6,628 | 7,502 | 7,926 |
| Spanish | 2,069 | 4,283 | 4,848 | 5,121 |
| French | 1,665 | 3,446 | 3,901 | 4,121 |
| Portuguese | 1,527 | 3,161 | 3,578 | 3,780 |
| Arabic | 1,478 | 3,059 | 3,463 | 3,658 |
| German | 862 | 1,784 | 2,020 | 2,134 |
| Dutch | 112 | 233 | 263 | 278 |
| Chinese (Mandarin) | 664 | 1,373 | 1,555 | 1,642 |
| Japanese | 631 | 1,305 | 1,477 | 1,561 |
| | 19,601 | 40,567 | 45,920 | 48,513 |
| SVOD Revenues | | | | |
| English | 2,786 | 5,767 | 6,528 | 6,896 |
| Hindi | 1,207 | 2,499 | 2,829 | 2,988 |
| Spanish | 780 | 1,615 | 1,828 | 1,931 |
| French | 628 | 1,299 | 1,471 | 1,554 |
| Portuguese | 576 | 1,192 | 1,349 | 1,425 |
| Arabic | 557 | 1,153 | 1,306 | 1,379 |
| German | 325 | 673 | 762 | 805 |
| Dutch | 222 | 460 | 521 | 550 |
| Chinese (Mandarin) | 250 | 518 | 586 | 619 |
| Japanese | 238 | 492 | 557 | 588 |
| | 7,571 | 15,668 | 17,736 | 18,737 |
| Radio Advertising Revenue | 12,004 | 24,956 | 26,648 | 28,153 |
| Web/App Banner Ad. Revenues | 2,292 | 4,765 | 5,089 | 5,376 |
| Total Advertising Revenues | 134,328 | 275,758 | 297,689 | 314,495 |

**Tier #1 • Advertising Revenues by Invoicing Region**

| | Year 2 / TX #1 Revenue £ 000's | Year 3 / TX #2 Revenue £ 000's | Year 4 / TX #3 Revenue £ 000's | Year 5 / TX #4 Revenue £ 000's |
|---|---|---|---|---|
| **UK** | | | | |
| UK | 6,025 | 12,331 | 13,167 | 13,910 |
| Africa | 1,853 | 3,759 | 4,011 | 4,237 |
| Middle East | 5,857 | 12,012 | 13,047 | 13,783 |
| English | 1,272 | 2,631 | 2,976 | 3,144 |
| Radio Revenues (by % estimate) | 1,501 | 3,117 | 3,327 | 3,515 |
| Web/App Revenues (by % Estimate) | 287 | 595 | 635 | 671 |
| | 16,794 | 34,445 | 37,163 | 39,261 |
| **Europe** | | | | |
| Eurozone (exc. UK & Northern Ireland) | 47,840 | 97,955 | 105,744 | 111,714 |
| English | 4,432 | 9,170 | 10,413 | 11,001 |
| Radio Revenues (by % estimate) | 5,228 | 10,866 | 11,639 | 12,296 |
| Web/App Revenues (by % Estimate) | 998 | 2,075 | 2,222 | 2,348 |
| | 58,497 | 120,066 | 130,019 | 137,359 |
| **USA & Americas** | | | | |
| USA | 7,390 | 15,295 | 17,313 | 18,290 |
| Canada & North America (exc. USA) | 3,202 | 6,628 | 7,502 | 7,926 |
| LATAM | 2,069 | 4,283 | 4,848 | 5,121 |
| English | 1,665 | 3,446 | 3,901 | 4,121 |
| Radio Revenues (by % estimate) | 1,527 | 3,161 | 3,578 | 3,780 |
| Web/App Revenues (by % Estimate) | 1,478 | 3,059 | 3,463 | 3,658 |
| | 22,084 | 45,251 | 48,336 | 51,064 |
| **Singapore** | | | | |
| APAC | 11,212 | 22,726 | 24,499 | 25,883 |
| Asia (South) | 17,823 | 36,402 | 39,281 | 41,499 |
| Australia, New Zealand & Pacific Is. | 1,186 | 2,873 | 3,050 | 3,222 |
| English | 2,800 | 5,804 | 6,581 | 6,952 |
| Radio Revenues (by % estimate) | 3,302 | 6,878 | 7,356 | 7,771 |
| Web/App Revenues (by % Estimate) | 631 | 1,313 | 1,405 | 1,484 |
| | 36,952 | 75,996 | 82,172 | 86,811 |
| Total Advertising Revenues | 134,328 | 275,758 | 297,689 | 314,495 |

## Tier #2

**Budget: £172 million**

A model featuring operations in London, New York and the EU. Broadcast reach by household remains the same, and shift patterns maintain 24/7 services. Infrastructure remains strong for future growth. Some personnel reductions result in greater reliance on freelancers and Newswire agencies. It is worth noting that from a budgetary standpoint, in the event of regulatory issues manifesting in the US market, the budget allocation for New York would be suitable for Singapore, as an alternative structure for this tier.

**Tier #2 • Advertising Revenues**

| | Year 2 / TX #1 Revenue £ 000's | Year 3 / TX #2 Revenue £ 000's | Year 4 / TX #3 Revenue £ 000's | Year 5 / TX #4 Revenue £ 000's |
|---|---|---|---|---|
| **TV Revenues** | | | | |
| Africa | 1,770 | 3,679 | 3,926 | 4,147 |
| APAC | 8,927 | 18,558 | 19,813 | 20,931 |
| Australia & New Zealand | 1,007 | 1,803 | 1,913 | 2,021 |
| Canada & North America (other) | 4,536 | 9,431 | 10,004 | 10,569 |
| Eurozone (exc. UK & Northern Ireland) | 37,026 | 76,974 | 82,177 | 86,816 |
| LATAM | 3,042 | 6,324 | 6,712 | 7,091 |
| MENA | 3,612 | 7,509 | 7,970 | 8,420 |
| South Asia (Indian Sub-Continent) | 12,535 | 26,059 | 27,659 | 29,220 |
| UK & Northern Ireland | 5,745 | 11,943 | 12,753 | 13,472 |
| USA | 9,576 | 19,907 | 21,257 | 22,457 |
| | **87,775** | **182,186** | **194,184** | **205,146** |
| **OTT Revenues** | | | | |
| Africa | 83 | 80 | 85 | 90 |
| APAC | 503 | 479 | 511 | 540 |
| Australia & New Zealand | 179 | 1,071 | 1,137 | 1,201 |
| Canada & North America (other) | 224 | 311 | 330 | 349 |
| Eurozone (exc. UK & Northern Ireland) | 2,045 | 2,835 | 3,027 | 3,198 |
| LATAM | 183 | 253 | 268 | 284 |
| MENA | 209 | 291 | 309 | 326 |
| South Asia (Indian Sub-Continent) | 878 | 1,216 | 1,291 | 1,364 |
| UK & Northern Ireland | 280 | 388 | 414 | 438 |
| USA | 500 | 693 | 739 | 781 |
| | **5,084** | **7,616** | **8,112** | **8,570** |

**Tier #2 • Advertising Revenues (continued)**

| | Year 2 / TX #1 Revenue £ 000's | Year 3 / TX #2 Revenue £ 000's | Year 4 / TX #3 Revenue £ 000's | Year 5 / TX #4 Revenue £ 000's |
|---|---|---|---|---|
| VOD Revenues | | | | |
| English | 7,390 | 15,295 | 17,313 | 18,290 |
| Hindi | 3,202 | 6,628 | 7,502 | 7,926 |
| Spanish | 2,069 | 4,283 | 4,848 | 5,121 |
| French | 1,665 | 3,446 | 3,901 | 4,121 |
| Portuguese | 1,527 | 3,161 | 3,578 | 3,780 |
| Arabic | 1,478 | 3,059 | 3,463 | 3,658 |
| German | 862 | 1,784 | 2,020 | 2,134 |
| Dutch | 112 | 233 | 263 | 278 |
| Chinese (Mandarin) | 664 | 1,373 | 1,555 | 1,642 |
| Japanese | 631 | 1,305 | 1,477 | 1,561 |
| | 19,601 | 40,567 | 45,920 | 48,513 |
| SVOD Revenues | | | | |
| English | 2,786 | 5,767 | 6,528 | 6,896 |
| Hindi | 1,207 | 2,499 | 2,829 | 2,988 |
| Spanish | 780 | 1,615 | 1,828 | 1,931 |
| French | 628 | 1,299 | 1,471 | 1,554 |
| Portuguese | 576 | 1,192 | 1,349 | 1,425 |
| Arabic | 557 | 1,153 | 1,306 | 1,379 |
| German | 325 | 673 | 762 | 805 |
| Dutch | 222 | 460 | 521 | 550 |
| Chinese (Mandarin) | 250 | 518 | 586 | 619 |
| Japanese | 238 | 492 | 557 | 588 |
| | 7,571 | 15,668 | 17,736 | 18,737 |
| Radio Advertising Revenue | 12,004 | 24,956 | 26,648 | 28,153 |
| Web/App Banner Ad. Revenues | 2,292 | 4,765 | 5,089 | 5,376 |
| Total Advertising Revenues | 134,328 | 275,758 | 297,689 | 314,495 |

**Tier #2 • Advertising Revenues by Invoicing Region**

| | Year 2 / TX #1 Revenue £ 000's | Year 3 / TX #2 Revenue £ 000's | Year 4 / TX #3 Revenue £ 000's | Year 5 / TX #4 Revenue £ 000's |
|---|---|---|---|---|
| **UK** | | | | |
| UK | 6,025 | 12,331 | 13,167 | 13,910 |
| Africa | 1,853 | 3,759 | 4,011 | 4,237 |
| Middle East | 5,857 | 12,012 | 13,047 | 13,783 |
| APAC | 11,212 | 22,726 | 24,499 | 25,883 |
| Asia (South) | 17,823 | 36,402 | 39,281 | 41,499 |
| Australia, New Zealand & Pacific Is. | 1,186 | 2,873 | 3,050 | 3,222 |
| English | 4,072 | 8,435 | 9,557 | 10,097 |
| Radio Revenues (by % estimate) | 4,803 | 9,995 | 10,683 | 11,286 |
| Web/App Revenues (by % Estimate) | 917 | 1,909 | 2,040 | 2,155 |
| | 53,746 | 110,441 | 119,334 | 126,071 |
| **Europe** | | | | |
| Eurozone (exc. UK & Northern Ireland) | 47,840 | 97,955 | 105,744 | 111,714 |
| English | 4,432 | 9,170 | 10,413 | 11,001 |
| Radio Revenues (by % estimate) | 5,228 | 10,866 | 11,639 | 12,296 |
| Web/App Revenues (by % Estimate) | 998 | 2,075 | 2,222 | 2,348 |
| | 58,497 | 120,066 | 130,019 | 137,359 |
| **USA & Americas** | | | | |
| USA | 10,076 | 20,600 | 21,997 | 23,239 |
| Canada & North America (exc. USA) | 4,761 | 9,742 | 10,334 | 10,918 |
| LATAM | 3,224 | 6,577 | 6,980 | 7,374 |
| English | 1,673 | 3,456 | 3,871 | 4,090 |
| Radio Revenues (by % estimate) | 1,974 | 4,095 | 4,327 | 4,571 |
| Web/App Revenues (by % Estimate) | 377 | 782 | 826 | 873 |
| | 22,084 | 45,251 | 48,336 | 51,064 |
| **Singapore** | | | | |
| English | – | – | – | – |
| Radio Revenues (by % estimate) | – | – | – | – |
| Web/App Revenues (by % Estimate) | – | – | – | – |
| | – | – | – | – |
| Total Advertising Revenues | 134,328 | 275,758 | 297,689 | 314,495 |

## Tier #3

**Budget: £154 million**

An operational model based entirely from London and the EU, though structure remains flexible in order to achieve any regulatory requirements. Infrastructure while reduced remains capable of delivering the immediate requirements of the Network. Further personnel reductions result in very tight shift rosters and high reliance on freelancers, and Newswire agencies.

**Tier #3 • Advertising Revenues**

| | Year 2 / TX #1 Revenue £ 000's | Year 3 / TX #2 Revenue £ 000's | Year 4 / TX #3 Revenue £ 000's | Year 5 / TX #4 Revenue £ 000's |
|---|---|---|---|---|
| **TV Revenues** | | | | |
| Africa | 1,770 | 3,679 | 3,926 | 4,147 |
| APAC | 8,927 | 18,558 | 19,813 | 20,931 |
| Australia & New Zealand | 1,007 | 1,803 | 1,913 | 2,021 |
| Canada & North America (other) | 4,536 | 9,431 | 10,004 | 10,569 |
| Eurozone (exc. UK & Northern Ireland) | 37,026 | 76,974 | 82,177 | 86,816 |
| LATAM | 3,042 | 6,324 | 6,712 | 7,091 |
| MENA | 3,612 | 7,509 | 7,970 | 8,420 |
| South Asia (Indian Sub-Continent) | 12,535 | 26,059 | 27,659 | 29,220 |
| UK & Northern Ireland | 5,745 | 11,943 | 12,753 | 13,472 |
| USA | 9,576 | 19,907 | 21,257 | 22,457 |
| | 87,775 | 182,186 | 194,184 | 205,146 |
| **OTT Revenues** | | | | |
| Africa | 83 | 80 | 85 | 90 |
| APAC | 503 | 479 | 511 | 540 |
| Australia & New Zealand | 179 | 1,071 | 1,137 | 1,201 |
| Canada & North America (other) | 224 | 311 | 330 | 349 |
| Eurozone (exc. UK & Northern Ireland) | 2,045 | 2,835 | 3,027 | 3,198 |
| LATAM | 183 | 253 | 268 | 284 |
| MENA | 209 | 291 | 309 | 326 |
| South Asia (Indian Sub-Continent) | 878 | 1,216 | 1,291 | 1,364 |
| UK & Northern Ireland | 280 | 388 | 414 | 438 |
| USA | 500 | 693 | 739 | 781 |
| | 5,084 | 7,616 | 8,112 | 8,570 |

**Tier #3 • Advertising Revenues (continued)**

| | Year 2 / TX #1 Revenue £ 000's | Year 3 / TX #2 Revenue £ 000's | Year 4 / TX #3 Revenue £ 000's | Year 5 / TX #4 Revenue £ 000's |
|---|---|---|---|---|
| **VOD Revenues** | | | | |
| English | 7,390 | 15,295 | 17,313 | 18,290 |
| Hindi | 3,202 | 6,628 | 7,502 | 7,926 |
| Spanish | 2,069 | 4,283 | 4,848 | 5,121 |
| French | 1,665 | 3,446 | 3,901 | 4,121 |
| Portuguese | 1,527 | 3,161 | 3,578 | 3,780 |
| Arabic | 1,478 | 3,059 | 3,463 | 3,658 |
| German | 862 | 1,784 | 2,020 | 2,134 |
| Dutch | 112 | 233 | 263 | 278 |
| Chinese (Mandarin) | 664 | 1,373 | 1,555 | 1,642 |
| Japanese | 631 | 1,305 | 1,477 | 1,561 |
| | 19,601 | 40,567 | 45,920 | 48,513 |
| **SVOD Revenues** | | | | |
| English | 2,786 | 5,767 | 6,528 | 6,896 |
| Hindi | 1,207 | 2,499 | 2,829 | 2,988 |
| Spanish | 780 | 1,615 | 1,828 | 1,931 |
| French | 628 | 1,299 | 1,471 | 1,554 |
| Portuguese | 576 | 1,192 | 1,349 | 1,425 |
| Arabic | 557 | 1,153 | 1,306 | 1,379 |
| German | 325 | 673 | 762 | 805 |
| Dutch | 222 | 460 | 521 | 550 |
| Chinese (Mandarin) | 250 | 518 | 586 | 619 |
| Japanese | 238 | 492 | 557 | 588 |
| | 7,571 | 15,668 | 17,736 | 18,737 |
| **Radio Advertising Revenue** | 12,004 | 24,956 | 26,648 | 28,153 |
| **Web/App Banner Ad. Revenues** | 2,292 | 4,765 | 5,089 | 5,376 |
| Total Advertising Revenues | 134,328 | 275,758 | 297,689 | 314,495 |

**Tier #3 • Advertising Revenues by Invoicing Region**

| | Year 2 / TX #1 Revenue £ 000's | Year 3 / TX #2 Revenue £ 000's | Year 4 / TX #3 Revenue £ 000's | Year 5 / TX #4 Revenue £ 000's |
|---|---|---|---|---|
| **UK** | | | | |
| UK | 6,025 | 12,331 | 13,167 | 13,910 |
| Africa | 1,853 | 3,759 | 4,011 | 4,237 |
| Middle East | 5,857 | 12,012 | 13,047 | 13,783 |
| APAC | 11,212 | 22,726 | 24,499 | 25,883 |
| Asia (South) | 17,823 | 36,402 | 39,281 | 41,499 |
| Australia, New Zealand & Pacific Is. | 1,186 | 2,873 | 3,050 | 3,222 |
| USA | 10,076 | 20,600 | 21,997 | 23,239 |
| Canada & North America (exc. USA) | 4,761 | 9,742 | 10,334 | 10,918 |
| LATAM | 3,224 | 6,577 | 6,980 | 7,374 |
| English | 4,873 | 10,091 | 11,410 | 12,054 |
| Radio Revenues (by % estimate) | 5,748 | 11,957 | 12,753 | 13,473 |
| Web/App Revenues (by % Estimate) | 1,098 | 2,283 | 2,435 | 2,573 |
| | 73,734 | 151,352 | 162,965 | 172,165 |
| **Europe** | | | | |
| Eurozone (exc. UK & Northern Ireland) | 47,840 | 97,955 | 105,744 | 111,714 |
| English | 5,304 | 10,970 | 12,431 | 13,133 |
| Radio Revenues (by % estimate) | 6,256 | 12,999 | 13,895 | 14,680 |
| Web/App Revenues (by % Estimate) | 1,195 | 2,482 | 2,653 | 2,803 |
| | 60,594 | 124,406 | 134,724 | 142,330 |
| **USA & Americas** | | | | |
| English | – | – | – | – |
| Radio Revenues (by % estimate) | – | – | – | – |
| Web/App Revenues (by % Estimate) | – | – | – | – |
| | – | – | – | – |
| **Singapore** | | | | |
| English | – | – | – | – |
| Radio Revenues (by % estimate) | – | – | – | – |
| Web/App Revenues (by % Estimate) | – | – | – | – |
| | – | – | – | – |
| Total Advertising Revenues | 134,328 | 275,758 | 297,689 | 314,495 |

## Service and Reach:

**Network • Service and Reach**

| | Tiers #1, #2 & #3 | | | | |
|---|---|---|---|---|---|
| Region | HD | OTT HD | OTT UHD | OTT VOD/SVOD | OTT Radio |
| Europe - UK & N. Ireland | ◯ | ◯ | ◯ | ◯ | ◯ |
| Europe — Western | ◯ | ◯ | ◯ | ◯ | ◯ |
| Europe — Central | ◯ | ◯ | ◯ | ◯ | ◯ |
| Europe — Eastern | ◯ | ◯ | ◯ | ◯ | ◯ |
| Middle East & North Africa | ◯ | ◯ | ◯ | ◯ | ◯ |
| Africa — Sub Sahara | ◯ | ◯ | ◯ | ◯ | ◯ |
| Africa — South | ◯ | ◯ | ◯ | ◯ | ◯ |
| Asia — South | ◯ | ◯ | ◯ | ◯ | ◯ |
| Asia — South-East | ◯ | ◯ | ◯ | ◯ | ◯ |
| Asia — North-East | ◯ | ◯ | ◯ | ◯ | ◯ |
| Oceania | ◯ | ◯ | ◯ | ◯ | ◯ |
| America — North | ◯ | ◯ | ◯ | ◯ | ◯ |
| America — South | ◯ | ◯ | ◯ | ◯ | ◯ |

| Targets* | |
|---|---|
| TV Reach by Household | 541,306,244 |
| TV Reach @ 1% | 5,413,062 |
| TV Reach @ 0.8% | 4,431,678 |
| OTT Multi-lingual Services @ 0.25% | 1,369,000 |
| IP Radio @ 0.21% | 1,120,000 |

* Audience Targets based on Reach by Household (by end of Year 2 / TX #1)

## Infrastructure and Personnel

| | Tier #1 | Tier #2 | Tier #3 |
|---|---|---|---|
| Locations (sq. ft.) | | | |
| London | 21,000 | 24,000 | 37,000 |
| New York | 23,000 | 23,000 | – |
| Singapore | 20,000 | – | – |
| EU (Amsterdam, Dublin or Estonia) | 20,000 | 18,000 | 16,000 |
| Studios (per location) | | | |
| Main Studio (60 × 60 sq. ft.) | 1 | 1 | 1 |
| Bulletin / PSC / Interview Studio (20 × 20 sq. ft.) | 1 | 1 | 1 |
| IP Radio Studios | 4 | 3 | 2 |
| Equipment | | | |
| Edit Suites | 16 | 8 | 6 |
| Studio Camera System (inclusive of Robot Pedestals & Prompting Systems) | 24 | 15 | 9 |
| Video Walls | 4 | 3 | 2 |
| Personnel (Admin vs. Sales & Ops average 13% vs. 87%) | 454 | 375 | 353 |
| Contact Centre (Voice, Chat, E-mail) | ✓ | ✓ | ✓ |
| Contact Centre Personnel | 87 | 87 | 87 |

**N.B.** In Tiers #2 & #3, London and EU bases, personnel and equipment

## Summary of Financials for all Tiers

| | Tier #1<br>£ 000's | Tier #2<br>£ 000's | Tier #3<br>£ 000's |
|---|---|---|---|
| Budget Requirement | 198.00 | 172.00 | 154.00 |
| Overdraft Requirement (contingency) | 20.00 | 20.00 | 20.00 |
| Construction Spend (Year 15-24 months) [max.] | (97.64) | (76.73) | (63.75) |
| **Revenues** | | | |
| Year 2 • TX1 | 134.33 | 134.33 | 134.33 |
| Year 3 • TX2 | 275.76 | 275.76 | 275.76 |
| Year 4 • TX3 | 297.69 | 297.69 | 297.69 |
| Year 5 • TX4 | 314.50 | 314.50 | 314.50 |
| **EBITDA** | | | |
| Year 1 • Construction | (97.63) | (76.72) | (63.75) |
| Year 2 • TX1 | (10.92) | (3.55) | 0.65 |
| Year 3 • TX2 | 113.47 | 122.00 | 125.74 |
| Year 4 • TX3 | 121.72 | 130.35 | 131.51 |
| Year 5 • TX4 | 133.30 | 139.74 | 141.10 |
| **EAITDA**<br>(before dividends, and after Ofcom Profit Based Licences) | | | |
| Year 1 • Construction | (131.22) | (105.60) | (87.65) |
| Year 2 • TX1 | (24.52) | (13.85) | (11.07) |
| Year 3 • TX2 | (21.82) | 35.00 | 64.27 |
| Year 4 • TX3 | 22.19 | 62.82 | 73.54 |
| Year 5 • TX4 | 41.69 | 89.64 | 96.58 |
| **Dividend** (projection) | | | |
| Year 1 • Construction | – | – | – |
| Year 2 • TX1 (Deferred to M1, Q2, TX2) | 11.80 | 10.32 | 9.24 |
| Year 3 • TX2 | 27.16 | 31.24 | 33.88 |
| Year 4 • TX3 | 31.37 | 35.16 | 36.71 |
| Year 5 • TX4 | 36.37 | 39.02 | 40.19 |
| Average Return on Investment<br>(dividend of 30%) | 10.80% | 13.50% | 15.60% |
| Audience Growth<br>(projection — YoY post-TX1 targets) | 6.49% | 6.49% | 6.49% |
| Revenue Growth<br>(projection — average YoY excluding TX1 targets) | 6.80% | 6.80% | 6.80% |

# Part IV

## PREPARATION OF PROJECTIONS AND ACCOUNTS

## Accounting Policies

The following policies will be consistently applied, and are considered material in relation to the Network's financial statements.

### Basis of Preparation

Upon establishment of the Parent Network and its subsidiaries, financial statements will be prepared under the historical accounting rules set out in the UK Companies Act 2006, and any other requirements made in territories in which subsidiaries may exist and operate will be observed lawfully and without fear of causing or being party to fiscal controversy. All attempts have been made to apply the same basis in the preparation of this proposal. Supplier quotations, recommendations, and institutional knowledge have been applied to the modelling of the proposed Network.

### Future & Operational Financial Reports

As soon as is practicable, as part of the process of financing and registering The Network and its Channels as corporate entities, howsoever that may be accomplished, with subsidiaries as laid out in the business plan, it is the intention that the appointed auditors will prepare an annual report on the Network and its accounting practices. This report will detail and relate to:

(i) Date of incorporation and name under which the Network and subsidiaries are incorporated;
(ii) Any subsequent changes in the nature of incorporation of the Network and its subsidiaries;
(iii) The nature of the Network's business during the period covered by the report;
(iv) Detail of subsequent acquisitions and significant activities;
(v) Details relating to the appointed auditors; and
(vi) The financial statements, projections, and any forecasts made for and in each financial period will be subject to the scrutiny of the appointed auditors.

The financial information set out in reports will be based upon the audited financial statements and audited management accounts unless specifically stated to the contrary, and will be subject to and presented after making such adjustments as the appointed accountants consider necessary. The accountant's work will be carried out in accordance with the appropriate UK and International auditing guidelines.

The financial information compiled by the Network will be expected to reflect a true and fair view of any accounting period to which they relate, and of the state of affairs of the Network at the end of each of those financial periods. The accountants will accept responsibility for their reports in the form and context in which they are given, and will consent to their inclusion in any prospectus or published Network statements.

Audited management accounts for any financial period, as required by the Registrar of Companies for the UK parent Network, or any regulator of other territories in which the Network is registered as a corporate entity, will be made and duly filed. Audited management accounts will be the ultimate responsibility of the Directors, and the Directors will consent to their inclusion in any Network reports or prospectuses as may be required.

### Basis of Consolidation

The Network's financial statements will consolidate those of the Network and its subsidiary undertakings as at each period end. The results of any subsidiary undertakings acquired during a financial year will be included from the date of acquisition. Profits or losses on intra-Network transactions will be eliminated in full. In the event of acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition will be recorded at their fair values reflecting their condition at that date.

### Turnover

Turnover will comprise principally of revenue from broadcasting, advertising, premium services, business reporting, and sale of secondary rights of documentary and archive material, excluding VAT or Sales tax.

### Stock

Stock will comprise of consumable broadcast items such as any unused and virgin digital memory cards, tape and film stock, or equipment held in reserve for later transfer to use or sale by the Network, and in accordance with the accounting requirements laid down by HMRC or any other territorial regulator of revenues.

### Revenues

In previous versions of the Proposal Revenues have seen relative equal division between Regions based on Broadcast time-shared distribution principles. The need to introduce an EU base within the European theatre of Operations in addition to London, and the converse need to maintain access to the UK from Europe, has led to the allocation of revenues as generated by regional office.

### Inter-Platform Invoicing

As a result of the distribution of costs by region model, it has been necessary to introduce an inter-platform invoicing and cost sharing system. The need for this is to ensure adequate distribution of revenues in the group so that all Operations shouldering considerable costs are able to realise their profit potential. Distribution is calculated by the displaced percentage principle.

### Finance Leases

Assets held under finance lease are to be capitalised in the balance sheet and depreciated over their expected useful life. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is to be charged to the profit and loss account over the period of the lease.

### Goodwill

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, will be written off to reserves immediately on acquisition.

### Shareholding

It is expected that the shareholding will be distributed between Investors and the Proposing Management. Such division is foreseen to be the result of amicable resolution by negotiation during the process of acquiring funding for the project.

### Use of Proceeds from the Initial Investment

The initial required investment and financial facilities received by the Network, net of expenses, is intended to be used to: (i) establish infrastructure worldwide; (ii) employ staff; (iii) acquire broadcast equipment; (iv) pay broadcasting licences; and (v) pay satellite and other transmission fees.

All proceeds of forthcoming funding are receivable by the Network net of expenses as laid out in each of the funding 'Options', and are intended to be used as laid out in the consolidated budgets within this document.

### Growth Program

The Network's management propose re-investing approximately one-third of retained profit into growth of existing markets, development of new markets, and R&D. Any Investment proposals will be subject to discussion and approval by the Board, and potentially by investors depending on the nature of that investment.

### Future Acquisitions & Diversification

While the Network is not currently contemplating any specific acquisitions, it is possible that acquisition opportunities may arise in the future, particularly of smaller businesses where the management cannot obtain access to cost effective funding. The Network will consider any such acquisition opportunities at the appropriate time. There are a number of potential opportunities that may arise in the fullness of time, and only once current planning is fulfilled.

### Information about the Shareholding

Pursuant to the Network being fully funded as a start-up, and licences being granted by relevant broadcasting regulators, the total proceeds of single or multiple investor shareholdings taken in the Network are expected to be in-line with the funding option realised, from which payment of expenses, and commissions that may become due upon full funding being obtained shall be deducted.

The shares, when issued, will rank pari passu in all respects with other Ordinary Shares including the right to receive dividends and other distributions made or paid after the date that the Network is either legally formalised or start-up funding is complete.

Mr. Phillip Covell, Mr. Kinny Cheng, and any other appointed Directors assigned a shareholding will be required to undertake not to dispose of any beneficial interest in the Network's shares which they have or may acquire during the Construction and pre-launch phase of the business; or for eighteen months from the date of first broadcast save with prior consent of the Directors and Investing shareholders, which consent shall not be unreasonably withheld. It is expected that the investors making the initial capital investment will commit to similar terms.

## Capital Reorganisation

Notwithstanding full funding of the proposed Network being only achievable on the basis of differential classes of shareholding; if it is the case that a company or group of companies is formed prior to the acquisition or finalisation of full funding for the purposes of pursuing full funding as the result of an investment of preliminary seed monies; the purpose of which will be to pursue and finalise outstanding needs for final investment placement (such as licensing requirements or the need to source facilities et cetera); then any existing shareholding that may result from such requirements will be redeemed or converted into Ordinary Shares upon receipt of full funding. The envisioned result will be a share capital consisting of a single class of ordinary shares of a value to be established by the final capital requirements and mutually agreed division of the shareholding between the Directors and Investors.

## Dividend Policy

The Directors aim to pay a dividend of retained profits each year that profit is realised, however, in the case of TX1 provision is made to pay a dividend based on 6% of the total investment deferred to M1 Q2 of TX2 for the purposes of ensuring good cash flow management. The Directors envisage that interim and final dividends will be notified and paid in accordance with the Network's incorporated status and regulatory requirements in the trading year in which the dividend is notified and paid; in the approximate proportions of one-third and two-thirds respectively of the total annual dividend. The Directors expect that, in the absence of unforeseen circumstances, the first dividend to be paid by the Network following establishment and launch of operations as per the timetable herein, will be a dividend in respect of the first twelve (12) months of Transmission.

## Inflation

Inflation wherever it has been applied within the proposal has been calculated at a universal rate of 3.5% irrespective of territory. This should not be considered a forecast and is not intended to be interpreted as one.

## Asset Management

### Equipment Assets

As of the end of the first 15-24 month (flexible) period of trading, the Network expects to own a range of equipment, as set out separately in the Network Assets and appropriate to each Budget Tier. The table below shows the Assets for Tier #1. Asset details are set out with each Budget Tier within this proposal.

**Tier #1 • Group Assets (partial)**

| | Original Cost | Net Book Value Year 1 End / Construction |
|---|---|---|
| | £ 000's | £ 000's |
| Broadcast Equipment | 29,520 | 25,576 |
| IT & Office | 3,494 | 2,912 |
| Fixtures & Fittings | 11,039 | 9,659 |
| | 44,053 | 38,147 |

The majority of the Network's capital expenditure is planned in the pre-launch period with exception of Additions as set out in the Budget Tiers, which it should be noted are conditional on revenue targets being met. The average equipment life within the Network is expected to be not less than four operational years. An annual budget contingency has been made to expand the availability of field equipment in Year 3, 4 and 5 (or TX #2, #3 and #4 respectively). An allocation in Year 3 and Year 4 has also been made to increase data storage as demand on systems increases.

### Depreciation Policies

Depreciation is to be charged at rates calculated to write off the cost of fixed assets over their estimated useful lives once the assets have been brought into use. Charges will be calculated by either straight line or reducing balance method monthly. Rates varying between 12.5% and 33% per annum will apply as appropriate.

### Financing of Equipment Assets

The Network has the option to lease the majority of its equipment purchases using three and four-year finance leases, however, may be subject to investment conditions. The reflection of Leasing on capital requirements is addressed for each Budget Tier, and presented in the form of a set of Consolidated Management Accounts, and projected Table for Deficit & Surplus calculations. Full accounts for such options are available by arrangement, and this option is based on fully leasing all Equipment requirements. Additionally the Management is advised that Leasing options may be explored for Studio Design and Fitting out element, though has not at this time been explored. Leases are favoured over Hire purchase agreements due to the requirement to fully fund the VAT element in advance of the start of the contractual term in the latter case. It is expected that in the event of leasing agreements being applied, the practice would continue into the future, even if the circumstances for an IPO/ICO arise, either after a suitable operating period, or as part of the path to establishing the Network, though the Network's gearing ratio is expected to be significantly reduced in the event of such a placing.

## Overdrafts & Lines of Credit

The provision for Overdrafts or Lines of Credit is, for the greater part, to provide a buffer and contingency in regard to certain aspects of deficit and surplus modelling, which are not expected to materialise as an actual requirement. Nonetheless, circumstances where this contingency may be required can be foreseen, and so such financial devices are included within considerations, and where and if applicable costs incurred are presented in the projected consolidated accounts provided herein. The planned requirement is for credit facilities of £20m.

## Taxation

Taxation has been calculated at rates appropriate to each territory as advised by either, appointed advisors, national taxation authorities or guidance documentation published by well-known global auditing advisors. Full details are to be found in Part VI of this document under the heading ‘Taxation’.

## Deferred Taxation

Deferred tax will be provided on all material timing differences at the rate of tax likely to apply on the reversal of such timing differences. Provision will only be made where the liability is likely to crystallise within the foreseeable future.

## Net Operating Losses (NOL)

Net Operating losses are applied according to local tax rules in the regional accounts and consolidated in the Group P&L. Net Operating Losses for Regions are calculated before Overseas Cash is repatriated to the UK, to which tax and deductions are then applied.

## VAT & Sales Tax

VAT & Sales Tax Rates that currently apply or are foreseeable are:

| | |
|---|---|
| UK | 20% |
| Netherlands | 21% |
| Singapore | 7% |
| Estonia | 20% |
| Ireland | 23% |
| NYC | 8.875% |

VAT Liabilities are calculated for the UK, EU, and Singapore at the following rates:

UK

- 20% in Tier #1
- 23% in Tier #2 & 3 representative of the highest likely rate (Ireland), allowing for UK Corporate Structure and spending to be interchangeable with EU structure.
- This purposefully causes a higher liability in cash-flow modelling

EU

- 21% in Tier #1 for The Netherlands
- 23% in Tier #2 & 3 representative of the highest likely rate (Ireland), allowing for EU Corporate Structure and spending to be interchangeable with UK structure

SG

- 7% is the current rate of GST/VAT in Singapore
- However, it is expected to rise to 9% at some point between 2021 and 2025
- This purposefully causes a higher liability in cash-flow modelling

## Unrecoverable VAT

An allocation to unrecoverable VAT, due to restrictions on deductions; disallowed amounts; and petty cash receipts which do not specify the VAT rate applied or satisfy the criteria for reclamation; is calculated at 5% of liabilities to which this may apply (Production Budgets and Miscellaneous costs etc.) in each jurisdiction.

## Corporate Governance

The Network will take appointment of additional non-executive Directors under advisement (in addition to the Non-executive Chairman) as soon as practical following full financing of the Network being achieved, and an allocation for four Non-Executive Officers has been made. So far as appropriate, the Board aims to comply with current codes of best practice, having regard to the size of the Network. The Directors intend to proceed on the lines of governance required for an IPO/ICO in a regulated environment regardless of the nature of initial funding, in order to ensure all options for the future. It is intended that non-executive Directors will be independent of the Network's management and free from any business or other relationship which could materially interfere with the exercise of his/her independent judgement.

Particularly with a mind to the Network's international and necessary corporate divisions, the Network will hold Board Meetings regularly throughout the year at which operating and financial reports will be considered. The Board will be responsible for formulating, reviewing and approving the Network's strategy, budgets, major items of capital expenditure, acquisitions, and senior personnel commitments.

An Audit Committee will be established and will be comprised of the non-executive Directors, the CEO and Finance Director, and the appointed Partner from the Network's Independent accountants. It will meet at least twice a year and be responsible for ensuring that the financial performance of the Network is properly reported on and monitored; and for meeting the auditors and reviewing the reports from the auditors relating to the accounts and internal financial control systems.

A remuneration Committee will also be established and be comprised of the non-executive Directors. It will review the performance of the executive Directors and set the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of the shareholders.

The Network's Memorandum and Articles of Association will be consistent with the requirements of UK Law, and any overseas interests and resulting Subsidiaries will be consistent with the laws and requirements of those Nation States, and any regional or State requirements within those Nations.

# Part V

## ILLUSTRATIVE FINANCIAL PROJECTIONS

Set out in this section are the Illustrative Financial Projections of the Network for Tier #1 for the 15-24month month Pre-launch and Construction period, and the first 4 years of projected trading/transmission, which have been made after due and careful enquiry. Comparable accounts for each budget tier of the proposed Network are also set out within this document, and are prepared on the same basis.

It is emphasised that the projections are illustrative only, prepared on the basis and assumptions stated within this document, and do not constitute forecasts of the most likely outcome. Given that the projections relate to the future, the bases of preparation and assumptions are necessarily more subjective than would be appropriate for a forecast. Actual results may be materially different from those projected, because events and circumstances do not necessarily occur as planned.

In pursuit of Network funding, the management reserves the right to change or amend projections as may be necessary in order to reflect the most up-to-date thinking, financial, regulatory or other requirements as they may arise, without notice.

# Network

## TIER #1

## Fully Funded, Inclusive of Brokers' Fees

This option takes full account of the potential for Brokers' Fees to be incurred during the funding process. The fully funded requirement is for £198 million plus Credit Facilities of £20 million.

## Introduction

Projected profit and loss accounts, cash flow statements and balance sheets have been prepared which reflect the current intentions for the future of the Network from the perspective of establishing either AVTN or NewsNet24[7], as its launch channel. The information set out below has been extracted from these projections.

## Illustrative Financial Projections

**Tier #1 • Trading Year**

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Turnover | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Profit before Tax, Exceptional items*, NOL & Ofcom Fees | (104,315) | (24,571) | 90,434 | 104,480 | 121,118 |
| NOL (Net Operating Loss Brought Forward) | – | – | (111,989) | (29,632) | (14,172) |
| Profit after Tax, Depreciation, Exceptional Items* & Ofcom Fees | (131,223) | (24,571) | 17,122 | 53,452 | 78,003 |
| Capital Expenditure | (44,053) | (153) | (3,706) | (3,836) | (3,913) |
| Exceptional Items | (26,907) | – | – | – | – |

* The Exceptional Items in the 1st Year figures relate to the costs associated with Project Development and raising Equity Finance

## Basis of Preparation and Principal Assumptions

The illustrative Financial Projections have been prepared on the following basis and principal assumptions which are outside the control of the Network:

(a) Finance for the construction phase will be forthcoming from the outset.

(b) Sufficient banking facilities for continued operations will be available, inclusive of any lines of credit.

(c) The business will not be adversely affected by the consequence of industrial disputes, acts of God, war or terrorism, interruption of supplies, loss of key personnel or changes in legislation.

(d) No other major competitor of comparable size or funding will enter or emerge in the market.

(e) There will be no significant change in nature or structure of the Network's proposed market(s); nor the general economic conditions; regulatory environment; rates of tax, inflation or interest rates.

## Consolidated Network Budgets

The table below represents a consolidation of Operating Budgets, excluding consideration to VAT (UK/EU), GST (SG), Sales TAX (US), Unrecoverable VAT, GST and Sales Tax, and Exceptional items.

### Tier #1 • Consolidated Budgets

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Transmission Budget | 9,727 | 34,681 | 35,532 | 35,946 | 36,373 |
| Production Budgets | 3,862 | 47,579 | 49,390 | 56,142 | 58,608 |
| Broadcast Equipment & Services | 33,477 | 321 | 3,768 | 3,916 | 4,012 |
| PRS Licences & Contingencies | 438 | 1,750 | 1,812 | 1,875 | 1,941 |
| Licences (exc. Profit-based Fees) | 480 | 480 | 480 | 480 | 480 |
| Training Programmes | 436 | 10 | 20 | 21 | 22 |
| IT & Communications | 5,646 | 2,067 | 2,358 | 2,374 | 2,622 |
| Outfitting of Facilities & Furnishings | 13,520 | 433 | 482 | 487 | 493 |
| Buildings & Facilities | 3,820 | 6,161 | 7,439 | 7,470 | 7,502 |
| Personnel (inc. Contributions, Pensions & Healthcare) | 13,140 | 27,245 | 31,284 | 32,901 | 34,297 |
| Working Capital & Miscellaneous Expenditure | 2,400 | 2,000 | 2,070 | 2,143 | 2,219 |
| Contact Centre | 1,075 | 2,667 | 2,761 | 2,858 | 2,958 |
| Security & Fire Systems | 654 | 929 | 965 | 1,000 | 1,037 |
| Energy | 406 | 810 | 839 | 871 | 903 |
| Legal Budget & Professional Fees | 4,372 | 3,471 | 4,154 | 4,348 | 4,499 |
| Insurance (inc. IPT) | 731 | 2,058 | 2,337 | 2,492 | 2,576 |
| Marketing Budget (exc. Events Presence) | 3,000 | 12,000 | 16,000 | 20,000 | 20,000 |
| Bank Charges & Commissions | 451 | 641 | 702 | 748 | 773 |
| | **97,634** | **145,301** | **162,392** | **176,071** | **181,313** |

## Network Consolidated Profit and Loss Accounts

### Tier #1 • Group Consolidated P&L Accounts

| | Note | Year 1 / Construction £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|---|
| Turnover | 1 | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Cost of Sales / Operations | 2 | (91,223) | (137,552) | (152,928) | (165,836) | (170,773) |
| Stock | | 100 | 140 | 180 | 220 | 260 |
| **Gross Profit** | | (91,123) | (3,083) | 123,010 | 132,073 | 143,982 |
| Administrative Expenses | | (6,411) | (7,750) | (9,464) | (10,235) | (10,540) |
| Bank Interest | | 738 | 150 | 412 | 852 | 1,257 |
| Unrecoverable Sales Taxes | | (1,613) | (2,025) | (2,640) | (2,600) | (2,929) |
| Depreciation | | (5,906) | (11,863) | (12,815) | (12,203) | (7,252) |
| Bonuses | | (1,705) | (3,110) | (3,255) | (3,407) | (3,401) |
| Bonuses Deferred to Q2 TX1 | 27 | 1,705 | 3,110 | (4,815) | – | – |
| **Profit before Exceptional Items** | | (104,315) | (24,571) | 90,434 | 104,480 | 121,118 |
| Exceptional items | 3 | (26,907) | – | – | – | – |
| **Profit after Exceptional Items** | 4 | (131,223) | (24,571) | 90,434 | 104,480 | 121,118 |
| Net Operating Loss Deducted (non-UK) | | – | – | (69,068) | (29,632) | (14,172) |
| Overseas Capital | 25 | – | – | 38,347 | 27,174 | 31,147 |
| Overseas Capital Deductions | | – | – | (2,430) | (15,241) | (22,428) |
| Net Operating Loss Deducted (UK) | | – | – | (42,921) | – | – |
| **Group Profit after Deductions** | | (131,223) | (24,571) | 14,362 | 86,780 | 115,665 |
| Taxation | 5 | – | – | (3,500) | (20,674) | (27,981) |
| Adjustment for Overseas Capital | 26 | – | – | 7,004 | (11,933) | (8,719) |
| **Profit after Taxation** | | (131,223) | (24,571) | 17,866 | 54,174 | 78,964 |
| Profit Based Licence Fees | | | | | | |
| Licence Chargeable Profit | | – | – | 11,566 | 11,226 | 14,955 |
| Total Licence Fees | | – | – | (744) | (722) | (962) |
| **Profit after Tax & Licence Fees** | | (131,223) | (24,571) | 17,122 | 53,452 | 78,003 |
| Other Movements in Capital | | | | | | |
| Dividend | 6 | – | (11,880) | (27,130) | (31,344) | (36,335) |
| Dividend Deferred | | – | 11,880 | (11,880) | – | – |
| **Post Dividend Position** | 13 | (131,223) | (24,571) | (21,888) | 22,108 | 41,667 |
| Total Recognised Gains & Losses | | | | | | |
| Profit for the Financial Period | | (131,223) | (24,571) | 17,122 | 53,452 | 78,003 |
| Goodwill Written Off | | – | – | – | – | – |
| **Total Recognised Gains & Losses** | | (131,223) | (24,571) | 17,122 | 53,452 | 78,003 |
| Dividend Adjustment | | – | (11,880) | (27,130) | (31,344) | (36,335) |
| Dividend Deferred | 6a | – | 11,880 | (11,880) | – | – |
| **Post Dividend Position** | | (131,223) | (24,571) | (21,888) | 22,108 | 41,667 |

## Tier #1 • Regional Consolidated P&L Accounts (Year 1 / Construction)

| | Note | UK Year 1 / Construction £ 000's | EU Year 1 / Construction £ 000's | USA Year 1 / Construction £ 000's | SG Year 1 / Construction £ 000's |
|---|---|---|---|---|---|
| Turnover | 1 | – | – | – | – |
| Cost of Sales / Operations | 2 | (23,785) | (24,887) | (21,050) | (21,501) |
| Inter-Platform Transactions | | – | – | – | – |
| Stock | | 25 | 25 | 25 | 25 |
| **Gross Profit** | | (23,760) | (24,862) | (21,025) | (21,476) |
| Administrative Expenses | | (3,180) | (1,429) | (877) | (925) |
| Bank Interest | | 184 | 184 | 184 | 184 |
| Unrecoverable Sales Taxes | | (13) | (24) | (1,568) | (8) |
| Depreciation | | (1,502) | (1,465) | (1,471) | (1,468) |
| Bonuses (end-of-year) | | (885) | (315) | (252) | (253) |
| Bonuses Deferred to M1 Q2 TX2 | | 885 | 315 | 252 | 253 |
| **Profit before Exceptional Items** | | (28,272) | (27,596) | (24,756) | (23,692) |
| Exceptional items | 3 | (6,727) | (6,727) | (6,727) | (6,727) |
| **Profit after Exceptional Items** | 4 | (34,998) | (34,323) | (31,483) | (30,419) |
| Net Operating Loss Deducted (non-UK) | | – | – | – | – |
| Overseas Capital | | – | – | – | – |
| Overseas Capital Deductions | | – | – | – | – |
| Profit Post Overseas Capital | | (34,998) | – | – | – |
| NOL | | – | – | – | – |
| **Profit after Deductions** | | (34,998) | (34,323) | (31,483) | (30,419) |
| Taxation | 5 | – | – | – | – |
| Adjustment for Overseas Capital | | – | – | – | – |
| **Profit after Taxation** | | (34,998) | (34,323) | (31,483) | (30,419) |
| Ofcom Chargeable Profit | | – | – | – | – |
| Total Ofcom Licence Fees | | – | – | – | – |
| **Profit after Tax & Ofcom Licence Fees** | | (34,998) | (34,323) | (31,483) | (30,419) |
| **Other Movements in Capital** | | | | | |
| Transfers of Capital | | – | – | – | – |
| Dividend | 6 | – | – | – | – |
| Dividend Deferred | | – | – | – | – |
| **Regional Retained Profit for the Financial Period** | 13 | (34,998) | (34,323) | (31,483) | (30,419) |
| **Total Recognised Gains & Losses** | | | | | |
| Profit for the Financial Period | | (34,998) | (34,323) | (31,483) | (30,419) |
| **Total Recognised Gains & Losses** | | (34,998) | (34,323) | (31,483) | (30,419) |
| Transfers of Capital | | – | – | – | – |
| Dividend Adjustment | | – | – | – | – |
| Dividend Deferred | 6a | – | – | – | – |
| **Post Dividend Position** | | (34,998) | (34,323) | (31,483) | (30,419) |
| **NOL** (Net Operating Loss in Hand) | | (34,998) | (34,323) | (31,483) | (30,419) |

**Tier #1 • Regional Consolidated P&L Accounts (Year 2 / TX #1)**

| | Note | UK Year 1 / Construction £ 000's | EU Year 1 / Construction £ 000's | USA Year 1 / Construction £ 000's | SG Year 1 / Construction £ 000's |
|---|---|---|---|---|---|
| Turnover | 1 | 16,794 | 58,497 | 22,084 | 36,952 |
| Cost of Sales / Operations | 2 | (28,481) | (40,290) | (34,052) | (34,729) |
| Inter-Platform Transactions | | 9,895 | (14,038) | 13,011 | (8,868) |
| Stock | | 35 | 35 | 35 | 35 |
| **Gross Profit** | | (1,758) | 4,204 | 1,079 | (6,609) |
| Administrative Expenses | | (3,094) | (2,179) | (1,204) | (1,273) |
| Bank Interest | | 38 | 38 | 38 | 38 |
| Unrecoverable Sales Taxes | | (90) | (125) | (1,698) | (113) |
| Depreciation | | (3,018) | (2,942) | (2,954) | (2,949) |
| Bonuses (end-of-year) | | (1,059) | (671) | (688) | (691) |
| Bonuses Deferred to M1 Q2 TX2 | | 1,059 | 671 | 688 | 691 |
| **Profit before Exceptional Items** | | (7,922) | (1,004) | (4,739) | (10,906) |
| Exceptional items | 3 | – | – | – | – |
| **Profit after Exceptional Items** | 4 | (7,922) | (1,004) | (4,739) | (10,906) |
| Net Operating Loss Deducted (non-UK) | | – | – | – | – |
| Overseas Capital | | – | – | – | – |
| Overseas Capital Deductions | | – | – | – | – |
| Profit Post Overseas Capital | | (7,922) | – | – | – |
| NOL | | – | – | – | – |
| **Profit after Deductions** | | (7,922) | (1,004) | (4,739) | (10,906) |
| Taxation | 5 | – | – | – | – |
| Adjustment for Overseas Capital | | – | – | – | – |
| **Profit after Taxation** | | (7,922) | (1,004) | (4,739) | (10,906) |
| Ofcom Chargeable Profit | | – | – | – | – |
| Total Ofcom Licence Fees | | – | – | – | – |
| **Profit after Tax & Ofcom Licence Fees** | | (7,922) | (1,004) | (4,739) | (10,906) |
| Other Movements in Capital | | | | | |
| Transfers of Capital | | – | – | – | – |
| Dividend | 6 | (11,880) | – | – | – |
| Dividend Deferred | | 11,880 | – | – | – |
| **Regional Retained Profit for the Financial Period** | 13 | (7,922) | (1,004) | (4,739) | (10,906) |
| Total Recognised Gains & Losses | | | | | |
| Profit for the Financial Period | | (7,922) | (1,004) | (4,739) | (10,906) |
| **Total Recognised Gains & Losses** | | (7,922) | (1,004) | (4,739) | (10,906) |
| Transfers of Capital | | – | – | – | – |
| Dividend Adjustment | | (11,880) | – | – | – |
| Dividend Deferred | 6a | 11,880 | – | – | – |
| **Post Dividend Position** | | (7,922) | (1,004) | (4,739) | (10,906) |
| **NOL** (Net Operating Loss in Hand) | | (42,921) | (35,327) | (36,221) | (41,324) |

**Tier #1 • Regional Consolidated P&L Accounts (Year 3 / TX #2)**

| | Note | UK Year 1 / Construction £ 000's | EU Year 1 / Construction £ 000's | USA Year 1 / Construction £ 000's | SG Year 1 / Construction £ 000's |
|---|---|---|---|---|---|
| Turnover | 1 | 34,445 | 120,066 | 45,251 | 75,996 |
| Cost of Sales / Operations | 2 | (32,297) | (44,548) | (37,473) | (38,610) |
| Inter-Platform Transactions | | 20,684 | (29,307) | 27,173 | (18,550) |
| Stock | | 45 | 45 | 45 | 45 |
| **Gross Profit** | | 22,877 | 46,255 | 34,997 | 18,881 |
| Administrative Expenses | | (3,936) | (2,600) | (1,410) | (1,518) |
| Bank Interest | | 103 | 103 | 103 | 103 |
| Unrecoverable Sales Taxes | | (96) | (150) | (2,258) | (137) |
| Depreciation | | (3,257) | (3,180) | (3,191) | (3,187) |
| Bonuses (end-of-year) | | (1,111) | (702) | (719) | (722) |
| Bonuses Deferred to M1 Q2 TX2 | | (1,944) | (986) | (941) | (944) |
| **Profit before Exceptional Items** | | 12,636 | 38,740 | 26,581 | 12,476 |
| Exceptional items | 3 | – | – | – | – |
| **Profit after Exceptional Items** | 4 | 12,636 | 38,740 | 26,581 | 12,476 |
| Net Operating Loss Deducted (non-UK) | | – | (35,327) | (21,265) | (12,476) |
| Overseas Capital | | 38,347 | – | – | – |
| Overseas Capital Deductions | | (2,430) | – | – | – |
| Profit Post Overseas Capital | | 48,553 | – | – | – |
| NOL | | (42,921) | – | – | – |
| **Profit after Deductions** | | 5,632 | 3,414 | 5,316 | – |
| Taxation | 5 | (1,070) | (843) | (1,587) | – |
| Adjustment for Overseas Capital | | 7,004 | – | – | – |
| **Profit after Taxation** | | 11,566 | 2,570 | 3,729 | – |
| Ofcom Chargeable Profit | | 11,566 | – | – | – |
| Total Ofcom Licence Fees | | (744) | – | – | – |
| **Profit after Tax & Ofcom Licence Fees** | | 10,823 | 2,570 | 3,729 | – |
| Other Movements in Capital | | | | | |
| Transfers of Capital | | 38,347 | (19,282) | (12,717) | (6,348) |
| Dividend | 6 | (27,130) | – | – | – |
| Dividend Deferred | | (11,880) | – | – | – |
| **Regional Retained Profit for the Financial Period** | 13 | 10,159 | (16,712) | (8,988) | (6,348) |
| Total Recognised Gains & Losses | | | | | |
| Profit for the Financial Period | | 10,823 | 2,570 | 3,729 | – |
| **Total Recognised Gains & Losses** | | 10,823 | 2,570 | 3,729 | – |
| Transfers of Capital | | 38,347 | (19,282) | (12,717) | (6,348) |
| Dividend Adjustment | | (27,130) | – | – | – |
| Dividend Deferred | 6a | (11,880) | – | – | – |
| **Post Dividend Position** | | 10,159 | (16,712) | (8,988) | (6,348) |
| NOL (Net Operating Loss in Hand) | | – | – | (14,956) | (28,848) |

**Tier #1 • Regional Consolidated P&L Accounts (Year 4 / TX #3)**

| | Note | UK Year 1 / Construction £ 000's | EU Year 1 / Construction £ 000's | USA Year 1 / Construction £ 000's | SG Year 1 / Construction £ 000's |
|---|---|---|---|---|---|
| Turnover | 1 | 37,163 | 130,019 | 48,336 | 82,172 |
| Cost of Sales / Operations | 2 | (34,573) | (48,310) | (40,697) | (42,255) |
| Inter-Platform Transactions | | 22,333 | (31,483) | 29,048 | (19,897) |
| Stock | | 55 | 55 | 55 | 55 |
| **Gross Profit** | | **24,977** | **50,280** | **36,742** | **20,074** |
| Administrative Expenses | | (4,168) | (2,878) | (1,520) | (1,669) |
| Bank Interest | | 213 | 213 | 213 | 213 |
| Unrecoverable Sales Taxes | | (113) | (175) | (2,165) | (147) |
| Depreciation | | (3,083) | (3,036) | (3,043) | (3,041) |
| Bonuses (end-of-year) | | (1,167) | (734) | (751) | (755) |
| Bonuses Deferred to M1 Q2 TX2 | | – | – | – | – |
| **Profit before Exceptional Items** | | **16,659** | **43,670** | **29,475** | **14,676** |
| Exceptional items | 3 | – | – | – | – |
| **Profit after Exceptional Items** | 4 | **16,659** | **43,670** | **29,475** | **14,676** |
| Net Operating Loss Deducted (non-UK) | | – | – | (14,956) | (14,676) |
| Overseas Capital | | 27,174 | – | – | – |
| Overseas Capital Deductions | | (15,241) | – | – | – |
| Profit Post Overseas Capital | | 28,591 | – | – | – |
| NOL | | – | – | – | – |
| **Profit after Deductions** | | **28,591** | **43,670** | **14,518** | **–** |
| Taxation | 5 | (5,432) | (10,908) | (4,334) | – |
| Adjustment for Overseas Capital | | (11,933) | – | – | – |
| **Profit after Taxation** | | **11,226** | **32,763** | **10,185** | **–** |
| Ofcom Chargeable Profit | | 11,226 | – | – | – |
| Total Ofcom Licence Fees | | (722) | – | – | – |
| **Profit after Tax & Ofcom Licence Fees** | | **10,505** | **32,763** | **10,185** | **–** |
| **Other Movements in Capital** | | | | | |
| Transfers of Capital | | 27,174 | (12,266) | (9,413) | (5,495) |
| Dividend | 6 | (31,344) | – | – | – |
| Dividend Deferred | | – | – | – | – |
| **Regional Retained Profit for the Financial Period** | 13 | **6,335** | **20,496** | **772** | **(5,495)** |
| **Total Recognised Gains & Losses** | | | | | |
| Profit for the Financial Period | | 10,505 | 32,763 | 10,185 | – |
| **Total Recognised Gains & Losses** | | **10,505** | **32,763** | **10,185** | **–** |
| Transfers of Capital | | 27,174 | (12,266) | (9,413) | (5,495) |
| Dividend Adjustment | | (31,344) | – | – | – |
| Dividend Deferred | 6a | – | – | – | – |
| **Post Dividend Position** | | **6,335** | **20,496** | **772** | **(5,495)** |
| **NOL** (Net Operating Loss in Hand) | | **–** | **–** | **–** | **(14,172)** |

**Tier #1 • Regional Consolidated P&L Accounts (Year 5 / TX #4)**

| | Note | UK Year 1 / Construction £ 000's | EU Year 1 / Construction £ 000's | USA Year 1 / Construction £ 000's | SG Year 1 / Construction £ 000's |
|---|---|---|---|---|---|
| Turnover | 1 | 39,261 | 137,359 | 51,064 | 86,811 |
| Cost of Sales / Operations | 2 | (35,429) | (49,359) | (42,212) | (43,772) |
| Inter-Platform Transactions | | 23,710 | (33,425) | 30,839 | (21,125) |
| Stock | | 65 | 65 | 65 | 65 |
| **Gross Profit** | | 27,607 | 54,640 | 39,756 | 21,979 |
| Administrative Expenses | | (4,318) | (2,947) | (1,564) | (1,712) |
| Bank Interest | | 314 | 314 | 314 | 314 |
| Unrecoverable Sales Taxes | | (115) | (148) | (2,508) | (157) |
| Depreciation | | (1,819) | (1,810) | (1,812) | (1,811) |
| Bonuses (end-of-year) | | (1,161) | (734) | (751) | (755) |
| Bonuses Deferred to M1 Q2 TX2 | | – | – | – | – |
| **Profit before Exceptional Items** | | 20,508 | 49,315 | 33,436 | 17,858 |
| Exceptional items | 3 | – | – | – | – |
| **Profit after Exceptional Items** | 4 | 20,508 | 49,315 | 33,436 | 17,858 |
| Net Operating Loss Deducted (non-UK) | | – | – | – | (14,172) |
| Overseas Capital | | 31,147 | – | – | – |
| Overseas Capital Deductions | | (22,428) | – | – | – |
| Profit Post Overseas Capital | | 29,227 | – | – | – |
| NOL | | – | – | – | – |
| **Profit after Deductions** | | 29,227 | 49,315 | 33,436 | 3,687 |
| Taxation | 5 | (5,553) | (12,319) | (9,981) | (129) |
| Adjustment for Overseas Capital | | (8,719) | – | – | – |
| **Profit after Taxation** | | 14,955 | 36,997 | 23,455 | 3,558 |
| Ofcom Chargeable Profit | | 14,955 | – | – | – |
| Total Ofcom Licence Fees | | (962) | – | – | – |
| **Profit after Tax & Ofcom Licence Fees** | | 13,993 | 36,997 | 23,455 | 3,558 |
| **Other Movements in Capital** | | | | | |
| Transfers of Capital | | 31,147 | (14,739) | (9,344) | (7,063) |
| Dividend | 6 | (36,335) | – | – | – |
| Dividend Deferred | | – | – | – | – |
| **Regional Retained Profit for the Financial Period** | 13 | 8,805 | 22,257 | 14,111 | (3,506) |
| **Total Recognised Gains & Losses** | | | | | |
| Profit for the Financial Period | | 13,993 | 36,997 | 23,455 | 3,558 |
| **Total Recognised Gains & Losses** | | 13,993 | 36,997 | 23,455 | 3,558 |
| Transfers of Capital | | 31,147 | (14,739) | (9,344) | (7,063) |
| Dividend Adjustment | | (36,335) | – | – | – |
| Dividend Deferred | 6a | – | – | – | – |
| **Post Dividend Position** | | 8,805 | 22,257 | 14,111 | (3,506) |
| **NOL** (Net Operating Loss in Hand) | | – | – | – | – |

## Projected Consolidated Balance Sheets

### Tier #1 • Consolidated Balance Sheets

| | Note | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|---|
| Tangible Assets | 7 | 38,147 | 26,437 | 17,329 | 8,961 | 2,246 |
| **Current Assets** | | | | | | |
| Stock | | 100 | 140 | 180 | 220 | 260 |
| Debtors | 8 | – | 42,762 | 47,171 | 50,829 | 53,522 |
| Interest | | 738 | 150 | 412 | 852 | 1,257 |
| Cash Deposits | | 198,000 | 91,567 | 271,348 | 294,031 | 311,802 |
| Brought Forward Balances | | – | 72,583 | 16,974 | 72,379 | 132,445 |
| Total Current Assets | | 198,838 | 207,201 | 336,086 | 418,311 | 499,285 |
| Tax | | – | – | (3,500) | (20,674) | (27,981) |
| Adjustment for Tax Position | | – | – | – | – | – |
| Profit Based Licence Fees | | – | – | (744) | (722) | (962) |
| Creditors: Within the Period | 9 | (126,154) | (147,326) | (173,101) | (182,078) | (187,642) |
| Net Current Liabilities | | 72,683 | 59,875 | 158,741 | 214,838 | 282,700 |
| Total Assets *less* Liabilities | | 110,830 | 86,313 | 176,069 | 223,799 | 284,947 |
| Creditors: *due after one year* | 10 | – | – | – | – | – |
| | | 110,830 | 86,313 | 176,069 | 223,799 | 284,947 |
| Dividend | | – | (11,880) | (27,130) | (31,344) | (36,335) |
| Dividend Deferred | | – | 11,880 | (11,880) | – | – |
| | | 110,830 | 86,313 | 137,059 | 192,455 | 248,611 |
| **Capital and Reserves** | | | | | | |
| Share Capital | 12 | 198,000 | 198,000 | 198,000 | 198,000 | 198,000 |
| P&L (Adj. for Depreciation & Stock) | 13 | (125,317) | (6,902) | 159,455 | 60,642 | 98,872 |
| NOL (Adjusted for ORC Deductions) | | – | – | (42,921) | – | – |
| NOL | | – | (131,223) | (155,793) | (43,804) | (14,172) |
| Tangible Assets | | 38,147 | 26,437 | 17,329 | 8,961 | 2,246 |
| Dividend | | **–** | **(11,880)** | **(27,130)** | **(31,344)** | **(36,335)** |
| Dividend Deferred | | – | 11,880 | (11,880) | – | – |
| | 14 | 110,830 | 86,313 | 137,059 | 192,455 | 248,611 |
| **Shareholders' Funds** | | | | | | |
| Capital Movement | | (125,317) | (6,902) | 159,455 | 60,642 | 98,872 |
| NOL (Adjusted for ORC Deductions) | | – | – | (42,921) | – | – |
| NOL | | – | (131,223) | (155,793) | (43,804) | (14,172) |
| Share Capital | | 198,000 | 198,000 | 198,000 | 198,000 | 198,000 |
| Tangible Assets | | 38,147 | 26,437 | 17,329 | 8,961 | 2,246 |
| Dividend | | – | (11,880) | (27,130) | (31,344) | (36,335) |
| Dividend Deferred | | – | 11,880 | (11,880) | – | – |
| | | 110,830 | 86,313 | 137,059 | 192,455 | 248,611 |

## Projected Consolidated Cash Flow Statements

### Tier #1 • Consolidated Group Cash Flow Statements

| | Note | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|---|
| Net Cash Inflow from Operating Activities* | 15 | (43,315) | 91,567 | 271,348 | 294,031 | 311,802 |
| **Returns on Investments and Servicing of Finance** | | | | | | |
| Interest Paid/Received | | 738 | 150 | 412 | 852 | 1,257 |
| Finance Lease Interest Paid* | | – | – | – | – | – |
| Dividend Paid | | – | (11,880) | (27,130) | (31,344) | (36,335) |
| Dividend Deferred | | – | 11,880 | (11,880) | – | – |
| Net Cash Inflow/Outflow from Returns on Investment and Servicing of Finance | | 738 | 150 | (38,598) | (30,491) | (35,078) |
| Tax Paid | | – | – | (3,500) | (20,674) | (27,981) |
| Revenue Based Licencing | | – | – | (744) | (722) | (962) |
| **Investing Activities** | | | | | | |
| Purchase of Tangible Fixed Assets | | (44,053) | – | (3,400) | (3,519) | (880) |
| Purchase of Business Entities | | – | – | – | – | – |
| Net Cash Outflow from Investing Activities | | (44,053) | – | (3,400) | (3,519) | (880) |
| Net Cash Inflow/(Outflow) | | (86,631) | 91,717 | 229,350 | 260,020 | 275,844 |
| **Financing** | | | | | | |
| Issue of Shares | | 198,000 | – | – | – | – |
| Shareholder Loan Movements | | – | – | – | – | – |
| Directors' Loan Movements | | – | – | – | – | – |
| Capital Element of Leases* | | – | – | – | – | – |
| Exceptional Items | | (26,907) | – | – | – | – |
| Net Cash Inflow/(Outflow) from Financing | 16 | 171,093 | – | – | – | – |
| Cash and Cash Equivalents | 17 | 84,462 | 91,717 | 229,350 | 260,020 | 275,844 |

* 1st Year Opening Balance less Assets, Interest and Exceptional Items added back within the Cash Flow Statement

## EBITDA

**Tier #1 • EBITDA**

| | Year 1 / Construction £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|
| Turnover | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Cost of Sales / Operations | (91,223) | (137,552) | (152,928) | (165,836) | (170,773) |
| Administrative Expenses | (6,411) | (7,750) | (9,464) | (10,235) | (10,540) |
| EBITDA | (97,634) | (10,973) | 113,367 | 121,618 | 133,182 |
| Exceptional Items | (26,907) | – | – | – | – |
| EBITDA inc. of Exceptional Items | (124,541) | (10,973) | 113,367 | 121,618 | 133,182 |

## Deficit and Surplus Modelling

Deficit and Surplus calculations are made inclusive of projected liabilities and movements in VAT and Sales Tax.

**Tier #1 • Deficit and Surplus Model**

| | Year 1 / Construction (Flexible 15- to 24-month Period) | | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|---|
| | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's |
| Opening Balance | 198,000 | – | 71,980 | 16,230 | 77,261 | 136,156 |
| Month 1 | 170,224 | 165,621 | 58,656 | 23,817 | 85,705 | 147,424 |
| Month 2 | 169,761 | 164,802 | 46,681 | 32,189 | 95,294 | 158,075 |
| Month 3 | 169,270 | 160,779 | 38,577 | 48,002 | 106,018 | 169,127 |
| Month 4 | 168,862 | 156,194 | 30,297 | 40,921 | 116,243 | 180,263 |
| Month 5 | 168,453 | 150,705 | 23,171 | 50,486 | 126,598 | 192,511 |
| Month 6 | 168,045 | 129,142 | 18,342 | 60,907 | 136,957 | 203,889 |
| Month 7 | 167,636 | 120,175 | 13,525 | 70,726 | 147,574 | 215,386 |
| Month 8 | 167,228 | 96,646 | 11,022 | 80,675 | 158,323 | 227,747 |
| Month 9 | 166,819 | 93,482 | 11,458 | 91,228 | 168,912 | 239,486 |
| Month 10 | 166,411 | 87,346 | 13,585 | 101,435 | 179,923 | 251,345 |
| Month 11 | 166,003 | 78,234 | 18,461 | 111,773 | 191,065 | 264,033 |
| Month 12 | 165,594 | 71,980 | 16,230 | 111,890 | 192,302 | 264,574 |
| | – | 71,980 | 16,230 | 111,890 | 192,302 | 264,574 |
| Tax | – | – | – | (3,500) | (20,674) | (27,981) |
| Ofcom | – | – | – | (744) | (722) | (962) |
| Dividend* | – | – | (11,880) | (27,130) | (31,344) | (36,335) |
| Bonuses | – | – | (4,815) | (3,255) | (3,407) | (3,401) |
| Year-end Balance | – | 71,980 | 16,230 | 77,261 | 136,156 | 195,896 |

* See notes on Dividend Calculations and Payments
** Inclusive of Movements in VAT & Sales Tax

## Monthly Operational Costs

The following table accounts for all costs inclusive of VAT, GST and Sales Taxes without consideration for movements in VAT, GST or Sales Tax from Invoicing.

**Tier #1 • Operational Costs inc. VAT & Sales Taxes**

| | Pre-Launch (Flexible 15- to 24-month Period) £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|
| Month 1 | (33,011) | (13,360) | (13,718) | (16,195) | (15,452) |
| Month 2 | (521) | (12,004) | (15,014) | (14,839) | (16,748) |
| Month 3 | (548) | (12,004) | (13,718) | (14,839) | (15,452) |
| Month 4 | (466) | (12,004) | (13,718) | (14,839) | (15,452) |
| Month 5 | (466) | (12,004) | (13,718) | (14,839) | (15,452) |
| Month 6 | (466) | (13,324) | (13,718) | (16,159) | (15,452) |
| Month 7 | (466) | (12,004) | (13,718) | (14,839) | (15,452) |
| Month 8 | (466) | (12,004) | (13,718) | (14,839) | (15,452) |
| Month 9 | (466) | (13,444) | (13,718) | (16,279) | (15,452) |
| Month 10 | (466) | (12,004) | (13,718) | (14,839) | (15,452) |
| Month 11 | (466) | (11,570) | (13,718) | (14,839) | (15,452) |
| Month 12 | (466) | (22,430) | (24,509) | (26,007) | (27,012) |
| Month 13 | (796) | – | – | – | – |
| Month 14 | (902) | – | – | – | – |
| Month 15 | (4,278) | – | – | – | – |
| Month 16 | (4,666) | – | – | – | – |
| Month 17 | (5,567) | – | – | – | – |
| Month 18 | (22,227) | – | – | – | – |
| Month 19 | (9,031) | – | – | – | – |
| Month 20 | (23,590) | – | – | – | – |
| Month 21 | (6,486) | – | – | – | – |
| Month 22 | (6,183) | – | – | – | – |
| Month 23 | (9,155) | – | – | – | – |
| Month 24 | (9,863) | – | – | – | – |
| | (141,020) | (158,159) | (176,705) | (193,348) | (198,282) |

* All values represent total liability and exclude recoverable VAT values

## Notes to the Financial Projections

### 1. Turnover

Turnover comprises amounts which are projected as likely to be invoiced in respect of advertising and other projected revenues from supplies made by the Network in the United Kingdom, United States of America, Singapore, and EU; or via Satellite, Cable, IPTV and OTT operators, or agents thereof; in territories that Network access is negotiated; and is wholly attributable to continuing operations.

### 2. Cost of Sales

Included in the projected cost of sales are:

**Tier #1 • Group Cost of Sales (ex. Admin)**

| | Year 1 / Construction £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|
| Transmission Budget | 9,727 | 34,681 | 35,532 | 35,946 | 36,373 |
| Production Budgets | 3,862 | 47,579 | 49,390 | 56,142 | 58,608 |
| Broadcast Equipment & Services | 33,464 | 321 | 3,560 | 3,701 | 3,790 |
| PRS Licences & Contingencies | 438 | 1,750 | 1,812 | 1,875 | 1,941 |
| Licences (exc. Profit-based Fees) | 480 | 480 | 480 | 480 | 480 |
| Training Programmes | 436 | 10 | 20 | 21 | 22 |
| IT & Communications | 4,900 | 1,802 | 2,056 | 2,070 | 2,285 |
| Outfitting of Facilities & Furnishings | 12,086 | 378 | 421 | 425 | 430 |
| Buildings & Facilities | 3,321 | 5,404 | 6,410 | 6,435 | 6,461 |
| Personnel (inc. Contributions, Pensions & Healthcare) | 11,101 | 23,561 | 27,048 | 28,444 | 29,645 |
| Working Capital & Miscellaneous Expenditure | 2,093 | 1,744 | 1,805 | 1,869 | 1,935 |
| Contact Centre | 951 | 2,359 | 2,442 | 2,528 | 2,617 |
| Security & Fire Systems | 571 | 812 | 844 | 875 | 907 |
| Energy | 354 | 705 | 730 | 758 | 786 |
| Legal Budget & Professional Fees | 3,763 | 3,006 | 3,589 | 3,769 | 3,901 |
| Insurance (inc. IPT) | 634 | 1,805 | 2,050 | 2,186 | 2,260 |
| Marketing Budget (exc. Events Presence) | 2,649 | 10,595 | 14,127 | 17,659 | 17,659 |
| Bank Charges & Commissions | 393 | 559 | 612 | 652 | 674 |
| | 91,223 | 137,552 | 152,928 | 165,836 | 170,773 |

## 3. Exceptional Items

The exceptional items in the Budget Tiers are in respect of Project research and development costs incurred by Messrs Anthony R. Covell; Phillip L. Covell and Kinny Cheng are also included, and detailed in Note 24.

Primary accounts for each Tier are presented to account for projected fees incurred upon reaching full funding via IPO, ICO or other means at an estimated costs of 12%. Options are also presented without this overhead in the form of Consolidated Management Accounts, and full accounts for these options are available by arrangement.

## 4. Profit on Ordinary Activities before Taxation

(a) Projected profit on ordinary activities before taxation is stated after charging:

**Tier #1 • Profit on Ordinary Activities before Taxation is stated after applying**

| | Year 1 / Construction £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|
| Depreciation on Fixed Assets | 5,906 | 11,863 | 12,815 | 12,203 | 7,252 |
| Auditors' Remuneration | 713 | 1,255 | 1,423 | 1,519 | 1,570 |
| Directors' Remuneration | 2,559 | 1,935 | 2,348 | 2,513 | 2,689 |
| Sales & Operations (exc. Directors) | 90,598 | 136,974 | 152,227 | 165,086 | 169,971 |
| Administration (exc. Directors) | 3,764 | 5,137 | 6,393 | 6,953 | 7,083 |
| Bank Interest | (738) | (150) | (412) | (852) | (1,257) |
| Stock | (100) | (140) | (180) | (220) | (260) |
| Unrecoverable Sales Taxes | 1,613 | 2,025 | 2,640 | 2,600 | 2,929 |
| | 104,315 | 158,899 | 177,255 | 189,802 | 189,976 |

(b) The number of staff the Network will employ including directors is:

**Tier #1 • Staff**

| | Year 1 / Construction | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|
| Estimated Staff* | 454 | 454 | 472 | 490 | 508 |

* The estimate of staff does not include 87 personnel that may or may not be part of sub-contracted services, but which are fully accounted for within the Contact Centre Budget.

(c) The aggregate payroll costs of those staff employed is predicted to be:

**Tier #1 • Payroll**

| | Year 1 / Construction £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|
| Wages & Salaries (UK) | 5,106 | 6,928 | 7,249 | 7,587 | 7,943 |
| Wages & Salaries (UK; contingency) | – | – | 255 | 261 | 261 |
| Wages & Salaries (EU) | 1,982 | 4,820 | 5,024 | 314 | 5,461 |
| Wages & Salaries (EU; contingency) | – | – | 255 | 261 | 261 |
| Wages & Salaries (USA) | 1,684 | 4,972 | 5,179 | 5,396 | 5,623 |
| Wages & Salaries (USA; contingency) | – | – | 255 | 261 | 261 |
| Wages & Salaries (SG) | 1,693 | 5,008 | 5,217 | 5,435 | 5,663 |
| Wages & Salaries (SG; contingency) | – | – | 255 | 261 | 261 |
| NIC (UK) | 621 | 809 | 857 | 903 | 952 |
| Social Security (EU) | 262 | 585 | 775 | 815 | 856 |
| Social Security (USA) | 24 | 72 | 75 | 78 | 82 |
| Social Security (SG) | 206 | 650 | 661 | 673 | 684 |
| Pensions (UK) | 87 | 145 | 147 | 150 | 153 |
| Pensions (EU) | 119 | 289 | 301 | 314 | 328 |
| Pensions (USA) | 101 | 298 | 311 | 324 | 337 |
| Pensions (SG) | 102 | 300 | 313 | 326 | 340 |
| Bonuses | 1,705 | 3,110 | 3,255 | 3,407 | 3,401 |
| Bonuses Deferred | (1,705) | (3,110) | (4,815) | – | – |
| | **11,986** | **24,876** | **25,571** | **26,765** | **32,864** |

(d) The emoluments of the Directors excluding pension contributions, fall into the following ranges:

**Tier #1 • Directors' Emoluments**

| | Year 1* / Construction | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|
| The Highest Paid Director | £188,000 | £188,000 | £202,000 | £217,000 | £233,000 |
| £100,000 to £109,999 | 1 | 1 | 1 | – | – |
| £110,000 to £119,999 | – | – | – | 1 | – |
| £120,000 to £129,999 | 5 | 5 | 5 | – | 1 |
| £130,000 to £139,000 | 4 | 4 | – | 5 | – |
| £140,000 to £149,999 | – | – | – | 4 | 5 |
| £150,000 to £199,999 | 3 | 3 | 2 | 2 | 5 |
| £200,000 to £250,000 | – | – | 1 | 1 | 2 |

* Representative of 12 months, though not all Salaries are full-year. It should be noted that the Period is however flexible from 15 months to 24 months.

**Tier #1 • Directors' Bonuses**

| | Year 1* / Construction | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|
| £15,000 to £19,999 | 3 | – | – | – | – |
| £20,000 to £29,999 | 5 | 10 | 10 | 10 | 10 |
| £30,000 to £59,999 | 3 | – | – | – | – |
| £60,000 to £80,000 | 2 | – | – | – | – |

* Representative of the Maximum Bonus in a Flexible 15- to 24-month period. Excluding Share Options allocated/issued.

## 5. Taxation

Any available corporation tax losses from the pre-launch and construction phase will be offset against future tax periods. Taxation is further discussed in Section VI of this document.

## 6. Dividends

A dividend policy will be established from inception, on the basis of the likely nature of investment in the Network, and are applicable in all foreseeable instances.

**Tier #1 • Dividends**

| | Note | Year 1 / Construction £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|---|
| Annual Revenue | 1 | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Profit after Exceptional Items | 4 | (131,223) | (24,571) | 90,434 | 104,480 | 121,118 |
| Dividend (%) | | 0.0% | 6.0% | 30.0% | 30.0% | 30.0% |
| Return on Investment* | | 0.0% | 6.0% | 13.7% | 15.8% | 18.4% |
| Share Capital | | – | 198,000 | 198,000 | 198,000 | 198,000 |
| Dividend | | – | (11,880) | (27,130) | (31,344) | (36,335) |
| Dividend Deferred | 6a | – | 11,880 | (11,880) | – | – |
| Post Dividend Position | | (131,223) | (24,571) | (21,888) | 22,108 | 41,667 |
| Total Return to Shareholders | | | | | | 106,690 |
| Average Return on Investment | | 10.78% | | | | |

* Year 2 (TX #1): Dividend is equivalent to 6% of Share Capital

## 6.a. Deferred Dividend

Dividends calculated based on sales in the first year of Transmission will be deferred until M1 Q2 of TX2 in order to ensure adequate cash-flow.

## 7. Fixed Assets

### Tier #1 • Tangible Fixed Assets

| | UK<br>£ 000's | EU<br>£ 000's | USA<br>£ 000's | SG<br>£ 000's | Total<br>£ 000's |
|---|---|---|---|---|---|
| As at Year 1 / Construction (Start) | 11,175 | 10,940 | 10,976 | 10,962 | **44,053** |
| Additions | – | – | – | – | – |
| As at Year 1 / Construction (End) | 9,673 | 9,475 | 9,506 | 9,494 | **38,147** |
| Additions | – | – | – | – | – |
| As at Year 2 / TX #1 (End) | 6,696 | 6,570 | 6,589 | 6,583 | **26,437** |
| Additions | 41 | 38 | 38 | 38 | **153** |
| As at Year 3 / TX #2 (End) | 3,664 | 3,615 | 3,623 | 3,621 | **14,523** |
| Additions | 929 | 926 | 926 | 926 | **3,706** |
| As at Year 4 / TX #3 (End) | 1,081 | 1,075 | 1,076 | 1,076 | **4,309** |
| Additions | 961 | 958 | 958 | 958 | **3,836** |
| As at Year 5 / TX #4 (End) | - | - | - | - | - |
| Additions | 981 | 978 | 978 | 978 | **3,913** |

## 8. Depreciation

### Tier #1 • Depreciation

| | UK<br>£ 000's | EU<br>£ 000's | USA<br>£ 000's | SG<br>£ 000's | Total<br>£ 000's |
|---|---|---|---|---|---|
| As at Year 1 / Construction (End) | 1,502 | 1,465 | 1,471 | 1,468 | **5,906** |
| As at Year 2 / TX #1 (End) | 3,018 | 2,942 | 2,954 | 2,949 | **11,863** |
| As at Year 3 / TX #2 (End) | 3,257 | 3,180 | 3,191 | 3,187 | **12,815** |
| As at Year 4 / TX #3 (End) | 3,083 | 3,036 | 3,043 | 3,041 | **12,203** |
| As at Year 5 / TX #4 (End) | 1,819 | 1,810 | 1,812 | 1,811 | **7,252** |

Disposals: Not foreseen in the periods illustrated, unless due to damage or technical failure
Transfer to stock: Not foreseen in the periods illustrated
Transfers between categories: Not applicable at this time

## 9. Group Assets

### Tier #1 • Group Assets

| | Original Cost £ 000's | Net Book Value<br>Year 1 /Constru'n £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's | ERV £ 000's |
|---|---|---|---|---|---|---|---|
| Broadcast Equipment | 29,520 | 25,576 | 17,689 | 9,802 | 2,929 | – | 7,474 |
| IT & Office | 3,494 | 2,912 | 1,747 | 582 | – | – | 349 |
| Fixtures & Fittings | 11,039 | 9,659 | 6,899 | 4,139 | 1,380 | – | 1,104 |
| | **44,053** | **38,147** | **26,335** | **14,523** | **4,309** | **–** | **8,927** |
| **Additions (Year 2 / TX #1)** | | | | | | | |
| Broadcast Equipment (TX #1) | – | – | – | – | – | – | – |
| IT & Office (TX #1) | 153 | – | 102 | 51 | – | – | 15 |
| | **153** | **–** | **102** | **51** | **–** | **–** | **15** |
| **Additions (Year 3 / TX #2)** | | | | | | | |
| Broadcast Equipment (TX #2) | 3,400 | – | – | 2,550 | 1,700 | 850 | 680 |
| IT & Office (TX #2) | 306 | – | – | 204 | 102 | – | 31 |
| Fixtures & Fittings (TX #2) | - | – | – | – | – | – | – |
| | **3,706** | **–** | **–** | **2,754** | **1,802** | **850** | **711** |
| **Additions (Year 4 / TX #3)** | | | | | | | |
| Broadcast Equipment (TX #3) | 3,519 | – | – | – | 2,639 | 1,760 | 704 |
| IT & Office (TX #3) | 317 | – | – | – | 211 | 106 | 32 |
| Fixtures & Fittings (TX #3) | - | – | – | – | – | – | – |
| | **3,836** | **–** | **–** | **–** | **2,851** | **1,865** | **736** |
| **Additions (Year 5 / TX #4)** | | | | | | | |
| Broadcast Equipment (TX #4) | 3,585 | – | – | – | – | 2,689 | 717 |
| IT & Office (TX #4) | 328 | – | – | – | – | 219 | 33 |
| Fixtures & Fittings (TX #4) | - | – | – | – | – | – | – |
| | **3,913** | **–** | **–** | **–** | **–** | **2,908** | **750** |

## 10. Net Book Values

**Tier #1 • Net Book Values**

| | UK £ 000's | EU £ 000's | USA £ 000's | SG £ 000's | Total £ 000's |
|---|---|---|---|---|---|
| As at Year 1 / Construction (End) | 9,673 | 9,475 | 9,506 | 9,494 | **38,147** |
| As at Year 2 / TX #1 (End) | 6,696 | 6,570 | 6,589 | 6,583 | **26,437** |
| As at Year 3 / TX #2 (End) | 4,368 | 4,315 | 4,324 | 4,322 | **17,329** |
| As at Year 4 / TX #3 (End) | 2,246 | 2,237 | 2,239 | 2,239 | **8,961** |
| As at Year 5 / TX #4 (End) | 1,408 | 1,405 | 1,405 | 1,405 | **5,623** |

## 11. Debtors

Trade Debtors are assumed to be the result of the time required to calculate, invoice and receive payment from advertising based on CPT figures. Estimated at 60 days net.

**Tier #1 • Debtors**

| | As at Year 1 End / Construction £ 000's | As at Year 2 End / TX #1 £ 000's | As at Year 3 End / TX #2 £ 000's | As at Year 4 End / TX #3 £ 000's | As at Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Trade Debtors | – | 42,762 | 47,171 | 50,829 | 53,522 |
| Other Debtors | – | – | – | – | – |
| Prepayments and Accrued Income | – | – | – | – | – |
| | – | 42,762 | 47,171 | 50,829 | 53,522 |

## 12. Creditors Amounts Falling Due within the Trading Year

**Tier #1 • Creditors (within Trading Period)**

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Portion of Finance Lease Liabilities | – | – | – | – | – |
| Shareholder Loans (see note 10) | – | – | – | – | – |
| Bank Overdraft | – | – | – | – | – |
| Trade Creditors (within Trading Period) | 83,839 | 117,121 | 130,122 | 142,144 | 145,953 |
| Personnel | 11,047 | 22,563 | 26,264 | 27,691 | 28,890 |
| Healthcare (UK) | 194 | 341 | 353 | 365 | 378 |
| Healthcare (EU) | 93 | 271 | 271 | 271 | 271 |
| Healthcare (US) | 190 | 617 | 638 | 661 | 684 |
| Healthcare (SG) | 88 | 286 | 296 | 307 | 317 |
| NIC (UK) | 621 | 809 | 857 | 903 | 952 |
| Social Security (EU) | 262 | 585 | 775 | 815 | 856 |
| Social Security (USA) | 24 | 72 | 75 | 78 | 82 |
| Social Security (SG) | 206 | 650 | 661 | 673 | 684 |
| Pensions (UK) | 87 | 145 | 147 | 150 | 153 |
| Pensions (EU) | 119 | 289 | 301 | 314 | 328 |
| Pensions (USA) | 101 | 298 | 311 | 324 | 337 |
| Pensions (SG) | 102 | 300 | 313 | 326 | 340 |
| Other Taxes (UK) | 553 | 810 | 856 | 892 | 924 |
| Other Taxes (EU) | – | – | – | – | – |
| Other Taxes (USA) | 109 | 145 | 151 | 157 | 163 |
| Other Taxes (SG) | – | – | – | – | – |
| Directors' Loan Account | – | – | – | – | – |
| Accruals and Deferred Income | – | – | – | – | – |
| Unrecoverable Sales Taxes & VAT | 1,613 | 2,025 | 2,640 | 2,600 | 2,929 |
| Exceptional Items | 26,907 | – | – | – | – |
| Bonuses | 1,705 | 3,110 | 3,255 | 3,407 | 3,401 |
| Bonuses Deferred | (1,705) | (3,110) | 4,815 | – | – |
| | 126,154 | 147,326 | 173,101 | 182,078 | 187,642 |
| Dividend | – | 11,880 | 27,130 | 31,344 | 36,335 |
| Dividend Deferred | – | (11,880) | 11,880 | – | – |
| | 126,154 | 147,326 | 212,111 | 213,422 | 223,977 |

### 13. Creditors: Amounts Falling Due After Trading Year

The expectation is that Creditors amounts falling due outside of each trading period will comprise primarily of timing differences in invoice issue, receipt and payment by the Network for supplier services, the details of which can be projected in greatly differing ways. In this document Supplier Invoices are treated as though issued and due in the trading year in which the supply is foreseen or budgeted for. The introduction of Lease contracts, subject to investment terms, which may provide increased cash flow and reserves, may also potentially contribute to future Creditors amounts.

### 14. Deferred Tax

Deferred tax is expected to represent a contingent liability at future balance sheet points as may be stated. The amounts which cannot be foreseen, and are therefore unprovided, are assumed to be taxable at the relevant rate in any territory or region.

### 15. Share Capital

Though the expectation is for a single class of share, consideration has been given to the type and issue of shares and shareholdings as may result due to investment or contractual negotiation with prospective Investors, Directors and other Senior Personnel, and these are set out below:

(a) Redeemable preference shares may carry no coupon and be redeemable by a set date.

(b) Redeemable preference shares of £1 each may be converted in issue to ordinary shares of £1 each on a one for one basis.

Changes in authorised share capital may be authorised by the Network to facilitate introduction of capital lenders, investors, or as part of negotiated personnel employment packages. The issuance of the following preference shares at par to such lenders is seen as entirely feasible:

- Cumulative convertible participating preferred ordinary shares of £1 each (“CCPPO”);
- Cumulative redeemable preference shares of £1 each (“CRP shares”);
- B cumulative redeemable preference shares of £1 each (“B CRP shares”); and
- B cumulative convertible participating preferred ordinary shares of £1 each (“B CCPPO”).

The previously described shares are likely to include the following principal entitlements:

(a) CCPPO and B CCPPO shares

The CCPPO and B CCPPO shares will be non equity shares which carry an entitlement to a fixed cumulative preferential dividend of a set percentage per annum of the nominal value of the shares.

The CCPPO and B CCPO shares shall only be converted prior to a flotation or sale of the Network. The CCPPO and B CCPPO shares shall convert to a percentage set at issuance respectively of the enlarged share capital of the Network, except that such option shall decrease by the percentages specified in the Articles for each tranche of CRP shares redeemed and by the percentages specified in the Articles of Association upon exercise of the employee share option referred to below.

(b) CRP and CRP shares

The CRP and B CRP shares will be non equity shares which carry an entitlement to a fixed cumulative preferential dividend, at a percentage to be set, per annum of the nominal value of the shares. The CRP shares will be redeemable at par in five six monthly instalments of a value to be set commencing on an appropriate date to be set. The B CRP shares will be redeemable at par in four six monthly instalments of a value to be set and commencing on an appropriate date to be set. All outstanding CRP and B CRP shares shall, at the option of each holder, be redeemed on the sale of the entire issued share capital of the Network as will be defined in the Articles of Association.

(c) CRP shares held by capital lenders or investors may be redeemable at par by the Network and cancelled. In the case of admission of the Network to be listed on one or more stock markets, the share capital of the Network will be reorganised and the shares described above will either be redeemed or converted into a single class of Ordinary Shares at an appropriate value to be set at the time at which the matter is considered by the Network.

(d) Ordinary Shares

Dividends to ordinary shareholders will only be payable after all cumulative shareholders have been paid and after the redemption of all CRP and B CRP shares. The dividend will be paid among the holders of CCPPO, B CCPPO and ordinary shares with the total dividend proportional between the different classes by the percentages stated in the Articles of Association.

(e) Contingent rights to the allotment of shares

The Network may, at an appropriate juncture prior to any potential listing, grant an option to an employee in respect of ordinary shares of the respective value to a total value agreed, exercisable at the respective value established per share up to the sixth anniversary of the option being granted or prior to the cessation of their employment.

## 16. Retained Profit for the Financial Period

### Tier #1 • Retained Profit for the Period

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Brought Forward Profit | – | – | – | (21,888) | 220 |
| Profit before Tax, Deductions & Ofcom Revenue based Licensing | (131,223) | (24,571) | 90,434 | 104,480 | 121,118 |
| NOL Brought Forward | – | – | (111,989) | (29,632) | (14,172) |
| Taxable Overseas Transfers | – | – | 38,347 | 27,174 | 31,147 |
| Overseas Deductions | – | – | (2,430) | (15,241) | (22,428) |
| Profit Before Taxation & Deductions | (131,223) | (24,571) | 14,362 | 86,780 | 115,665 |
| Taxation | – | – | (3,500) | (20,674) | (27,981) |
| Adjustment to P&L for Overseas Cash | – | – | 7,004 | (11,933) | (8,719) |
| Ofcom Profit Based Licence Fees* | – | – | (744) | (722) | (962) |
| Profit After Tax, Deductions & Ofcom | (131,223) | (24,571) | 17,122 | 53,452 | 78,003 |
| Dividend | – | (11,880) | (27,130) | (31,344) | (36,335) |
| Dividend Deferred | – | 11,880 | (11,880) | – | – |
| NOL Carried Forward | (131,223) | (24,571) | – | – | – |
| Retained Profit After Dividend | – | – | (21,888) | 22,108 | 41,667 |
| Balances Carried Forward | – | – | (21,888) | 220 | 41,887 |

## 17. Reconciliation of Movements in Shareholders' Funds

### Tier #1 • Reconciliation of Movements in Shareholders' Funds

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Profit for the Period | (131,223) | (24,571) | 17,122 | 53,452 | 78,003 |
| Issued Share Capital | 198,000 | 198,000 | 198,000 | 198,000 | 198,000 |
| Dividend | – | (11,880) | (27,130) | (31,344) | (36,335) |
| Dividend Deferred | – | 11,880 | (11,880) | – | – |
| Goodwill Written Off | – | – | – | – | – |
| Increase/(Decrease) in Funds | (131,223) | (36,451) | (10,008) | 22,108 | 41,667 |
| Share Funds Brought Forward | – | 66,777 | 30,327 | 20,319 | 42,427 |
| Share Funds | 66,777 | 30,327 | 20,319 | 42,427 | 84,094 |

## 18. Net Cash Inflow from Operating Activities

**Tier #1 • Net Cash Inflow from Operating Activities**

| | As at Year 1 End / Construction £ 000's | As at Year 2 End / TX #1 £ 000's | As at Year 3 End / TX #2 £ 000's | As at Year 4 End / TX #3 £ 000's | As at Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Profit Before Tax | (131,223) | (24,571) | 14,362 | 86,780 | 115,665 |
| NOL | – | – | 111,989 | 29,632 | 14,172 |
| Taxble Overseas Transfers | – | – | (38,347) | (27,174) | (31,147) |
| Overseas Deductions | – | – | 2,430 | 15,241 | 22,428 |
| **Profit before Tax, Deductions & Transfers** | (131,223) | (24,571) | 90,434 | 104,480 | 121,118 |
| Interest Included in Operating Profit | (738) | (150) | (412) | (852) | (1,257) |
| Depreciation | 5,906 | 11,863 | 12,815 | 12,203 | 7,252 |
| Stock | (100) | (140) | (180) | (220) | (260) |
| Debtors | – | (42,762) | (47,171) | (50,829) | (53,522) |
| Debtors Paid Up | – | – | 42,762 | 47,171 | 50,829 |
| Creditors Due Within the Period | 99,247 | 147,326 | 173,101 | 182,078 | 187,642 |
| Exceptional Items | 26,907 | – | – | – | – |
| **Net Cash Inflow from Operating Activities** | – | 91,567 | 271,348 | 294,031 | 311,802 |

## 19. Analysis of Changes in Financing

The management retains the ability to calculate accounts applying credit facilities, and finance leasing as a mechanism for improved cash flow, by arrangement. See Leasing Commitments (Note 23).

## 20. Analysis of Changes in Cash and Cash Equivalents

**Tier #1 • Analysis of Changes in Financing, Cash, and Cash Equivalents**

| | | Year 1 End £ 000's | Year 2 End £ 000's | Year 3 End £ 000's | Year 4 End £ 000's | Year 5 End £ 000's |
|---|---|---|---|---|---|---|
| Cash at Bank / in-hand (year-start) | | 198,000 | 72,583 | 16,974 | 72,379 | 132,445 |
| Cash at Bank / in-hand (year-end) Before Tax, Ofcom & Dividend | | 72,583 | 16,974 | 103,753 | 185,184 | 257,862 |
| Cash at Bank / in-hand (year-end) After Tax, Ofcom & Dividend | | 72,583 | 16,974 | 72,379 | 132,445 | 192,583 |
| Movement in Cash & Equivalents | | (125,417) | (55,609) | 55,405 | 60,066 | 60,139 |
| Bank Overdraft | | – | – | – | – | – |
| Deposits & Payments on Account** | Hi | 2,504 | 10,015 | 20,616 | 22,284 | 23,542 |
| | Lo | 1,252 | 5,008 | 10,308 | 11,142 | 11,771 |

** Figures are only representative of expectations for potential deposits on TV & Radio Advertising between 25% and 50% prior to completion of a campaign, and therefore have NOT been introduced to the general forecast model as they are reliant on contractual terms which, at this time, cannot be pre-determined with any certainty. Such deposits will significantly improve cash-flow. Year 1 represents one quarter; Years 2 thru 4 represents full year.

## 21. Acquisitions

As previously stated herein, there are no immediate plans for any acquisitions. In the event that the Network were to make any acquisitions, goodwill arising on acquisitions will be written off to reserves, and will be accounted for by typical methods.

## 22. Capital Commitments and Contingent Liabilities

There are no capital commitments and contingent liabilities at this time (except as disclosed in Note 3).

## 23. Lease Commitments

While the Primary accounts set out in this document are prepared without consideration to lease finance, the potential for its use to improve cash flow, subject to agreement with investors and banks with which other finance facilities may exist, is entirely feasible and the management have prepared accounts based on a number of options, represented here as Consolidated Management Accounts, allowing for such inclusions by arrangement. Full accounts for such options based on current assumptions are available by arrangement.

## 24. Contingencies for Project Research and Development

Research and Development of the AVTN | NewsNet247 project thus far has been supported materially by Messrs Phillip and Anthony R. Covell and Kinny Cheng over the period since 2010. Consideration is made to Mr A.R. Covell for material support and advice in relation to his position as a former CEO of a Public Company; and to Mr. Phillip Covell to account for development for the period from project inception in July 2010 to March 31st 2018; and to Mr. Kinny Cheng for time allocated to the project from May 1st 2014 to March 31st 2018, and may be paid in full upon receipt of further funding; taken in shareholding; or an agreed combination of cash and shares, and is not envisioned as affecting further entitlement to issuance of founders' shareholdings. The allocations for these contingencies is noted in the calculations for each Budget Tier.

## 25. Overseas Capital Repatriation

In order to pay Dividends out from the group, particularly in the formative years, it is necessary to repatriate capital to the Network HQ (UK). The Capital is transferred after local tax, then introduced into the pre-tax profit, and allowable deductions made prior to taxation.

## 26. Adjustment for Overseas Cash

After introduction of Overseas Cash and deductions for the purposes of UK Taxation, adjustment is made to the P&L to neutralise material affects on the Group P&L, for the purposes of ensuring that no values are duplicated and accounted for twice; and in order to demonstrate actual regional profitability.

## 27. Deferred Bonuses

Bonuses to be awarded for successful and timely completion of the Pre-Launch Period; and for successfully meeting targets for the first year of Transmission; will be deferred to M1 Q2 of TX2.

## Unaudited Management Accounts

At any point in the future that accounts data is required prior to a full statutory or other audit having been completed, a consolidated profit and loss account for the year or partial year in question will be prepared. Unaudited Management Accounts do not and will not constitute statutory accounts. They will be prepared in accordance with the necessary and applicable regulatory requirements of the UK or territory to which they apply, in the year of their preparation. They will be made after due and careful inquiry by the Directors and will be the responsibility of the Directors who shall consent to their inclusion in any documentation prepared for whatever purpose, and who will accept responsibility for them.

The Directors shall declare, if and when applicable, of any events having an effect on the financial position of the Network which take place after the preparation of unaudited accounts, and which necessitate revision of the figures included in the Unaudited Management Accounts prepared.

## Network
## TIER #1
## The Introduction of Leasing

The Investment requirement may be reduced to £178 million plus Credit Facilities of a further £20 million by the introduction of Leasing for all Equipment Requirements. It has been indicated that Fixtures, Fittings and Construction Costs may also be financed, though this has not been introduced in the following projection. Full Accounts for this Option have been prepared, and are available by arrangement.

**Tier #1 • Consolidated Management Accounts (Leasing)**

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| **Profit & Loss Accounts** | | | | | |
| Turnover | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Cost of Sales | (64,676) | (150,175) | (163,573) | (175,690) | (175,480) |
| Gross Profit | (64,676) | (15,846) | 112,185 | 121,998 | 139,014 |
| Administrative Costs & Adjustments | (12,275) | (21,947) | (32,797) | (27,785) | (22,818) |
| Profit before Exceptional Items | (76,950) | (37,793) | 79,388 | 94,213 | 116,196 |
| Exceptional Items | (24,507) | – | – | – | – |
| Profit after Exceptional Items | (101,457) | (37,793) | 79,388 | 94,213 | 116,196 |
| NOL (Net Operating Loss Posted Forward) | – | – | (98,829) | (25,109) | (15,312) |
| Overseas Capital | – | – | 35,013 | 28,298 | 34,490 |
| Overseas Capital Deductions | – | – | (2,596) | (14,405) | (21,653) |
| Profit after Adjustments | (101,457) | (37,793) | 12,975 | 82,997 | 113,721 |
| Taxation | – | – | (3,255) | (19,728) | (27,760) |
| Adjustment for Overseas Capital | – | – | 6,401 | (13,892) | (12,837) |
| Profit after Taxation | (101,457) | (37,793) | 16,122 | 49,376 | 73,125 |
| Ofcom Profit Based Licence Fees | – | – | (296) | (283) | (848) |
| Dividend | – | (10,680) | (23,816) | (28,264) | (34,859) |
| Dividend Deferred | – | 10,680 | (10,680) | – | – |
| Profit Retained for the Financial Year | (101,457) | (37,793) | (18,670) | 20,830 | 37,417 |
| **Balance Sheets** | | | | | |
| Fixed Assets | 38,147 | 26,437 | 17,329 | 8,961 | 2,246 |
| Current Assets | | | | | |
| Stock | 100 | 140 | 180 | 220 | 260 |
| Debtors | – | 42,762 | 47,171 | 50,829 | 53,522 |
| Bank Interest | 709 | 162 | 368 | 777 | 1,166 |
| Cash Deposits | 178,000 | 91,567 | 271,348 | 294,031 | 311,802 |
| Balances Brought Forward | – | 82,348 | 13,517 | 63,082 | 117,347 |
| | 178,809 | 216,978 | 332,585 | 408,939 | 484,096 |
| Creditors: Within the Period | (96,361) | (160,560) | (184,104) | (192,269) | (192,472) |
| Net Current Liabilities | 82,448 | 56,418 | 144,930 | 196,660 | 263,016 |
| Total Assets less Current Liabilities | 120,595 | 82,856 | 162,259 | 205,621 | 265,262 |
| Creditors Falling Due after One Year | | | *See Leasing* | | |
| Net Assets before Dividend | 120,595 | 82,856 | 162,259 | 205,621 | 265,262 |
| Dividend | – | (10,680) | (23,816) | (28,264) | (34,859) |
| Dividend Deferred | – | 10,680 | (10,680) | – | – |
| Net Assets | 120,595 | 82,856 | 127,762 | 177,357 | 230,403 |
| Capital and Reserves | 120,595 | 82,856 | 127,762 | 177,357 | 230,403 |

**Tier #1 • Deficit & Surplus Model (Leasing)**

| | Year 1 / Construction (Flexible 15- to 24-month Period) | | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|---|
| | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's |
| **Opening Balance** | 178,000 | – | 81,642 | 11,713 | 69,885 | 123,406 |
| Month 1 | 152,505 | 145,665 | 67,089 | 18,320 | 77,552 | 134,324 |
| Month 2 | 151,960 | 144,709 | 53,886 | 25,713 | 86,177 | 144,849 |
| Month 3 | 151,377 | 140,754 | 44,553 | 43,513 | 96,505 | 155,441 |
| Month 4 | 150,793 | 136,350 | 35,043 | 36,713 | 105,764 | 166,118 |
| Month 5 | 150,209 | 131,665 | 26,687 | 45,169 | 115,153 | 178,057 |
| Month 6 | 149,744 | 124,804 | 21,017 | 55,050 | 124,880 | 188,574 |
| Month 7 | 149,160 | 115,772 | 14,968 | 63,760 | 134,531 | 199,611 |
| Month 8 | 148,575 | 106,394 | 11,233 | 72,644 | 144,312 | 212,062 |
| Month 9 | 148,164 | 104,032 | $\boxed{10,826}$ | 82,656 | 154,269 | 223,340 |
| Month 10 | 147,578 | 98,070 | 11,579 | 91,753 | 164,311 | 234,738 |
| Month 11 | 146,993 | 88,178 | 14,788 | 100,979 | 174,485 | 247,117 |
| Month 12 | 146,580 | 81,642 | $\boxed{11,713}$ | 100,507 | 175,087 | 247,197 |
| | – | 81,642 | 11,713 | 100,507 | 175,087 | 247,197 |
| Tax | – | – | – | (3,255) | (19,728) | (27,760) |
| Ofcom | – | – | – | (296) | (283) | (848) |
| Dividend* | – | – | (10,680) | (23,816) | (28,264) | (34,859) |
| Bonuses | – | – | (4,815) | (3,255) | (3,407) | (3,401) |
| **Year-end Balance** | – | 81,642 | 11,713 | 69,885 | 123,406 | 180,329 |

* See notes on Dividend Calculations and Payments

# Network
## TIER #1
## Excluding Funding Fees

There are a number of Direct Investment scenarios where Funding could be achieved or offered with no Brokers' Fees involved. Such a scenario reduces the Tier #1 requirements to £172 million plus a further £20 million in available Credit Facilities. Full Accounts for this Option have been prepared, and are available by arrangement.

**Tier #1 • Consolidated Management Accounts (No Funding Fees)**

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| **Profit & Loss Accounts** | | | | | |
| Turnover | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Cost of Sales | (91,123) | (137,412) | (152,748) | (165,616) | (170,513) |
| Gross Profit | (91,123) | (3,083) | 123,010 | 132,073 | 143,982 |
| Administrative Costs & Adjustments | (13,191) | (21,486) | (32,568) | (27,597) | (22,877) |
| Profit before Exceptional Items | (104,314) | (24,570) | 90,442 | 104,476 | 121,105 |
| Exceptional Items | (747) | – | – | – | – |
| Profit after Exceptional Items | (105,062) | (24,570) | 90,442 | 104,476 | 121,105 |
| NOL (Net Operating Loss Posted Forward) | – | – | (98,911) | (23,089) | (7,630) |
| Overseas Capital | – | – | 37,518 | 26,442 | 31,051 |
| Overseas Capital Deductions | – | – | (4,066) | (17,194) | (22,660) |
| Profit after Adjustments | (105,062) | (24,570) | 24,983 | 90,635 | 121,866 |
| Taxation | - | - | (5,911) | (22,116) | (28,150) |
| Adjustment for Overseas Capital | - | - | 2,928 | (9,248) | (8,391) |
| Profit after Taxation | (105,062) | (24,570) | 22,000 | 59,271 | 85,324 |
| Ofcom Profit Based Licence Fees | – | – | (694) | (755) | (965) |
| Dividend | – | (10,320) | (27,133) | (31,343) | (36,331) |
| Dividend Deferred | – | 10,320 | (10,320) | – | – |
| Profit Retained for the Financial Year | (105,062) | (24,570) | (16,146) | 27,174 | 48,027 |
| **Balance Sheets** | | | | | |
| Fixed Assets | 38,147 | 26,437 | 17,329 | 8,961 | 2,246 |
| Current Assets | | | | | |
| Stock | 100 | 140 | 180 | 220 | 260 |
| Debtors | – | 42,762 | 47,171 | 50,829 | 53,522 |
| Bank Interest | 739 | 151 | 420 | 849 | 1,244 |
| Cash Deposits | 172,000 | 91,567 | 271,348 | 294,031 | 311,802 |
| Balances Brought Forward | – | 72,744 | 17,136 | 71,746 | 130,334 |
| | 172,839 | 207,364 | 336,256 | 417,675 | 497,162 |
| Creditors: Within the Period | (99,994) | (147,326) | (173,101) | (182,078) | (187,642) |
| Net Current Liabilities | 72,844 | 60,038 | 156,550 | 212,726 | 280,404 |
| Total Assets less Current Liabilities | 110,991 | 86,475 | 173,878 | 221,687 | 282,651 |
| Creditors Falling Due after One Year | | | *See Leasing* | | |
| Net Assets before Dividend | 110,991 | 86,475 | 173,878 | 221,687 | 282,651 |
| Dividend | – | (10,320) | (27,133) | (31,343) | (36,331) |
| Dividend Deferred | – | 10,320 | (10,320) | – | – |
| Net Assets | 110,991 | 86,475 | 136,426 | 190,345 | 246,319 |
| Capital and Reserves | 110,991 | 86,475 | 136,426 | 190,345 | 246,319 |

**Tier #1 • Deficit & Surplus Model (No Funding Fees)**

| | Year 1 / Construction (Flexible 15- to 24-month Period) | | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|---|
| | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's |
| **Opening Balance** | 172,000 | – | 72,155 | 16,407 | 76,641 | 134,060 |
| Month 1 | 170,384 | 165,795 | 58,831 | 23,993 | 85,086 | 145,328 |
| Month 2 | 169,921 | 164,976 | 46,856 | 32,365 | 94,675 | 155,977 |
| Month 3 | 169,430 | 160,954 | 38,753 | 48,179 | 105,399 | 167,029 |
| Month 4 | 169,022 | 156,368 | 30,473 | 42,658 | 115,623 | 178,164 |
| Month 5 | 168,613 | 150,880 | 23,346 | 52,223 | 125,978 | 190,411 |
| Month 6 | 168,205 | 129,317 | 18,518 | 62,645 | 136,337 | 201,787 |
| Month 7 | 167,796 | 120,350 | 13,701 | 72,466 | 146,954 | 213,284 |
| Month 8 | 167,388 | 96,820 | 11,197 | 82,414 | 157,702 | 225,643 |
| Month 9 | 166,979 | 93,657 | 11,634 | 92,969 | 168,291 | 237,381 |
| Month 10 | 166,571 | 87,521 | 13,760 | 103,177 | 179,301 | 249,239 |
| Month 11 | 166,163 | 78,409 | 18,637 | 113,515 | 190,443 | 261,926 |
| Month 12 | 165,754 | 72,155 | 16,407 | 113,634 | 191,680 | 262,466 |
| | – | 72,155 | 16,407 | 113,634 | 191,680 | 262,466 |
| Tax | – | – | – | (5,911) | (22,116) | (28,150) |
| Ofcom | – | – | – | (694) | (755) | (965) |
| Dividend* | – | – | (10,320) | (27,133) | (31,343) | (36,331) |
| Bonuses | – | – | (4,815) | (3,255) | (3,407) | (3,401) |
| **Year-end Balance** | – | 72,155 | 16,407 | 76,641 | 134,060 | 193,619 |

* See notes on Dividend Calculations and Payments

# Network
## TIER #1
## Inclusive of Leasing & Excluding Funding Fees

The introduction of Leasing in combination with a Direct Funding offer involving no Broker's Fees is capable of reducing the funding requirement to £155 million plus a £20 million Credit Facility. Full Accounts for this Option have been prepared, and are available by arrangement.

### Tier #1 • Consolidated Management Accounts (Leasing + No Funding Fees)

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| **Profit & Loss Accounts** | | | | | |
| Turnover | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Cost of Sales | (64,676) | (150,175) | (163,573) | (175,690) | (175,480) |
| Gross Profit | (64,676) | (15,846) | 112,185 | 121,998 | 139,014 |
| Administrative Costs & Adjustments | (12,270) | (21,942) | (32,787) | (27,785) | (22,826) |
| Profit before Exceptional Items | (76,946) | (37,788) | 79,399 | 94,213 | 116,189 |
| Exceptional Items | (747) | – | – | – | – |
| Profit after Exceptional Items | (77,693) | (37,788) | 79,399 | 94,213 | 116,189 |
| NOL (Net Operating Loss Posted Forward) | – | – | (86,949) | (19,165) | (9,367) |
| Overseas Capital | – | – | 34,239 | 27,533 | 34,391 |
| Overseas Capital Deductions | – | – | (4,082) | (16,180) | (21,864) |
| Profit after Adjustments | (77,693) | (37,788) | 22,606 | 86,402 | 119,348 |
| Taxation | – | – | (5,442) | (21,020) | (27,911) |
| Adjustment for Overseas Capital | – | – | 2,719 | (11,354) | (12,527) |
| Profit after Taxation | (77,693) | (37,788) | 19,883 | 54,029 | 78,910 |
| Ofcom Profit Based Licence Fees | – | – | (273) | (298) | (852) |
| Dividend | – | (9,300) | (23,820) | (28,264) | (34,857) |
| Dividend Deferred | – | 9,300 | (9,300) | – | – |
| Profit Retained for the Financial Year | (77,693) | (37,788) | (13,510) | 25,467 | 43,201 |
| **Balance Sheets** | | | | | |
| Fixed Assets | 38,147 | 26,437 | 17,329 | 8,961 | 2,246 |
| Current Assets | | | | | |
| Stock | 100 | 140 | 180 | 220 | 260 |
| Debtors | – | 42,762 | 47,171 | 50,829 | 53,522 |
| Bank Interest | 714 | 166 | 379 | 777 | 1,158 |
| Cash Deposits | 155,000 | 91,567 | 271,348 | 294,031 | 311,802 |
| Balances Brought Forward | – | 83,113 | 14,286 | 63,075 | 116,032 |
| | 155,814 | 217,748 | 333,365 | 408,931 | 482,773 |
| Creditors: Within the Period | (72,601) | (160,560) | (184,104) | (192,269) | (192,472) |
| Net Current Liabilities | 83,213 | 57,188 | 143,546 | 195,345 | 261,538 |
| Total Assets less Current Liabilities | 121,360 | 83,625 | 160,874 | 204,306 | 263,784 |
| Creditors Falling Due after One Year | | | *See Leasing* | | |
| Net Assets before Dividend | 121,360 | 83,625 | 160,874 | 204,306 | 263,784 |
| Dividend | – | (9,300) | (23,820) | (28,264) | (34,857) |
| Dividend Deferred | – | 9,300 | (9,300) | – | – |
| Net Assets | 121,360 | 83,625 | 127,755 | 176,042 | 228,928 |
| Capital and Reserves | 121,360 | 83,625 | 127,755 | 176,042 | 228,928 |

**Tier #1 • Deficit & Surplus Model (Leasing + No Funding Fees)**

| | Year 1 / Construction (Flexible 15- to 24-month Period) | | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|---|
| | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's |
| **Opening Balance** | 155,000 | – | 82,410 | 12,486 | 69,881 | 122,095 |
| Month 1 | 153,265 | 146,429 | 67,859 | 19,094 | 77,549 | 133,014 |
| Month 2 | 152,720 | 145,474 | 54,656 | 26,487 | 86,174 | 143,538 |
| Month 3 | 152,138 | 141,520 | 45,323 | 44,288 | 96,502 | 154,130 |
| Month 4 | 151,554 | 137,116 | 35,814 | 38,868 | 105,761 | 164,805 |
| Month 5 | 150,971 | 132,431 | 27,457 | 47,325 | 115,151 | 176,744 |
| Month 6 | 150,506 | 125,571 | 21,788 | 57,207 | 124,878 | 187,261 |
| Month 7 | 149,922 | 116,539 | 15,740 | 65,918 | 134,528 | 198,297 |
| Month 8 | 149,338 | 107,162 | 12,005 | 74,804 | 144,310 | 210,747 |
| Month 9 | 148,927 | 104,800 | 11,599 | 84,817 | 154,266 | 222,025 |
| Month 10 | 148,342 | 98,838 | 12,352 | 93,914 | 164,308 | 233,422 |
| Month 11 | 147,757 | 88,946 | 15,561 | 103,141 | 174,482 | 245,800 |
| Month 12 | 147,345 | 82,410 | 12,486 | 102,670 | 175,085 | 245,879 |
| | – | 82,410 | 12,486 | 102,670 | 175,085 | 245,879 |
| Tax | – | – | – | (5,442) | (21,020) | (27,911) |
| Ofcom | – | – | – | (273) | (298) | (852) |
| Dividend* | – | – | (9,300) | (23,820) | (28,264) | (34,857) |
| Bonuses | – | – | (4,815) | (3,255) | (3,407) | (3,401) |
| **Year-end Balance** | – | 82,410 | 12,486 | 69,881 | 122,095 | 178,859 |

* See notes on Dividend Calculations and Payments

# Network
## TIER #1
## The FAANG Option

The FAANG Option has been developed for the potential of Direct Funding coming from the adoption of the Project by a major Technology Company, in order to add News to its content offerings. As a result this option is modelled without Brokers Fees; Leasing; or Satellite, Cable and IPTV distribution; though does continue to include Encoding and CDN budgets. A graph illustrates running costs per platform user for each operational year, based on known, last published Platform data. The list of Technology Companies offered in illustration is not to be considered comprehensive. Revenues in the financial projections are based on the Parent Platform being able to deliver the same level of active audience as Satellite, Cable and IPTV platforms in other modelling. The combination of considerations reduces costs based on advertising revenues to £150 million plus £20 million in Credit Facilities. whereas in the case of a no revenues scenario with the News Channel providing added value to the existing platform annual costs on a per user basis are provided for a number of popular Technology Company's Platforms.

**Tier #1 • Consolidated Management Accounts (FAANG)**

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| **Profit & Loss Accounts** | | | | | |
| Turnover | – | 134,904 | 271,736 | 304,350 | 321,533 |
| Cost of Sales | (83,287) | (106,587) | (122,664) | (135,254) | (139,858) |
| Gross Profit | (83,287) | 28,317 | 149,072 | 169,097 | 181,675 |
| Administrative Costs & Adjustments | (13,130) | (21,166) | (32,195) | (26,949) | (22,117) |
| Profit before Exceptional Items | (96,417) | 7,150 | 116,876 | 142,147 | 159,558 |
| Exceptional Items | (747) | – | – | – | – |
| Profit after Exceptional Items | (97,164) | 7,150 | 116,876 | 142,147 | 159,558 |
| NOL (Net Operating Loss Posted Forward) | – | (13,296) | (70,101) | (9,609) | (11,670) |
| Overseas Capital | – | – | 46,854 | 34,857 | 42,587 |
| Overseas Capital Deductions | – | – | (6,664) | (14,410) | (16,081) |
| Profit after Adjustments | (97,164) | (6,146) | 86,965 | 152,984 | 174,394 |
| Taxation | – | (260) | (18,100) | (27,649) | (31,520) |
| Adjustment for Overseas Capital | – | – | (19,820) | (20,446) | (26,506) |
| Profit after Taxation | (97,164) | (6,406) | 49,046 | 104,889 | 116,368 |
| Ofcom Profit Based Licence Fees | – | (36) | (1,860) | (4,628) | (5,055) |
| Dividend | – | (9,000) | (35,063) | (42,644) | (47,867) |
| Dividend Deferred | – | 9,000 | (9,000) | – | – |
| Profit Retained for the Financial Year | (97,164) | (6,441) | 3,122 | 57,617 | 63,445 |
| **Balance Sheets** | | | | | |
| Fixed Assets | 38,147 | 26,437 | 17,329 | 8,961 | 2,246 |
| Current Assets | | | | | |
| Stock | 100 | 140 | 180 | 220 | 260 |
| Debtors | – | 42,947 | 46,483 | 51,971 | 54,724 |
| Bank Interest | 619 | 143 | 589 | 1,079 | 1,582 |
| Cash Deposits | 150,000 | 91,957 | 268,199 | 298,863 | 318,780 |
| Balances Brought Forward | – | 58,642 | 34,273 | 96,224 | 169,946 |
| | 150,719 | 193,829 | 349,724 | 448,357 | 545,292 |
| Creditors: Within the Period | (91,977) | (116,175) | (142,814) | (151,299) | (156,565) |
| Net Current Liabilities | 58,742 | 77,360 | 186,951 | 264,781 | 352,151 |
| Total Assets less Current Liabilities | 96,889 | 103,797 | 204,279 | 273,743 | 354,398 |
| Creditors Falling Due after One Year | | | *See Leasing* | | |
| Net Assets before Dividend | 96,889 | 103,797 | 204,279 | 273,743 | 354,398 |
| Dividend | – | (9,000) | (35,063) | (42,644) | (47,867) |
| Dividend Deferred | – | 9,000 | (9,000) | – | – |
| Net Assets | 96,889 | 103,797 | 160,216 | 231,098 | 306,530 |
| Capital and Reserves | 96,889 | 103,797 | 160,216 | 231,098 | 306,530 |

**Tier #1 • Deficit & Surplus Model (FAANG)**

| | Year 1 / Construction (Flexible 15- to 24-month Period) | | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|---|
| | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's |
| **Opening Balance** | **150,000** | **–** | **58,517** | **34,200** | **101,259** | **174,627** |
| Month 1 | 148,387 | 143,708 | 47,133 | 43,385 | 110,931 | 188,014 |
| Month 2 | 147,927 | 142,882 | 37,099 | 53,347 | 121,820 | 200,940 |
| Month 3 | 147,440 | 138,852 | 30,326 | 69,412 | 134,851 | 214,194 |
| Month 4 | 147,035 | 134,261 | 23,964 | 66,601 | 147,284 | 227,564 |
| Month 5 | 146,630 | 128,767 | 18,749 | 77,459 | 159,850 | 242,299 |
| Month 6 | 146,225 | 107,201 | 15,331 | 89,455 | 172,636 | 255,915 |
| Month 7 | 145,820 | 101,064 | 12,411 | 100,563 | 185,470 | 269,654 |
| Month 8 | 145,415 | 77,527 | 11,789 | 111,798 | 198,438 | 284,519 |
| Month 9 | 145,010 | 74,323 | 13,730 | 123,934 | 211,475 | 298,505 |
| Month 10 | 144,605 | 68,084 | 17,709 | 135,423 | 224,711 | 312,615 |
| Month 11 | 144,200 | 62,028 | 24,331 | 147,040 | 238,081 | 327,827 |
| Month 12 | 143,795 | 58,517 | 34,200 | 159,537 | 252,955 | 342,183 |
| | **–** | **58,517** | **34,200** | **159,537** | **252,955** | **342,183** |
| Tax | – | – | (260) | (18,100) | (27,649) | (31,520) |
| Ofcom | – | – | (36) | (1,860) | (4,628) | (5,055) |
| Dividend* | – | – | (9,000) | (35,063) | (42,644) | (47,867) |
| Bonuses | – | – | (4,815) | (3,255) | (3,407) | (3,401) |
| **Year-end Balance** | **–** | **58,517** | **34,200** | **101,259** | **174,627** | **254,340** |

* See notes on Dividend Calculations and Payments

**Tier #1 • Cost per User (Excluding Advertising Revenue)**

| | Tech Corp Annual Users | Year 1 / Construction | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|---|
| Costs | | £97,164,135 | £127,753,889 | £154,859,400 | £162,202,886 | £161,975,137 |
| | Last Published User Volume | | | | | |
| Google | 3,500,000,000 | £0.03 | £0.04 | £0.04 | £0.05 | £0.05 |
| Facebook | 2,200,000,000 | £0.04 | £0.06 | £0.07 | £0.07 | £0.07 |
| Android (Phones / Tablets) | 2,000,000,000 | £0.05 | £0.06 | £0.08 | £0.08 | £0.08 |
| Apple iOS (Phones / Tablets) | 1,300,000,000 | £0.07 | £0.10 | £0.12 | £0.12 | £0.12 |
| Amazon | 310,000,000 | £0.31 | £0.41 | £0.50 | £0.52 | £0.52 |
| Netflix | 117,580,000 | £0.83 | £1.09 | £1.32 | £1.38 | £1.38 |
| Roku | 38,900,000 | £2.50 | £3.28 | £3.98 | £4.17 | £4.16 |
| Google Chromecast | 36,900,000 | £2.63 | £3.46 | £4.20 | £4.40 | £4.39 |
| Amazon Fire TV | 35,800,000 | £2.71 | £3.57 | £4.33 | £4.53 | £4.52 |
| Amazon Prime US | 26,000,000 | £3.74 | £4.91 | £5.96 | £6.24 | £6.23 |
| Apple TV | 25,000,000 | £3.89 | £5.11 | £6.19 | £6.49 | £6.48 |

* Figures exclude Satellite, Cable and IPTV Broadcast Coverage. All User Volumes Based on available data.

# Network
## TIER #2
## Fully Funded Inclusive of Brokers' Fees

This option takes full account of the potential for Brokers' Fees to be incurred during the funding process. The fully funded requirement is for £172 million plus Credit Facilities of £20 million.

### Tier #2 • Trading Year

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Turnover | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Profit before Tax, Exceptional items*, NOL & Ofcom Fees | (81,813) | (13,853) | 104,129 | 117,209 | 130,078 |
| NOL (Net Operating Loss Brought Forward) | – | – | (95,816) | (23,636) | – |
| Profit after Tax, Depreciation, Exceptional Items* & Ofcom Fees | (105,600) | (13,853) | 34,986 | 62,819 | 89,642 |
| Capital Expenditure | (31,122) | (115) | (2,765) | (2,861) | (3,119) |
| Exceptional Items | (23,787) | – | – | – | – |

* The Exceptional Items in the 1st Year figures relate to the costs associated with Project Development and raising Equity Finance

### Tier #2 • Consolidated Budget

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Transmission Budget | 9,379 | 34,334 | 35,173 | 35,574 | 35,988 |
| Production Budgets | 4,024 | 50,196 | 52,285 | 59,335 | 62,125 |
| Broadcast Equipment & Services | 22,826 | 253 | 2,823 | 2,934 | 3,206 |
| PRS Licences & Contingencies | 375 | 1,500 | 1,553 | 1,607 | 1,664 |
| Licences (exc. Profit-based Fees) | 480 | 480 | 480 | 480 | 480 |
| Training Programmes | 377 | 9 | 18 | 19 | 20 |
| IT & Communications | 4,306 | 1,584 | 1,807 | 1,815 | 2,004 |
| Outfitting of Facilities & Furnishings | 10,215 | 329 | 375 | 379 | 384 |
| Buildings & Facilities | 2,929 | 5,198 | 6,657 | 6,691 | 6,727 |
| Personnel (inc. Contributions, Pensions & Healthcare) | 10,879 | 22,258 | 25,768 | 27,085 | 28,248 |
| Working Capital & Miscellaneous Expenditure | 1,800 | 2,000 | 2,070 | 2,143 | 2,219 |
| Contact Centre | 1,075 | 2,667 | 2,761 | 2,858 | 2,958 |
| Security & Fire Systems | 499 | 713 | 740 | 767 | 795 |
| Energy | 300 | 599 | 622 | 645 | 668 |
| Legal Budget & Professional Fees | 3,637 | 3,168 | 3,731 | 3,911 | 4,058 |
| Insurance (inc. IPT) | 572 | 1,973 | 2,231 | 2,385 | 2,472 |
| Marketing Budget (exc. Events Presence) | 2,700 | 10,000 | 14,000 | 18,000 | 20,000 |
| Bank Charges & Commissions | 352 | 615 | 670 | 716 | 742 |
| | 76,725 | 137,876 | 153,764 | 167,343 | 174,757 |

### Tier #2 • Group Consolidated P&L Accounts

| | Note | Year 1 / Construction £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|---|
| Turnover | 1 | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Cost of Sales / Operations | 2 | (72,115) | (131,816) | (146,238) | (159,094) | (166,029) |
| Stock | | 100 | 140 | 180 | 220 | 260 |
| Gross Profit | | (72,015) | 2,652 | 129,700 | 138,814 | 148,726 |
| Administrative Expenses | | (4,610) | (6,060) | (7,525) | (8,249) | (8,728) |
| Bank Interest | | 664 | 151 | 502 | 913 | 1,292 |
| Unrecoverable Sales Taxes | | (1,663) | (2,181) | (2,768) | (2,801) | (3,177) |
| Depreciation | | (4,188) | (8,415) | (9,125) | (8,669) | (5,243) |
| Bonuses | | (1,425) | (2,555) | (2,674) | (2,800) | (2,793) |
| Bonuses Deferred to Q2 TX1 | 27 | 1,425 | 2,555 | (3,980) | – | – |
| Profit before Exceptional Items | | (81,813) | (13,853) | 104,129 | 117,209 | 130,078 |
| Exceptional items | 3 | (23,787) | – | – | – | – |
| Profit after Exceptional Items | 4 | (105,600) | (13,853) | 104,129 | 117,209 | 130,078 |
| Net Operating Loss Deducted (non-UK) | | – | – | (53,943) | (23,636) | – |
| Overseas Capital | 25 | – | – | 40,639 | 31,233 | 34,557 |
| Overseas Capital Deductions | | – | – | (1,756) | (10,884) | (20,020) |
| Net Operating Loss Deducted (UK) | | – | – | (41,873) | – | – |
| Group Profit after Deductions | | (105,600) | (13,853) | 47,196 | 113,921 | 144,615 |
| Taxation | 5 | – | – | (9,545) | (24,295) | (33,310) |
| Adjustment for Overseas Capital | 26 | – | – | 2,990 | (20,348) | (14,537) |
| Profit after Taxation | | (105,600) | (13,853) | 40,642 | 69,278 | 96,767 |
| **Profit Based Licence Fees** | | | | | | |
| Licence Chargeable Profit | | – | – | 43,984 | 50,231 | 55,414 |
| Total Licence Fees | | – | – | (5,655) | (6,459) | (7,125) |
| Profit after Tax & Licence Fees | | (105,600) | (13,853) | 34,986 | 62,819 | 89,642 |
| **Other Movements in Capital** | | | | | | |
| Dividend | 6 | – | (10,320) | (31,239) | (35,163) | (39,023) |
| Dividend Deferred | | – | 10,320 | (10,320) | – | – |
| Post Dividend Position | 13 | (105,600) | (13,853) | (6,573) | 27,657 | 50,619 |
| **Total Recognised Gains & Losses** | | | | | | |
| Profit for the Financial Period | | (105,600) | (13,853) | 34,986 | 62,819 | 89,642 |
| Goodwill Written Off | | – | – | – | – | – |
| Total Recognised Gains & Losses | | (105,600) | (13,853) | 34,986 | 62,819 | 89,642 |
| Dividend Adjustment | | – | (10,320) | (31,239) | (35,163) | (39,023) |
| Dividend Deferred | 6a | – | 10,320 | (10,320) | – | – |
| Post Dividend Position | | (105,600) | (13,853) | (6,573) | 27,657 | 50,619 |

### Tier #2 • Regional Consolidated P&L Accounts (Year 1 / Construction)

| | Note | UK Year 1 / Construction £ 000's | EU Year 1 / Construction £ 000's | USA Year 1 / Construction £ 000's | SG Year 1 / Construction £ 000's |
|---|---|---|---|---|---|
| Turnover | 1 | – | – | – | – |
| Cost of Sales / Operations | 2 | (27,832) | (22,469) | (21,813) | – |
| Inter-Platform Transactions | | – | – | – | – |
| Stock | | 33 | 33 | 33 | – |
| **Gross Profit** | | **(27,799)** | **(22,436)** | **(21,780)** | **–** |
| Administrative Expenses | | (2,752) | (1,109) | (748) | – |
| Bank Interest | | 221 | 221 | 221 | – |
| Unrecoverable Sales Taxes | | (30) | (29) | (1,605) | – |
| Depreciation | | (1,523) | (1,188) | (1,477) | – |
| Bonuses (end-of-year) | | (921) | (242) | (262) | – |
| Bonuses Deferred to M1 Q2 TX2 | | 921 | 242 | 262 | – |
| **Profit before Exceptional Items** | | **(31,883)** | **(24,541)** | **(25,389)** | **–** |
| Exceptional items | 3 | (7,929) | (7,929) | (7,929) | – |
| **Profit after Exceptional Items** | 4 | **(39,812)** | **(32,470)** | **(33,318)** | **–** |
| Net Operating Loss Deducted (non-UK) | | – | – | – | – |
| Overseas Capital | | – | – | – | – |
| Overseas Capital Deductions | | | | | |
| Profit Post Overseas Capital | | (39,812) | – | – | – |
| NOL | | - | – | – | – |
| **Profit after Deductions** | | **(39,812)** | **(32,470)** | **(33,318)** | **–** |
| Taxation | 5 | – | – | – | – |
| Adjustment for Overseas Capital | | – | – | – | – |
| **Profit after Taxation** | | **(39,812)** | **(32,470)** | **(33,318)** | **–** |
| Ofcom Chargeable Profit | | – | – | – | – |
| Total Ofcom Licence Fees | | – | – | – | – |
| **Profit after Tax & Ofcom Licence Fees** | | **(39,812)** | **(32,470)** | **(33,318)** | **–** |
| **Other Movements in Capital** | | | | | |
| Transfers of Capital | | – | – | – | – |
| Dividend | 6 | – | – | – | – |
| Dividend Deferred | | – | – | – | – |
| **Regional Retained Profit for the Financial Period** | 13 | **(39,812)** | **(32,470)** | **(33,318)** | **–** |
| **Total Recognised Gains & Losses** | | | | | |
| Profit for the Financial Period | | (39,812) | (32,470) | (33,318) | – |
| **Total Recognised Gains & Losses** | | **(39,812)** | **(32,470)** | **(33,318)** | **–** |
| Transfers of Capital | | – | – | – | – |
| Dividend Adjustment | | – | – | – | – |
| Dividend Deferred | 6a | – | – | – | – |
| **Post Dividend Position** | | **(39,812)** | **(32,470)** | **(33,318)** | **–** |
| **NOL** (Net Operating Loss in Hand) | | **(39,812)** | **(32,470)** | **(33,318)** | **–** |

### Tier #2 • Regional Consolidated P&L Accounts (Year 2 / TX #1)

| | Note | UK Year 1 / Construction £ 000's | EU Year 1 / Construction £ 000's | USA Year 1 / Construction £ 000's | SG Year 1 / Construction £ 000's |
|---|---|---|---|---|---|
| Turnover | 1 | 53,746 | 58,497 | 22,084 | – |
| Cost of Sales / Operations | 2 | (49,302) | (46,191) | (36,323) | – |
| Inter-Platform Transactions | | – | (11,861) | 11,861 | – |
| Stock | | 47 | 47 | 47 | – |
| **Gross Profit** | | 4,491 | 492 | (2,331) | – |
| Administrative Expenses | | (3,305) | (1,677) | (1,077) | – |
| Bank Interest | | 50 | 50 | 50 | – |
| Unrecoverable Sales Taxes | | (237) | (199) | (1,745) | – |
| Depreciation | | (3,060) | (2,388) | (2,967) | – |
| Bonuses (end-of-year) | | (1,205) | (610) | (740) | – |
| Bonuses Deferred to M1 Q2 TX2 | | 1,205 | 610 | 740 | – |
| **Profit before Exceptional Items** | | (2,061) | (3,722) | (8,070) | – |
| Exceptional items | 3 | – | – | – | – |
| **Profit after Exceptional Items** | 4 | (2,061) | (3,722) | (8,070) | – |
| Net Operating Loss Deducted (non-UK) | | – | – | – | – |
| Overseas Capital | | – | – | – | – |
| Overseas Capital Deductions | | – | – | – | – |
| Profit Post Overseas Capital | | (2,061) | – | – | – |
| NOL | | – | – | – | – |
| **Profit after Deductions** | | (2,061) | (3,722) | (8,070) | – |
| Taxation | 5 | – | – | – | – |
| Adjustment for Overseas Capital | | – | – | – | – |
| **Profit after Taxation** | | (2,061) | (3,722) | (8,070) | – |
| Ofcom Chargeable Profit | | – | – | – | – |
| Total Ofcom Licence Fees | | – | – | – | – |
| **Profit after Tax & Ofcom Licence Fees** | | (2,061) | (3,722) | (8,070) | – |
| **Other Movements in Capital** | | | | | |
| Transfers of Capital | | – | – | – | – |
| Dividend | 6 | (10,320) | – | – | – |
| Dividend Deferred | | 10,320 | – | – | – |
| **Regional Retained Profit for the Financial Period** | 13 | (2,061) | (3,722) | (8,070) | – |
| **Total Recognised Gains & Losses** | | | | | |
| Profit for the Financial Period | | (2,061) | (3,722) | (8,070) | – |
| **Total Recognised Gains & Losses** | | (2,061) | (3,722) | (8,070) | – |
| Transfers of Capital | | – | – | – | – |
| Dividend Adjustment | | (10,320) | – | – | – |
| Dividend Deferred | 6a | 10,320 | – | – | – |
| **Post Dividend Position** | | (2,061) | (3,722) | (8,070) | – |
| **NOL (Net Operating Loss in Hand)** | | (41,873) | (36,191) | (41,388) | – |

**Tier #2 • Regional Consolidated P&L Accounts (Year 3 / TX #2)**

| | Note | UK Year 1 / Construction £ 000's | EU Year 1 / Construction £ 000's | USA Year 1 / Construction £ 000's | SG Year 1 / Construction £ 000's |
|---|---|---|---|---|---|
| Turnover | 1 | 110,441 | 120,066 | 45,251 | – |
| Cost of Sales / Operations | 2 | (55,497) | (50,996) | (39,745) | – |
| Inter-Platform Transactions | | – | (24,959) | 24,959 | – |
| Stock | | 60 | 60 | 60 | – |
| **Gross Profit** | | **55,004** | **44,171** | **30,525** | **–** |
| Administrative Expenses | | (4,235) | (2,036) | (1,254) | – |
| Bank Interest | | 167 | 167 | 167 | – |
| Unrecoverable Sales Taxes | | (264) | (234) | (2,270) | – |
| Depreciation | | (3,299) | (2,622) | (3,205) | – |
| Bonuses (end-of-year) | | (1,264) | (638) | (772) | – |
| Bonuses Deferred to M1 Q2 TX2 | | (2,126) | (852) | (1,002) | – |
| **Profit before Exceptional Items** | | **43,984** | **37,956** | **22,190** | **–** |
| Exceptional items | 3 | – | – | – | – |
| **Profit after Exceptional Items** | 4 | **43,984** | **37,956** | **22,190** | **–** |
| Net Operating Loss Deducted (non-UK) | | – | (36,191) | (17,752) | – |
| Overseas Capital | | 40,639 | – | – | – |
| Overseas Capital Deductions | | (1,756) | – | – | – |
| Profit Post Overseas Capital | | 82,867 | – | – | – |
| NOL | | (41,873) | – | – | – |
| **Profit after Deductions** | | **40,994** | **1,765** | **4,438** | **–** |
| Taxation | 5 | (7,789) | (431) | (1,325) | – |
| Adjustment for Overseas Capital | | 2,990 | – | – | – |
| **Profit after Taxation** | | **36,195** | **1,333** | **3,113** | **–** |
| Ofcom Chargeable Profit | | 43,984 | – | – | – |
| Total Ofcom Licence Fees | | (5,655) | – | – | – |
| **Profit after Tax & Ofcom Licence Fees** | | **30,540** | **1,333** | **3,113** | **–** |
| Other Movements in Capital | | | | | |
| Transfers of Capital | | 40,639 | (26,117) | (14,522) | – |
| Dividend | 6 | (31,239) | – | – | – |
| Dividend Deferred | | (10,320) | – | – | – |
| **Regional Retained Profit for the Financial Period** | 13 | **29,620** | **(24,784)** | **(11,409)** | **–** |
| Total Recognised Gains & Losses | | | | | |
| Profit for the Financial Period | | 30,540 | 1,333 | 3,113 | – |
| **Total Recognised Gains & Losses** | | **30,540** | **1,333** | **3,113** | **–** |
| | | | | | – |
| Transfers of Capital | | 40,639 | (26,117) | (14,522) | – |
| Dividend Adjustment | | (31,239) | – | – | – |
| Dividend Deferred | 6a | (10,320) | – | – | – |
| **Post Dividend Position** | | **29,620** | **(24,784)** | **(11,409)** | **–** |
| **NOL** (Net Operating Loss in Hand) | | **–** | **–** | **(23,636)** | **–** |

## Tier #2 • Regional Consolidated P&L Accounts (Year 4 / TX #3)

| | Note | UK Year 1 / Construction £ 000's | EU Year 1 / Construction £ 000's | USA Year 1 / Construction £ 000's | SG Year 1 / Construction £ 000's |
|---|---|---|---|---|---|
| Turnover | 1 | 119,334 | 130,019 | 48,336 | – |
| Cost of Sales / Operations | 2 | (60,099) | (55,728) | (43,267) | – |
| Inter-Platform Transactions | | – | (26,840) | 26,840 | – |
| Stock | | 73 | 73 | 73 | – |
| **Gross Profit** | | **59,309** | **47,523** | **31,983** | **–** |
| Administrative Expenses | | (4,628) | (2,272) | (1,349) | – |
| Bank Interest | | 304 | 304 | 304 | – |
| Unrecoverable Sales Taxes | | (310) | (270) | (2,221) | – |
| Depreciation | | (3,117) | (2,496) | (3,056) | – |
| Bonuses (end-of-year) | | (1,326) | (668) | (805) | – |
| Bonuses Deferred to M1 Q2 TX2 | | – | – | – | – |
| **Profit before Exceptional Items** | | **50,231** | **42,122** | **24,856** | **–** |
| Exceptional items | 3 | – | – | – | – |
| **Profit after Exceptional Items** | 4 | **50,231** | **42,122** | **24,856** | **–** |
| Net Operating Loss Deducted (non-UK) | | – | – | (23,636) | – |
| Overseas Capital | | 31,233 | – | – | – |
| Overseas Capital Deductions | | (10,884) | – | – | – |
| Profit Post Overseas Capital | | 70,580 | – | – | – |
| NOL | | – | – | – | – |
| **Profit after Deductions** | | **70,580** | **42,122** | **1,220** | **–** |
| Taxation | 5 | (13,410) | (10,520) | (364) | – |
| Adjustment for Overseas Capital | | (20,348) | – | – | – |
| **Profit after Taxation** | | **36,821** | **31,601** | **856** | **–** |
| Ofcom Chargeable Profit | | 50,231 | – | – | – |
| Total Ofcom Licence Fees | | (6,459) | – | – | – |
| **Profit after Tax & Ofcom Licence Fees** | | **30,363** | **31,601** | **856** | **–** |
| Other Movements in Capital | | | | | |
| Transfers of Capital | | 31,233 | (17,596) | (13,637) | – |
| Dividend | 6 | (35,163) | – | – | – |
| Dividend Deferred | | – | – | – | – |
| **Regional Retained Profit for the Financial Period** | 13 | **26,433** | **14,006** | **(12,781)** | **–** |
| Total Recognised Gains & Losses | | | | | |
| Profit for the Financial Period | | 30,363 | 31,601 | 856 | – |
| **Total Recognised Gains & Losses** | | **30,363** | **31,601** | **856** | **–** |
| Transfers of Capital | | 31,233 | (17,596) | (13,637) | – |
| Dividend Adjustment | | (35,163) | – | – | – |
| Dividend Deferred | 6a | – | – | – | – |
| **Post Dividend Position** | | **26,433** | **14,006** | **(12,781)** | **–** |
| **NOL** (Net Operating Loss in Hand) | | – | – | – | – |

**Tier #2 • Regional Consolidated P&L Accounts (Year 5 / TX #4)**

| | Note | UK Year 1 / Construction £ 000's | EU Year 1 / Construction £ 000's | USA Year 1 / Construction £ 000's | SG Year 1 / Construction £ 000's |
|---|---|---|---|---|---|
| Turnover | 1 | 126,071 | 137,359 | 51,064 | – |
| Cost of Sales / Operations | 2 | (62,773) | (58,210) | (45,046) | – |
| Inter-Platform Transactions | | – | (28,260) | 28,260 | – |
| Stock | | 87 | 87 | 87 | – |
| **Gross Profit** | | 63,385 | 50,975 | 34,365 | – |
| Administrative Expenses | | (4,901) | (2,414) | (1,413) | – |
| Bank Interest | | 431 | 431 | 431 | – |
| Unrecoverable Sales Taxes | | (331) | (220) | (2,625) | – |
| Depreciation | | (1,849) | (1,559) | (1,834) | – |
| Bonuses (end-of-year) | | (1,320) | (668) | (805) | – |
| Bonuses Deferred to M1 Q2 TX2 | | – | – | – | – |
| **Profit before Exceptional Items** | | 55,414 | 46,545 | 28,119 | – |
| Exceptional items | 3 | – | – | – | – |
| **Profit after Exceptional Items** | 4 | 55,414 | 46,545 | 28,119 | – |
| Net Operating Loss Deducted (non-UK) | | – | – | – | – |
| Overseas Capital | | 34,557 | – | – | – |
| Overseas Capital Deductions | | (20,020) | – | – | – |
| Profit Post Overseas Capital | | 69,951 | – | – | – |
| NOL | | – | – | – | – |
| **Profit after Deductions** | | 69,951 | 46,545 | 28,119 | – |
| Taxation | 5 | (13,291) | (11,626) | (8,393) | – |
| Adjustment for Overseas Capital | | (14,537) | – | – | – |
| **Profit after Taxation** | | 42,123 | 34,919 | 19,725 | – |
| Ofcom Chargeable Profit | | 55,414 | – | – | – |
| Total Ofcom Licence Fees | | (7,125) | – | – | – |
| **Profit after Tax & Ofcom Licence Fees** | | 34,998 | 34,919 | 19,725 | – |
| **Other Movements in Capital** | | | | | |
| Transfers of Capital | | 34,557 | (22,083) | (12,474) | – |
| Dividend | 6 | (39,023) | – | – | – |
| Dividend Deferred | | – | – | – | – |
| **Regional Retained Profit for the Financial Period** | 13 | 30,532 | 12,836 | 7,251 | – |
| **Total Recognised Gains & Losses** | | | | | |
| Profit for the Financial Period | | 34,998 | 34,919 | 19,725 | – |
| **Total Recognised Gains & Losses** | | 34,998 | 34,919 | 19,725 | – |
| Transfers of Capital | | 34,557 | (22,083) | (12,474) | – |
| Dividend Adjustment | | (39,023) | – | – | – |
| Dividend Deferred | 6a | – | – | – | – |
| **Post Dividend Position** | | 30,532 | 12,836 | 7,251 | – |
| **NOL** (Net Operating Loss in Hand) | | – | – | – | – |

**Tier #2 • Consolidated Balance Sheets**

| | Note | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|---|
| Tangible Assets | 7 | 26,934 | 18,635 | 12,274 | 6,467 | 2,260 |
| **Current Assets** | | | | | | |
| Stock | | 100 | 140 | 180 | 220 | 260 |
| Debtors | 8 | – | 42,762 | 47,171 | 50,829 | 53,522 |
| Interest | | 664 | 151 | 502 | 913 | 1,292 |
| Cash Deposits | | 172,000 | 91,567 | 271,348 | 294,031 | 311,802 |
| Brought Forward Balances | | – | 70,488 | 22,149 | 74,054 | 130,139 |
| Total Current Assets | | 172,764 | 205,107 | 341,350 | 420,048 | 497,014 |
| Tax | | – | – | (9,545) | (24,295) | (33,310) |
| Adjustment for Tax Position | | – | – | – | – | – |
| Profit Based Licence Fees | | – | – | (5,655) | (6,459) | (7,125) |
| Creditors: Within the Period | 9 | (102,175) | (140,057) | (163,186) | (172,944) | (180,727) |
| Net Current Liabilities | | 70,588 | 65,050 | 162,965 | 216,350 | 275,852 |
| Total Assets *less* Liabilities | | 97,523 | 83,685 | 175,239 | 222,817 | 278,112 |
| Creditors: *due after one year* | 10 | – | – | – | – | – |
| | | 97,523 | 83,685 | 175,239 | 222,817 | 278,112 |
| Dividend | | – | (10,320) | (31,239) | (35,163) | (39,023) |
| Dividend Deferred | | – | 10,320 | (10,320) | – | – |
| | | 97,523 | 83,685 | 133,680 | 187,655 | 239,089 |
| **Capital and Reserves** | | | | | | |
| Share Capital | 12 | 172,000 | 172,000 | 172,000 | 172,000 | 172,000 |
| P&L (Adj. for Depreciation & Stock) | 13 | (101,412) | (1,350) | 152,291 | 67,987 | 103,852 |
| NOL (Adjusted for ORC Deductions) | | – | – | (41,873) | – | – |
| NOL | | – | (105,600) | (119,453) | (23,636) | – |
| Tangible Assets | | 26,934 | 18,635 | 12,274 | 6,467 | 2,260 |
| Dividend | | – | (10,320) | (31,239) | (35,163) | (39,023) |
| Dividend Deferred | | – | 10,320 | (10,320) | – | – |
| | 14 | 97,523 | 83,685 | 133,680 | 187,655 | 239,089 |
| **Shareholders' Funds** | | | | | | |
| Capital Movement | | (101,412) | (1,350) | 152,291 | 67,987 | 103,852 |
| NOL (Adjusted for ORC Deductions) | | – | – | (41,873) | – | – |
| NOL | | – | (105,600) | (119,453) | (23,636) | – |
| Share Capital | | 172,000 | 172,000 | 172,000 | 172,000 | 172,000 |
| Tangible Assets | | 26,934 | 18,635 | 12,274 | 6,467 | 2,260 |
| Dividend | | – | (10,320) | (31,239) | (35,163) | (39,023) |
| Dividend Deferred | | – | 10,320 | (10,320) | – | – |
| | | 97,523 | 83,685 | 133,680 | 187,655 | 239,089 |

### Tier #2 • Consolidated Group Cash Flow Statements

| | Note | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|---|
| **Net Cash Inflow from Operating Activities*** | 15 | **(30,459)** | **91,567** | **271,348** | **294,031** | **311,802** |
| **Returns on Investments and Servicing of Finance** | | | | | | |
| Interest Paid/Received | | 664 | 151 | 502 | 913 | 1,292 |
| Finance Lease Interest Paid* | | – | – | – | – | – |
| Dividend Paid | | – | (10,320) | (31,239) | (35,163) | (39,023) |
| Dividend Deferred | | – | 10,320 | (10,320) | – | – |
| **Net Cash Inflow/Outflow from Returns on Investment and Servicing of Finance** | | **664** | **151** | **(41,057)** | **(34,250)** | **(37,731)** |
| **Tax Paid** | | **–** | **–** | **(9,545)** | **(24,295)** | **(33,310)** |
| **Revenue Based Licencing** | | **–** | **–** | **(5,655)** | **(6,459)** | **(7,125)** |
| **Investing Activities** | | | | | | |
| Purchase of Tangible Fixed Assets | | (31,122) | – | (2,534) | (2,623) | (880) |
| Purchase of Business Entities | | – | – | – | – | – |
| **Net Cash Outflow from Investing Activities** | | **(31,122)** | **–** | **(2,534)** | **(2,623)** | **(880)** |
| **Net Cash Inflow/(Outflow)** | | **(60,918)** | **91,718** | **227,757** | **257,158** | **273,191** |
| **Financing** | | | | | | |
| Issue of Shares | | 172,000 | – | – | – | – |
| Shareholder Loan Movements | | – | – | – | – | – |
| Directors' Loan Movements | | – | – | – | – | – |
| Capital Element of Leases* | | – | – | – | – | – |
| Exceptional Items | | (23,787) | – | – | – | – |
| **Net Cash Inflow/(Outflow) from Financing** | 16 | **148,213** | **–** | **–** | **–** | **–** |
| **Cash and Cash Equivalents** | 17 | **87,295** | **91,718** | **227,757** | **257,158** | **273,191** |

* 1st Year Opening Balance less Assets, Interest and Exceptional Items added back within the Cash Flow Statement

### Tier #2 • EBITDA

| | Year 1 / Construction £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|
| Turnover | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Cost of Sales / Operations | (72,115) | (131,816) | (146,238) | (159,094) | (166,029) |
| Administrative Expenses | (4,610) | (6,060) | (7,525) | (8,249) | (8,728) |
| EBITDA | (76,725) | (3,548) | 121,995 | 130,346 | 139,738 |
| Exceptional Items | (23,787) | – | – | – | – |
| EBITDA inc. of Exceptional Items | (100,512) | (3,548) | 121,995 | 130,346 | 139,738 |

### Tier #2 • Deficit and Surplus Modelling

| | Year 1 / Construction (Flexible 15- to 24-month Period) £ 000's | £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|---|
| Opening Balance | 172,000 | - | 69,139 | 20,009 | 83,048 | 137,714 |
| Month 1 | 147,424 | 143,417 | 55,995 | 28,765 | 92,323 | 149,884 |
| Month 2 | 147,015 | 142,689 | 44,201 | 38,323 | 102,274 | 162,050 |
| Month 3 | 146,591 | 139,528 | 36,910 | 59,621 | 113,997 | 173,297 |
| Month 4 | 146,239 | 135,874 | 28,838 | 55,618 | 124,588 | 184,630 |
| Month 5 | 145,888 | 131,579 | 21,928 | 65,777 | 135,311 | 197,974 |
| Month 6 | 145,537 | 116,084 | 18,429 | 77,071 | 146,990 | 209,549 |
| Month 7 | 145,185 | 108,745 | 13,846 | 87,487 | 157,978 | 221,246 |
| Month 8 | 144,834 | 91,644 | 11,593 | 98,033 | 169,097 | 234,699 |
| Month 9 | 144,482 | 89,366 | 13,318 | 109,455 | 181,003 | 246,639 |
| Month 10 | 144,131 | 84,045 | 15,729 | 120,263 | 192,387 | 258,700 |
| Month 11 | 143,780 | 75,236 | 21,063 | 131,202 | 203,904 | 272,477 |
| Month 12 | 143,428 | 69,139 | 20,009 | 132,161 | 206,430 | 273,198 |
| | - | 69,139 | 20,009 | 132,161 | 206,430 | 273,198 |
| Tax | - | - | - | (9,545) | (24,295) | (33,310) |
| Ofcom | - | - | - | (5,655) | (6,459) | (7,125) |
| Dividend* | - | - | (10,320) | (31,239) | (35,163) | (39,023) |
| Bonuses | - | - | (3,980) | (2,674) | (2,800) | (2,793) |
| Year-end Balance | - | 69,139 | 20,009 | 83,048 | 137,714 | 190,946 |

* See notes on Dividend Calculations and Payments
** Inclusive of Movements in VAT & Sales Tax

**Tier #2 • Operational Costs inc. VAT & Sales Taxes**

| | Pre-Launch (Flexible 15- to 24-month Period) £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|
| Month 1 | (29,188) | (13,178) | (13,298) | (16,012) | (15,449) |
| Month 2 | (468) | (11,822) | (14,594) | (14,656) | (16,745) |
| Month 3 | (483) | (11,822) | (13,298) | (14,656) | (15,449) |
| Month 4 | (411) | (11,822) | (13,298) | (14,656) | (15,449) |
| Month 5 | (411) | (11,822) | (13,298) | (14,656) | (15,449) |
| Month 6 | (411) | (13,142) | (13,298) | (15,976) | (15,449) |
| Month 7 | (411) | (11,822) | (13,298) | (14,656) | (15,449) |
| Month 8 | (411) | (11,822) | (13,298) | (14,656) | (15,449) |
| Month 9 | (411) | (13,262) | (13,298) | (16,096) | (15,449) |
| Month 10 | (411) | (11,822) | (13,298) | (14,656) | (15,449) |
| Month 11 | (411) | (11,231) | (13,298) | (14,656) | (15,449) |
| Month 12 | (411) | (22,270) | (24,112) | (25,848) | (27,032) |
| Month 13 | (695) | – | – | – | – |
| Month 14 | (799) | – | – | – | – |
| Month 15 | (3,410) | – | – | – | – |
| Month 16 | (3,724) | – | – | – | – |
| Month 17 | (4,363) | – | – | – | – |
| Month 18 | (16,159) | – | – | – | – |
| Month 19 | (7,397) | – | – | – | – |
| Month 20 | (17,156) | – | – | – | – |
| Month 21 | (5,264) | – | – | – | – |
| Month 22 | (5,366) | – | – | – | – |
| Month 23 | (8,851) | – | – | – | – |
| Month 24 | (9,426) | – | – | – | – |
| | (116,446) | (155,835) | (171,686) | (191,177) | (198,263) |

* All values represent total liability and exclude recoverable VAT values

### Tier #2 • Group Cost of Sales (ex. Admin)

| | Year 1 / Construction £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|
| Transmission Budget | 9,379 | 34,334 | 35,173 | 35,574 | 35,988 |
| Production Budgets | 4,024 | 50,196 | 52,285 | 59,335 | 62,125 |
| Broadcast Equipment & Services | 22,816 | 253 | 2,685 | 2,791 | 3,058 |
| PRS Licences & Contingencies | 375 | 1,500 | 1,553 | 1,607 | 1,664 |
| Licences (exc. Profit-based Fees) | 480 | 480 | 480 | 480 | 480 |
| Training Programmes | 377 | 9 | 18 | 19 | 20 |
| IT & Communications | 3,795 | 1,401 | 1,598 | 1,606 | 1,773 |
| Outfitting of Facilities & Furnishings | 9,242 | 291 | 332 | 336 | 340 |
| Buildings & Facilities | 2,584 | 4,640 | 5,853 | 5,882 | 5,912 |
| Personnel (inc. Contributions, Pensions & Healthcare) | 9,396 | 19,532 | 22,614 | 23,770 | 24,786 |
| Working Capital & Miscellaneous Expenditure | 1,595 | 1,772 | 1,834 | 1,899 | 1,966 |
| Contact Centre | 970 | 2,406 | 2,491 | 2,579 | 2,669 |
| Security & Fire Systems | 443 | 634 | 658 | 682 | 707 |
| Energy | 265 | 529 | 549 | 569 | 590 |
| Legal Budget & Professional Fees | 3,187 | 2,791 | 3,281 | 3,448 | 3,578 |
| Insurance (inc. IPT) | 505 | 1,726 | 1,952 | 2,086 | 2,162 |
| Marketing Budget (exc. Events Presence) | 2,370 | 8,776 | 12,287 | 15,797 | 17,553 |
| Bank Charges & Commissions | 312 | 545 | 594 | 634 | 658 |
| | 72,115 | 131,816 | 146,238 | 159,094 | 166,029 |

### Tier #2 • Profit on Ordinary Activities before Taxation is stated after applying

| | Year 1 / Construction £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|
| Depreciation on Fixed Assets | 4,188 | 8,415 | 9,125 | 8,669 | 5,243 |
| Auditors' Remuneration | 555 | 1,202 | 1,358 | 1,453 | 1,505 |
| Directors' Remuneration | 2,444 | 1,796 | 2,180 | 2,333 | 2,497 |
| Sales & Operations (exc. Directors) | 71,490 | 131,239 | 145,538 | 158,345 | 165,227 |
| Administration (exc. Directors) | 2,237 | 3,639 | 4,688 | 5,212 | 5,528 |
| Bank Interest | (664) | (151) | (502) | (913) | (1,292) |
| Stock | (100) | (140) | (180) | (220) | (260) |
| Unrecoverable Sales Taxes | 1,663 | 2,181 | 2,768 | 2,801 | 3,177 |
| | 81,813 | 148,181 | 164,974 | 177,680 | 181,624 |

**Tier #2 • Staff**

| | Year 1 / Construction | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|
| Estimated Staff | 375 | 375 | 393 | 411 | 429 |

* The estimate of staff does not include 87 personnel that may or may not be part of sub-contracted services, but which are fully accounted for within the Contact Centre Budget.

**Tier #2 • Payroll**

| | Year 1 / Construction £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|
| Wages & Salaries (UK) | 5,338 | 8,101 | 8,469 | 8,857 | 9,264 |
| Wages & Salaries (UK; contingency) | – | – | 338 | 339 | 339 |
| Wages & Salaries (EU) | 1,504 | 4,069 | 4,246 | 266 | 4,626 |
| Wages & Salaries (EU; contingency) | – | – | 338 | 339 | 339 |
| Wages & Salaries (USA) | 1,849 | 5,717 | 5,947 | 6,188 | 6,439 |
| Wages & Salaries (USA; contingency) | – | – | 338 | 339 | 339 |
| Wages & Salaries (SG) | – | – | – | – | – |
| Wages & Salaries (SG; contingency) | – | – | – | – | – |
| NIC (UK) | 647 | 938 | 993 | 1,047 | 1,103 |
| Social Security (EU) | 195 | 496 | 664 | 698 | 734 |
| Social Security (USA) | 27 | 83 | 86 | 90 | 93 |
| Social Security (SG) | – | – | – | – | – |
| Pensions (UK) | 92 | 174 | 177 | 181 | 185 |
| Pensions (EU) | 90 | 244 | 255 | 266 | 278 |
| Pensions (USA) | 111 | 343 | 357 | 371 | 386 |
| Pensions (SG) | – | – | – | – | – |
| Bonuses | 1,425 | 2,555 | 2,674 | 2,800 | 2,793 |
| Bonuses Deferred | (1,425) | (2,555) | (3,980) | – | – |
| | 9,852 | 20,165 | 20,902 | 21,781 | 26,919 |

### Tier #2 • Directors' Emoluments

| | Year 1* / Construction | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|
| The Highest Paid Director | £188,000 | £188,000 | £202,000 | £217,000 | £233,000 |
| £100,000 to £109,999 | 1 | 1 | 1 | – | – |
| £110,000 to £119,999 | – | – | – | 1 | – |
| £120,000 to £129,999 | 4 | 4 | 4 | – | 1 |
| £130,000 to £139,000 | 4 | 4 | – | 4 | – |
| £140,000 to £149,999 | – | – | – | 4 | 4 |
| £150,000 to £199,999 | 3 | 3 | 2 | 2 | 5 |
| £200,000 to £250,000 | – | – | 1 | 1 | 2 |

* Representative of 12 months, though not all Salaries are full-year. It should be noted that the Period is however flexible from 15 months to 24 months.

### Tier #2 • Directors' Bonuses

| | Year 1* / Construction | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|
| £15,000 to £19,999 | 3 | – | – | – | – |
| £20,000 to £29,999 | 4 | 9 | 9 | 9 | 9 |
| £30,000 to £59,999 | 3 | – | – | – | – |
| £60,000 to £80,000 | 2 | – | – | – | – |

* Representative of the Maximum Bonus in a Flexible 15- to 24-month period

### Tier #2 • Dividends

| | Note | Year 1 / Construction £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|---|
| Annual Revenue | 1 | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Profit after Exceptional Items | 4 | (105,600) | (13,853) | 104,129 | 117,209 | 130,078 |
| Dividend (%) | | 0.0% | 30.0% | 30.0% | 30.0% | 30.0% |
| Return on Investment* | | 0.0% | 6.0% | 18.2% | 20.4% | 22.7% |
| Share Capital | | | 172,000 | 172,000 | 172,000 | 172,000 |
| Dividend | | – | (10,320) | (31,239) | (35,163) | (39,023) |
| Dividend Deferred | 6a | – | 10,320 | (10,320) | – | – |
| Post Dividend Position | | (105,600) | (13,853) | (6,573) | 27,657 | 50,619 |
| Total Return to Shareholders | | | | | | 115,745 |
| Average Return on Investment | | 13.46% | | | | |

* Year 2 (TX #1): Dividend is equivalent to 6% of Share Capital

**Tier #2 • Tangible Fixed Assets**

| | UK<br>£ 000's | EU<br>£ 000's | USA<br>£ 000's | SG<br>£ 000's | Total<br>£ 000's |
|---|---|---|---|---|---|
| As at Year 1 / Construction (Start) | 11,326 | 8,767 | 11,029 | – | 31,122 |
| Additions | – | – | – | – | – |
| As at Year 1 / Construction (End) | 9,803 | 7,579 | 9,552 | – | 26,934 |
| Additions | – | – | – | – | – |
| As at Year 2 / TX #1 (End) | 6,785 | 5,228 | 6,622 | – | 18,635 |
| Additions | 41 | 37 | 37 | – | 115 |
| As at Year 3 / TX #2 (End) | 3,711 | 2,828 | 3,643 | – | 10,182 |
| Additions | 929 | 910 | 925 | – | 2,765 |
| As at Year 4 / TX #3 (End) | 1,094 | 820 | 1,083 | – | 2,997 |
| Additions | 962 | 941 | 958 | – | 2,861 |
| As at Year 5 / TX #4 (End) | – | – | – | – | – |
| Additions | 1,048 | 1,027 | 1,044 | – | 3,119 |

**Tier #2 • Depreciation**

| | UK<br>£ 000's | EU<br>£ 000's | USA<br>£ 000's | SG<br>£ 000's | Total<br>£ 000's |
|---|---|---|---|---|---|
| As at Year 1 / Construction (End) | 1,523 | 1,188 | 1,477 | – | 4,188 |
| As at Year 2 / TX #1 (End) | 3,060 | 2,388 | 2,967 | – | 8,415 |
| As at Year 3 / TX #2 (End) | 3,299 | 2,622 | 3,205 | – | 9,125 |
| As at Year 4 / TX #3 (End) | 3,117 | 2,496 | 3,056 | – | 8,669 |
| As at Year 5 / TX #4 (End) | 1,849 | 1,559 | 1,834 | – | 5,243 |

Disposals: Not foreseen in the periods illustrated, unless due to damage or technical failure
Transfer to stock: Not foreseen in the periods illustrated
Transfers between categories: Not applicable at this time

**Tier #2 • Group Assets**

| | Original Cost | Net Book Value<br>Year 1 /Constru'n | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 | ERV |
|---|---|---|---|---|---|---|---|
| | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's |
| Broadcast Equipment | 20,082 | 17,384 | 11,990 | 6,596 | 1,949 | - | 5,032 |
| IT & Office | 2,661 | 2,217 | 1,330 | 443 | - | - | 266 |
| Fixtures & Fittings | 8,380 | 7,333 | 5,238 | 3,143 | 1,048 | - | 838 |
| | 31,122 | 26,934 | 18,558 | 10,182 | 2,997 | - | 6,136 |
| Additions (Year 2 / TX #1) | | | | | | | |
| Broadcast Equipment (TX #1) | - | - | - | - | - | - | - |
| IT & Office (TX #1) | 115 | - | 77 | 38 | - | - | 12 |
| | 115 | - | 77 | 38 | - | - | 12 |
| Additions (Year 3 / TX #2) | | | | | | | |
| Broadcast Equipment (TX #2) | 2,534 | - | - | 1,901 | 1,267 | 634 | 507 |
| IT & Office (TX #2) | 230 | - | - | 154 | 77 | - | 23 |
| Fixtures & Fittings (TX #2) | - | - | - | - | - | - | - |
| | 2,765 | - | - | 2,054 | 1,344 | 634 | 530 |
| Additions (Year 4 / TX #3) | | | | | | | |
| Broadcast Equipment (TX #3) | 2,623 | - | - | - | 1,967 | 1,311 | 525 |
| IT & Office (TX #3) | 238 | - | - | - | 159 | 79 | 24 |
| Fixtures & Fittings (TX #3) | - | - | - | - | - | - | - |
| | 2,861 | - | - | - | 2,126 | 1,391 | 548 |
| Additions (Year 5 / TX #4) | | | | | | | |
| Broadcast Equipment (TX #4) | 2,872 | - | - | - | - | 2,154 | 574 |
| IT & Office (TX #4) | 247 | - | - | - | - | 164 | 25 |
| Fixtures & Fittings (TX #4) | - | - | - | - | - | - | - |
| | 3,119 | - | - | - | - | 2,318 | 599 |

**Tier #2 • Net Book Values**

| | UK £ 000's | EU £ 000's | USA £ 000's | SG £ 000's | Total £ 000's |
|---|---|---|---|---|---|
| As at Year 1 / Construction (End) | 9,803 | 7,579 | 9,552 | – | **26,934** |
| As at Year 2 / TX #1 (End) | 6,785 | 5,228 | 6,622 | – | **18,635** |
| As at Year 3 / TX #2 (End) | 4,415 | 3,516 | 4,343 | – | **12,274** |
| As at Year 4 / TX #3 (End) | 2,260 | 1,962 | 2,245 | – | **6,467** |
| As at Year 5 / TX #4 (End) | 1,459 | 1,430 | 1,454 | – | **4,343** |

**Tier #2 • Debtors**

| | As at Year 1 End / Construction £ 000's | As at Year 2 End / TX #1 £ 000's | As at Year 3 End / TX #2 £ 000's | As at Year 4 End / TX #3 £ 000's | As at Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Trade Debtors | – | 42,762 | 47,171 | 50,829 | 53,522 |
| Other Debtors | – | – | – | – | – |
| Prepayments and Accrued Income | – | – | – | – | – |
| | – | 42,762 | 47,171 | 50,829 | 53,522 |

### Tier #2 • Creditors (within Trading Period)

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Portion of Finance Lease Liabilities | – | – | – | – | – |
| Shareholder Loans (see note 10) | – | – | – | – | – |
| Bank Overdraft | – | – | – | – | – |
| Trade Creditors (within Trading Period) | 65,115 | 114,575 | 126,901 | 139,120 | 145,330 |
| Personnel | 9,183 | 18,573 | 21,785 | 22,937 | 23,927 |
| Healthcare (UK) | 213 | 416 | 431 | 446 | 462 |
| Healthcare (EU) | 92 | 213 | 213 | 213 | 213 |
| Healthcare (US) | 223 | 753 | 779 | 806 | 834 |
| Healthcare (SG) | – | – | – | – | – |
| NIC (UK) | 647 | 938 | 993 | 1,047 | 1,103 |
| Social Security (EU) | 195 | 496 | 664 | 698 | 734 |
| Social Security (USA) | 27 | 83 | 86 | 90 | 93 |
| Social Security (SG) | – | – | – | – | – |
| Pensions (UK) | 92 | 174 | 177 | 181 | 185 |
| Pensions (EU) | 90 | 244 | 255 | 266 | 278 |
| Pensions (USA) | 111 | 343 | 357 | 371 | 386 |
| Pensions (SG) | – | – | – | – | – |
| Other Taxes (UK) | 618 | 907 | 955 | 994 | 1,030 |
| Other Taxes (EU) | – | – | – | – | – |
| Other Taxes (USA) | 121 | 161 | 167 | 173 | 180 |
| Other Taxes (SG) | – | – | – | – | – |
| Directors' Loan Account | – | – | – | – | – |
| Accruals and Deferred Income | – | – | – | – | – |
| Unrecoverable Sales Taxes & VAT | 1,663 | 2,181 | 2,768 | 2,801 | 3,177 |
| Exceptional Items | 23,787 | – | – | – | – |
| Bonuses | 1,425 | 2,555 | 2,674 | 2,800 | 2,793 |
| Bonuses Deferred | (1,425) | (2,555) | 3,980 | – | – |
| | 102,175 | 140,057 | 163,186 | 172,944 | 180,727 |
| Dividend | – | 10,320 | 31,239 | 35,163 | 39,023 |
| Dividend Deferred | – | (10,320) | 10,320 | – | – |
| | 102,175 | 140,057 | 204,744 | 208,107 | 219,750 |

### Tier #2 • Retained Profit for the Period

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| **Brought Forward Profit** | **–** | **–** | **–** | **4,738** | **45,312** |
| Profit before Tax, Deductions & Ofcom Revenue based Licensing | (105,600) | (13,853) | 104,129 | 117,209 | 130,078 |
| NOL Brought Forward | – | – | (95,816) | (23,636) | – |
| Taxable Overseas Transfers | – | – | 40,639 | 31,233 | 34,557 |
| Overseas Deductions | – | – | (1,756) | (10,884) | (20,020) |
| **Profit Before Taxation & Deductions** | **(105,600)** | **(13,853)** | **47,196** | **113,921** | **144,615** |
| Taxation | – | – | (9,545) | (24,295) | (33,310) |
| Adjustment to P&L for Overseas Cash | – | – | 2,990 | (20,348) | (14,537) |
| Ofcom Profit Based Licence Fees* | – | – | 5,655 | 6,459 | 7,125 |
| **Profit After Tax, Deductions & Ofcom** | **(105,600)** | **(13,853)** | **46,297** | **75,737** | **103,892** |
| Dividend | – | (10,320) | (31,239) | (35,163) | (39,023) |
| Dividend Deferred | – | 10,320 | (10,320) | – | – |
| **NOL Carried Forward** | **(105,600)** | **(13,853)** | **–** | **–** | **–** |
| **Retained Profit After Dividend** | **–** | **–** | **4,738** | **40,574** | **64,869** |
| **Balances Carried Forward** | **–** | **–** | **4,738** | **45,312** | **110,181** |

### Tier #2 • Reconciliation of Movements in Shareholders' Funds

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Profit for the Period | (105,600) | (13,853) | 34,986 | 62,819 | 89,642 |
| Issued Share Capital | 172,000 | 172,000 | 172,000 | 172,000 | 172,000 |
| Dividend | – | (10,320) | (31,239) | (35,163) | (39,023) |
| Dividend Deferred | – | 10,320 | (10,320) | – | – |
| Goodwill Written Off | – | – | – | – | – |
| Increase/(Decrease) in Funds | (105,600) | (24,173) | 3,747 | 27,657 | 50,619 |
| Share Funds Brought Forward | – | 66,400 | 42,227 | 45,975 | 73,631 |
| Share Funds | 66,400 | 42,227 | 45,975 | 73,631 | 124,250 |

### Tier #2 • Net Cash Inflow from Operating Activities

| | As at Year 1 End / Construction £ 000's | As at Year 2 End / TX #1 £ 000's | As at Year 3 End / TX #2 £ 000's | As at Year 4 End / TX #3 £ 000's | As at Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| **Profit Before Tax** | **(105,600)** | **(13,853)** | **47,196** | **113,921** | **144,615** |
| NOL | – | – | 95,816 | 23,636 | – |
| Taxble Overseas Transfers | – | – | (40,639) | (31,233) | (34,557) |
| Overseas Deductions | – | – | 1,756 | 10,884 | 20,020 |
| **Profit before Tax, Deductions & Transfers** | **(105,600)** | **(13,853)** | **104,129** | **117,209** | **130,078** |
| Interest Included in Operating Profit | (664) | (151) | (502) | (913) | (1,292) |
| Depreciation | 4,188 | 8,415 | 9,125 | 8,669 | 5,243 |
| Stock | (100) | (140) | (180) | (220) | (260) |
| Debtors | – | (42,762) | (47,171) | (50,829) | (53,522) |
| Debtors Paid Up | – | – | 42,762 | 47,171 | 50,829 |
| Creditors Due Within the Period | 78,388 | 140,057 | 163,186 | 172,944 | 180,727 |
| Exceptional Items | 23,787 | – | – | – | – |
| **Net Cash Inflow from Operating Activities** | **–** | **91,567** | **271,348** | **294,031** | **311,802** |

### Tier #2 • Analysis of Changes in Financing, Cash, and Cash Equivalents

| | | Year 1 End £ 000's | Year 2 End £ 000's | Year 3 End £ 000's | Year 4 End £ 000's | Year 5 End £ 000's |
|---|---|---|---|---|---|---|
| Cash at Bank / in-hand (year-start) | | 172,000 | 70,488 | 22,149 | 74,054 | 130,139 |
| Cash at Bank / in-hand (year-end) Before Tax, Ofcom & Dividend | | 70,488 | 22,149 | 120,493 | 196,055 | 262,506 |
| Cash at Bank / in-hand (year-end) After Tax, Ofcom & Dividend | | 70,488 | 22,149 | 74,054 | 130,139 | 183,047 |
| Movement in Cash & Equivalents | | **(101,512)** | **(48,340)** | **51,906** | **56,084** | **52,909** |
| Bank Overdraft | | – | – | – | – | – |
| Deposits & Payments on Account** | Hi | 2,504 | 10,015 | 20,616 | 22,284 | 23,542 |
| | Lo | 1,252 | 5,008 | 10,308 | 11,142 | 11,771 |

** Figures are only representative of expectations for potential deposits on TV & Radio Advertising between 25% and 50% prior to completion of a campaign, and therefore have NOT been introduced to the general forecast model as they are reliant on contractual terms which, at this time, cannot be pre-determined with any certainty. Such deposits will significantly improve cash-flow. Year 1 represents one quarter; Years 2 thru 4 represents full year.

# Network
## TIER #2
## The Introduction of Leasing

The Investment requirement may be reduced to £158 million plus Credit Facilities of a further £20 million by the introduction of Leasing for all Equipment Requirements. It has been indicated that Fixtures, Fittings and Construction Costs may also be financed, though this has not been introduced in the following projection. Full Accounts for this Option have been prepared, and are available by arrangement.

**Tier #2 • Consolidated Management Accounts (Leasing)**

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| **Profit & Loss Accounts** | | | | | |
| Turnover | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Cost of Sales | (53,769) | (140,528) | (153,449) | (165,701) | (168,917) |
| Gross Profit | (53,769) | (6,200) | 122,310 | 131,988 | 145,577 |
| Administrative Costs & Adjustments | (8,985) | (16,910) | (25,819) | (21,812) | (18,642) |
| Profit before Exceptional Items | (62,754) | (23,110) | 96,490 | 110,176 | 126,935 |
| Exceptional Items | (22,107) | – | – | – | – |
| Profit after Exceptional Items | (84,861) | (23,110) | 96,490 | 110,176 | 126,935 |
| NOL (Net Operating Loss Posted Forward) | – | – | (86,303) | (21,668) | – |
| Overseas Capital | – | – | 37,500 | 32,994 | 37,345 |
| Overseas Capital Deductions | – | – | (1,873) | (10,217) | (19,458) |
| Profit after Adjustments | (84,861) | (23,110) | 45,814 | 111,285 | 144,822 |
| Taxation | – | – | (9,289) | (23,605) | (33,169) |
| Adjustment for Overseas Capital | – | – | 2,168 | (22,777) | (17,887) |
| Profit after Taxation | (84,861) | (23,110) | 38,694 | 64,903 | 93,765 |
| Ofcom Profit Based Licence Fees | – | – | (5,297) | (6,132) | (6,979) |
| Dividend | – | (9,480) | (28,947) | (33,053) | (38,080) |
| Dividend Deferred | – | 9,480 | (9,480) | – | – |
| Profit Retained for the Financial Year | (84,861) | (23,110) | (5,030) | 25,718 | 48,706 |
| **Balance Sheets** | | | | | |
| Fixed Assets | 26,934 | 18,635 | 12,274 | 6,467 | 2,260 |
| Current Assets | | | | | |
| Stock | 100 | 140 | 180 | 220 | 260 |
| Debtors | – | 42,762 | 47,171 | 50,829 | 53,522 |
| Bank Interest | 642 | 158 | 469 | 865 | 1,235 |
| Cash Deposits | 158,000 | 91,567 | 271,348 | 294,031 | 311,802 |
| Balances Brought Forward | – | 77,227 | 19,630 | 67,643 | 119,820 |
| | 158,742 | 211,853 | 338,799 | 413,587 | 486,639 |
| Creditors: Within the Period | (81,416) | (149,322) | (170,792) | (179,928) | (183,812) |
| Net Current Liabilities | 77,327 | 62,531 | 153,421 | 203,922 | 262,678 |
| Total Assets less Current Liabilities | 104,261 | 81,166 | 165,696 | 210,389 | 264,938 |
| Creditors Falling Due after One Year | | | *See Leasing* | | |
| Net Assets before Dividend | 104,261 | 81,166 | 165,696 | 210,389 | 264,938 |
| Dividend | – | (9,480) | (28,947) | (33,053) | (38,080) |
| Dividend Deferred | – | 9,480 | (9,480) | – | – |
| Net Assets | 104,261 | 81,166 | 127,268 | 177,336 | 226,858 |
| Capital and Reserves | 104,261 | 81,166 | 127,268 | 177,336 | 226,858 |

**Tier #2 • Deficit & Surplus Model (Leasing)**

| | Year 1 / Construction (Flexible 15- to 24-month Period) | | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|---|
| | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's |
| **Opening Balance** | **158,000** | **–** | **75,807** | **16,540** | **77,874** | **129,724** |
| Month 1 | 135,007 | 129,322 | 61,797 | 24,430 | 86,817 | 141,674 |
| Month 2 | 134,541 | 128,504 | 49,136 | 33,120 | 96,106 | 153,775 |
| Month 3 | 134,042 | 125,358 | 40,977 | 56,101 | 108,156 | 164,728 |
| Month 4 | 133,542 | 121,868 | 32,037 | 52,302 | 118,086 | 175,767 |
| Month 5 | 133,043 | 118,154 | 24,259 | 61,497 | 128,147 | 188,915 |
| Month 6 | 132,544 | 112,756 | 20,185 | 72,813 | 139,393 | 199,796 |
| Month 7 | 132,045 | 105,431 | 14,733 | 82,264 | 149,719 | 211,198 |
| Month 8 | 131,545 | 98,022 | 11,611 | 91,889 | 160,176 | 224,854 |
| Month 9 | 131,046 | 96,386 | 12,759 | 103,332 | 171,648 | 236,499 |
| Month 10 | 130,547 | 91,331 | 14,300 | 113,174 | 182,369 | 248,266 |
| Month 11 | 130,047 | 82,014 | 18,173 | 123,147 | 193,223 | 261,845 |
| Month 12 | 129,548 | 75,807 | 16,540 | 124,081 | 195,313 | 262,272 |
| | **–** | **75,807** | **16,540** | **124,081** | **195,313** | **262,272** |
| Tax | – | – | – | (9,289) | (23,605) | (33,169) |
| Ofcom | – | – | – | (5,297) | (6,132) | (6,979) |
| Dividend* | – | – | (9,480) | (28,947) | (33,053) | (38,080) |
| Bonuses | – | – | (3,980) | (2,674) | (2,800) | (2,793) |
| **Year-end Balance** | **–** | **75,807** | **16,540** | **77,874** | **129,724** | **181,249** |

* See notes on Dividend Calculations and Payments

# Network
## TIER #2
## Excluding Funding Fees

There are a number of Direct Investment scenarios where Funding could be achieved or offered with no Brokers' Fees involved. Such a scenario reduces the Tier #1 requirements to £150 million plus a further £20 million in available Credit Facilities. Full Accounts for this Option have been prepared, and are available by arrangement.

### Tier #2 • Consolidated Management Accounts (No Funding Fees)

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| **Profit & Loss Accounts** | | | | | |
| Turnover | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Cost of Sales | (72,015) | (131,676) | (146,058) | (158,874) | (165,769) |
| Gross Profit | (72,015) | 2,652 | 129,700 | 138,814 | 148,726 |
| Administrative Costs & Adjustments | (9,791) | (16,498) | (25,558) | (21,608) | (18,660) |
| Profit before Exceptional Items | (81,806) | (13,846) | 104,142 | 117,207 | 130,066 |
| Exceptional Items | (747) | – | – | – | – |
| Profit after Exceptional Items | (82,554) | (13,846) | 104,142 | 117,207 | 130,066 |
| NOL (Net Operating Loss Posted Forward) | – | – | (80,451) | (15,949) | – |
| Overseas Capital | – | – | 39,307 | 29,954 | 34,553 |
| Overseas Capital Deductions | – | – | (3,678) | (13,179) | (20,017) |
| Profit after Adjustments | (82,554) | (13,846) | 59,320 | 118,034 | 144,601 |
| Taxation | – | – | (12,310) | (25,910) | (33,307) |
| Adjustment for Overseas Capital | – | – | (1,440) | (16,776) | (14,536) |
| Profit after Taxation | (82,554) | (13,846) | 45,570 | 75,348 | 96,758 |
| Ofcom Profit Based Licence Fees | – | – | (5,656) | (6,459) | (7,125) |
| Dividend | – | (9,000) | (31,243) | (35,162) | (39,020) |
| Dividend Deferred | – | 9,000 | (9,000) | – | – |
| Profit Retained for the Financial Year | (82,554) | (13,846) | (328) | 33,727 | 50,614 |
| **Balance Sheets** | | | | | |
| Fixed Assets | 26,934 | 18,635 | 12,274 | 6,467 | 2,260 |
| Current Assets | | | | | |
| Stock | 100 | 140 | 180 | 220 | 260 |
| Debtors | – | 42,762 | 47,171 | 50,829 | 53,522 |
| Bank Interest | 670 | 157 | 514 | 911 | 1,280 |
| Cash Deposits | 150,000 | 91,567 | 271,348 | 294,031 | 311,802 |
| Balances Brought Forward | – | 71,535 | 23,201 | 73,671 | 128,138 |
| | 150,770 | 206,160 | 342,416 | 419,662 | 495,002 |
| Creditors: Within the Period | (79,135) | (140,057) | (163,186) | (172,944) | (180,727) |
| Net Current Liabilities | 71,635 | 66,103 | 161,264 | 214,349 | 273,843 |
| Total Assets less Current Liabilities | 98,569 | 84,738 | 173,539 | 220,816 | 276,104 |
| Creditors Falling Due after One Year | | | *See Leasing* | | |
| Net Assets before Dividend | 98,569 | 84,738 | 173,539 | 220,816 | 276,104 |
| Dividend | – | (9,000) | (31,243) | (35,162) | (39,020) |
| Dividend Deferred | – | 9,000 | (9,000) | – | – |
| Net Assets | 98,569 | 84,738 | 133,296 | 185,654 | 237,084 |
| Capital and Reserves | 98,569 | 84,738 | 133,296 | 185,654 | 237,084 |

**Tier #2 • Deficit & Surplus Model (No Funding Fees)**

| | Year 1 / Construction (Flexible 15- to 24-month Period) | | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|---|
| | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's |
| **Opening Balance** | 150,000 | – | 70,202 | 21,079 | 82,681 | 135,731 |
| Month 1 | 148,464 | 144,475 | 57,059 | 29,836 | 91,957 | 147,901 |
| Month 2 | 148,055 | 143,748 | 45,266 | 39,394 | 101,908 | 160,066 |
| Month 3 | 147,631 | 140,587 | 37,975 | 60,693 | 113,631 | 171,313 |
| Month 4 | 147,279 | 136,933 | 29,903 | 58,010 | 124,222 | 182,644 |
| Month 5 | 146,928 | 132,639 | 22,994 | 68,171 | 134,944 | 195,987 |
| Month 6 | 146,577 | 117,145 | 19,496 | 79,465 | 146,623 | 207,562 |
| Month 7 | 146,225 | 109,806 | 14,914 | 89,883 | 157,610 | 219,257 |
| Month 8 | 145,874 | 92,705 | 12,661 | 100,430 | 168,730 | 232,709 |
| Month 9 | 145,522 | 90,428 | 14,386 | 111,853 | 180,635 | 244,648 |
| Month 10 | 145,171 | 85,108 | 16,798 | 122,662 | 192,019 | 256,709 |
| Month 11 | 144,820 | 76,300 | 22,133 | 133,603 | 203,536 | 270,484 |
| Month 12 | 144,468 | 70,202 | 21,079 | 134,563 | 206,062 | 271,204 |
| | – | 70,202 | 21,079 | 134,563 | 206,062 | 271,204 |
| Tax | – | – | – | (12,310) | (25,910) | (33,307) |
| Ofcom | – | – | – | (5,656) | (6,459) | (7,125) |
| Dividend* | – | – | (9,000) | (31,243) | (35,162) | (39,020) |
| Bonuses | – | – | (3,980) | (2,674) | (2,800) | (2,793) |
| **Year-end Balance** | – | 70,202 | 21,079 | 82,681 | 135,731 | 188,960 |

* See notes on Dividend Calculations and Payments

## Network
## TIER #2
## Inclusive of Leasing & Excluding Funding Fees

The introduction of Leasing in combination with a Direct Funding offer involving no Broker's Fees is capable of reducing the funding requirement to £136 million plus a £20 million Credit Facility. Full Accounts for this Option have been prepared, and are available by arrangement.

**Tier #2 • Consolidated Management Accounts (Leasing + No Funding Fees)**

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| **Profit & Loss Accounts** | | | | | |
| Turnover | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Cost of Sales | (53,769) | (140,528) | (153,449) | (165,701) | (168,917) |
| Gross Profit | (53,769) | (6,200) | 122,310 | 131,988 | 145,577 |
| Administrative Costs & Adjustments | (8,989) | (16,914) | (25,817) | (21,823) | (18,663) |
| Profit before Exceptional Items | (62,758) | (23,114) | 96,492 | 110,165 | 126,915 |
| Exceptional Items | (747) | – | – | – | – |
| Profit after Exceptional Items | (63,505) | (23,114) | 96,492 | 110,165 | 126,915 |
| NOL (Net Operating Loss Posted Forward) | – | – | (72,069) | (14,550) | – |
| Overseas Capital | – | – | 36,252 | 31,649 | 37,338 |
| Overseas Capital Deductions | – | – | (3,652) | (12,340) | (19,454) |
| Profit after Adjustments | (63,505) | (23,114) | 57,023 | 114,924 | 144,798 |
| Taxation | – | – | (11,845) | (25,068) | (33,164) |
| Adjustment for Overseas Capital | – | – | (1,921) | (19,310) | (17,884) |
| Profit after Taxation | (63,505) | (23,114) | 43,256 | 70,546 | 93,751 |
| Ofcom Profit Based Licence Fees | – | – | (5,297) | (6,131) | (6,978) |
| Dividend | – | (8,160) | (28,948) | (33,049) | (38,074) |
| Dividend Deferred | – | 8,160 | (8,160) | – | – |
| Profit Retained for the Financial Year | (63,505) | (23,114) | 851 | 31,366 | 48,698 |
| **Balance Sheets** | | | | | |
| Fixed Assets | 26,934 | 18,635 | 12,274 | 6,467 | 2,260 |
| Current Assets | | | | | |
| Stock | 100 | 140 | 180 | 220 | 260 |
| Debtors | – | 42,762 | 47,171 | 50,829 | 53,522 |
| Bank Interest | 639 | 154 | 471 | 853 | 1,215 |
| Cash Deposits | 136,000 | 91,567 | 271,348 | 294,031 | 311,802 |
| Balances Brought Forward | – | 76,583 | 18,982 | 65,760 | 116,466 |
| | 136,739 | 211,206 | 338,153 | 411,693 | 483,265 |
| Creditors: Within the Period | (60,056) | (149,322) | (170,792) | (179,928) | (183,812) |
| Net Current Liabilities | 76,683 | 61,884 | 150,219 | 200,565 | 259,310 |
| Total Assets less Current Liabilities | 103,617 | 80,519 | 162,493 | 207,032 | 261,571 |
| Creditors Falling Due after One Year | | | *See Leasing* | | |
| Net Assets before Dividend | 103,617 | 80,519 | 162,493 | 207,032 | 261,571 |
| Dividend | – | (8,160) | (28,948) | (33,049) | (38,074) |
| Dividend Deferred | – | 8,160 | (8,160) | – | – |
| Net Assets | 103,617 | 80,519 | 125,385 | 173,982 | 223,496 |
| Capital and Reserves | 103,617 | 80,519 | 125,385 | 173,982 | 223,496 |

**Tier #2 • Deficit & Surplus Model (Leasing + No Funding Fees)**

| | Year 1 / Construction (Flexible 15- to 24-month Period) | | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|---|
| | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's |
| **Opening Balance** | **136,000** | **–** | **75,159** | **15,889** | **75,987** | **126,367** |
| Month 1 | 134,367 | 128,678 | 61,149 | 23,778 | 84,930 | 138,317 |
| Month 2 | 133,901 | 127,860 | 48,488 | 32,468 | 94,219 | 150,416 |
| Month 3 | 133,402 | 124,714 | 40,329 | 55,449 | 106,268 | 161,367 |
| Month 4 | 132,902 | 121,223 | 31,389 | 52,970 | 116,196 | 172,404 |
| Month 5 | 132,403 | 117,509 | 23,610 | 62,165 | 126,257 | 185,550 |
| Month 6 | 131,904 | 112,111 | 19,536 | 73,481 | 137,502 | 196,430 |
| Month 7 | 131,405 | 104,785 | 14,084 | 82,932 | 147,826 | 207,830 |
| Month 8 | 130,905 | 97,376 | 10,961 | 92,558 | 158,282 | 221,484 |
| Month 9 | 130,406 | 95,739 | 12,109 | 104,002 | 169,753 | 233,128 |
| Month 10 | 129,907 | 90,684 | 13,649 | 113,843 | 180,473 | 244,893 |
| Month 11 | 129,407 | 81,366 | 17,522 | 123,816 | 191,326 | 258,470 |
| Month 12 | 128,908 | 75,159 | 15,889 | 124,751 | 193,416 | 258,895 |
| | **–** | **75,159** | **15,889** | **124,751** | **193,416** | **258,895** |
| Tax | – | – | – | (11,845) | (25,068) | (33,164) |
| Ofcom | – | – | – | (5,297) | (6,131) | (6,978) |
| Dividend* | – | – | (8,160) | (28,948) | (33,049) | (38,074) |
| Bonuses | – | – | (3,980) | (2,674) | (2,800) | (2,793) |
| **Year-end Balance** | **–** | **75,159** | **15,889** | **75,987** | **126,367** | **177,886** |

* See notes on Dividend Calculations and Payments

# Network
## TIER #2
## The FAANG Option

The FAANG Option has been developed for the potential of Direct Funding coming from the adoption of the Project  by a major Technology Company, in order to add News to its content offerings. As a result this option is modelled without Brokers Fees; Leasing; or Satellite, Cable and IPTV distribution; though does continue to include Encoding and CDN budgets. A graph illustrates running costs per platform user for each operational year, based on known, last published Platform data. The list of Technology Companies offered in illustration  is not to be considered comprehensive. Revenues in the financial projections are based on the Parent Platform being able to deliver the same level of active audience as Satellite, Cable and IPTV platforms in other modelling. The combination of considerations reduces costs based on advertising revenues to £126 million plus £20 million in Credit Facilities. whereas in the case of a no revenues scenario with the News Channel providing added value to the existing platform annual costs on a per user basis are provided for a number of popular Technology Company's Platforms.

**Tier #2 • Consolidated Management Accounts (FAANG)**

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| **Profit & Loss Accounts** | | | | | |
| Turnover | – | 135,931 | 273,859 | 306,754 | 324,072 |
| Cost of Sales | (64,505) | (101,113) | (116,218) | (128,729) | (135,323) |
| Gross Profit | (64,505) | 34,818 | 157,640 | 178,024 | 188,749 |
| Administrative Costs & Adjustments | (9,780) | (16,338) | (25,384) | (21,199) | (18,128) |
| Profit before Exceptional Items | (74,285) | 18,480 | 132,256 | 156,825 | 170,622 |
| Exceptional Items | (747) | – | – | – | – |
| Profit after Exceptional Items | (75,032) | 18,480 | 132,256 | 156,825 | 170,622 |
| NOL (Net Operating Loss Posted Forward) | – | (18,674) | (41,203) | (11,642) | (13,077) |
| Overseas Capital | – | – | 12,436 | 12,897 | 14,534 |
| Overseas Capital Deductions | – | – | (6,360) | (12,797) | (14,188) |
| Profit after Adjustments | (75,032) | (194) | 97,130 | 145,284 | 157,891 |
| Taxation | – | (1,780) | (20,052) | (30,775) | (33,542) |
| Adjustment for Overseas Capital | – | – | 9,263 | (100) | (346) |
| Profit after Taxation | (75,032) | (1,974) | 86,341 | 114,409 | 124,002 |
| Ofcom Profit Based Licence Fees | – | (244) | (9,643) | (9,643) | (9,643) |
| Dividend | – | (7,560) | (39,677) | (47,048) | (51,186) |
| Dividend Deferred | – | 7,560 | (7,560) | – | – |
| Profit Retained for the Financial Year | (75,032) | (2,218) | 29,460 | 57,718 | 63,172 |
| **Balance Sheets** | | | | | |
| Fixed Assets | 26,934 | 18,635 | 12,274 | 6,467 | 2,260 |
| Current Assets | | | | | |
| Stock | 100 | 140 | 180 | 220 | 260 |
| Debtors | – | 43,274 | 46,846 | 52,381 | 55,156 |
| Bank Interest | 537 | 138 | 668 | 1,140 | 1,630 |
| Cash Deposits | 126,000 | 92,657 | 270,286 | 301,219 | 321,297 |
| Balances Brought Forward | – | 55,056 | 36,513 | 97,210 | 169,483 |
| | 126,637 | 191,265 | 354,494 | 452,170 | 547,827 |
| Creditors: Within the Period | (71,481) | (109,314) | (133,325) | (142,619) | (150,098) |
| Net Current Liabilities | 55,156 | 79,927 | 191,473 | 269,132 | 354,543 |
| Total Assets less Current Liabilities | 82,091 | 98,562 | 203,747 | 275,599 | 356,803 |
| Creditors Falling Due after One Year | | | *See Leasing* | | |
| Net Assets before Dividend | 82,091 | 98,562 | 203,747 | 275,599 | 356,803 |
| Dividend | – | (7,560) | (39,677) | (47,048) | (51,186) |
| Dividend Deferred | – | 7,560 | (7,560) | – | – |
| Net Assets | 82,091 | 98,562 | 156,510 | 228,551 | 305,617 |
| Capital and Reserves | 82,091 | 98,562 | 156,510 | 228,551 | 305,617 |

**Tier #2 • Deficit & Surplus Model (FAANG)**

| | Year 1 / Construction (Flexible 15- to 24-month Period) | | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|---|
| | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's |
| Opening Balance | 126,000 | – | 54,447 | 37,312 | 106,528 | 177,822 |
| Month 1 | 124,466 | 120,375 | 43,299 | 47,418 | 116,830 | 191,910 |
| Month 2 | 124,060 | 119,640 | 33,502 | 58,334 | 128,296 | 206,055 |
| Month 3 | 123,640 | 116,465 | 27,343 | 78,403 | 142,076 | 219,750 |
| Month 4 | 123,292 | 112,800 | 21,273 | 78,716 | 155,111 | 233,562 |
| Month 5 | 122,944 | 108,494 | 16,366 | 90,369 | 168,282 | 249,510 |
| Month 6 | 122,596 | 92,995 | 14,194 | 103,337 | 182,484 | 263,573 |
| Month 7 | 122,248 | 88,163 | 11,618 | 115,245 | 195,928 | 277,760 |
| Month 8 | 121,900 | 71,048 | 11,375 | 127,282 | 209,508 | 293,838 |
| Month 9 | 121,552 | 68,736 | 14,560 | 140,387 | 223,959 | 308,277 |
| Month 10 | 121,204 | 63,294 | 18,987 | 152,683 | 237,812 | 322,841 |
| Month 11 | 120,856 | 57,680 | 26,238 | 165,110 | 251,801 | 339,264 |
| Month 12 | 120,508 | 54,447 | 37,312 | 178,575 | 268,088 | 354,080 |
| | – | 54,447 | 37,312 | 178,575 | 268,088 | 354,080 |
| Tax | – | – | (1,780) | (20,052) | (30,775) | (33,542) |
| Ofcom | – | – | (244) | (9,643) | (9,643) | (9,643) |
| Dividend* | – | – | (7,560) | (39,677) | (47,048) | (51,186) |
| Bonuses | – | – | (3,980) | (2,674) | (2,800) | (2,793) |
| Year-end Balance | – | 54,447 | 37,312 | 106,528 | 177,822 | 256,914 |

* See notes on Dividend Calculations and Payments

### Tier #2 • Cost per User (Excluding Advertising Revenue)

| | Tech Corp Annual Users | Year 1 / Construction | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|---|
| Costs | | £75,031,924 | £117,450,911 | £141,602,432 | £149,928,115 | £153,450,316 |
| | Last Published User Volume | | | | | |
| Google | 3,500,000,000 | £0.02 | £0.03 | £0.04 | £0.04 | £0.04 |
| Facebook | 2,200,000,000 | £0.03 | £0.05 | £0.06 | £0.07 | £0.07 |
| Android (Phones / Tablets) | 2,000,000,000 | £0.04 | £0.06 | £0.07 | £0.07 | £0.08 |
| Apple iOS (Phones / Tablets) | 1,300,000,000 | £0.06 | £0.09 | £0.11 | £0.12 | £0.12 |
| Amazon | 310,000,000 | £0.24 | £0.38 | £0.46 | £0.48 | £0.50 |
| Netflix | 117,580,000 | £0.64 | £1.00 | £1.20 | £1.28 | £1.31 |
| Roku | 38,900,000 | £1.93 | £3.02 | £3.64 | £3.85 | £3.94 |
| Google Chromecast | 36,900,000 | £2.03 | £3.18 | £3.84 | £4.06 | £4.16 |
| Amazon Fire TV | 35,800,000 | £2.10 | £3.28 | £3.96 | £4.19 | £4.29 |
| Amazon Prime US | 26,000,000 | £2.89 | £4.52 | £5.45 | £5.77 | £5.90 |
| Apple TV | 25,000,000 | £3.00 | £4.70 | £5.66 | £6.00 | £6.14 |

* Figures inclusive of Satellite & Cable Broadcast Coverage. All User Volumes Based on available data.

# Network
## TIER #3
## Fully Funded Inclusive of Brokers’ Fees

This option takes full account of the potential for Brokers’ Fees to be incurred during the funding process. The fully funded requirement is for £154 million plus Credit Facilities of £20 million.

### Tier #3 • Trading Year

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Turnover | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Profit before Tax, Exceptional items*, NOL & Ofcom Fees | (66,025) | (5,512) | 112,942 | 122,373 | 133,975 |
| NOL (Net Operating Loss Brought Forward) | – | (5,459) | (76,058) | (17,565) | – |
| Profit after Tax, Depreciation, Exceptional Items* & Ofcom Fees | (87,652) | (11,071) | 64,268 | 73,538 | 96,582 |
| Capital Expenditure | (21,379) | (82) | (2,643) | (5,310) | (5,519) |
| Exceptional Items | (21,627) | – | – | – | – |

* The Exceptional Items in the 1st Year figures relate to the costs associated with Project Development and raising Equity Finance

### Tier #3 • Consolidated Budget

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Transmission Budget | 9,189 | 34,145 | 34,978 | 35,372 | 35,779 |
| Production Budgets | 4,009 | 50,134 | 52,223 | 59,273 | 62,063 |
| Broadcast Equipment & Services | 15,188 | 223 | 2,732 | 5,410 | 5,631 |
| PRS Licences & Contingencies | 375 | 1,500 | 1,553 | 1,607 | 1,664 |
| Licences (exc. Profit-based Fees) | 408 | 408 | 408 | 408 | 408 |
| Training Programmes | 362 | 9 | 18 | 19 | 20 |
| IT & Communications | 3,563 | 1,368 | 1,530 | 1,526 | 1,678 |
| Outfitting of Facilities & Furnishings | 7,204 | 233 | 261 | 264 | 268 |
| Buildings & Facilities | 2,441 | 3,433 | 5,673 | 5,717 | 5,762 |
| Personnel (inc. Contributions, Pensions & Healthcare) | 10,702 | 20,983 | 24,347 | 25,622 | 26,732 |
| Working Capital & Miscellaneous Expenditure | 1,800 | 2,000 | 2,070 | 2,143 | 2,219 |
| Contact Centre | 1,075 | 2,667 | 2,761 | 2,858 | 2,958 |
| Security & Fire Systems | 311 | 433 | 450 | 467 | 483 |
| Energy | 231 | 461 | 479 | 497 | 515 |
| Legal Budget & Professional Fees | 3,430 | 3,178 | 3,716 | 3,921 | 4,063 |
| Insurance (inc. IPT) | 471 | 1,908 | 2,171 | 2,366 | 2,450 |
| Marketing Budget (exc. Events Presence) | 2,700 | 10,000 | 14,000 | 18,000 | 20,000 |
| Bank Charges & Commissions | 289 | 595 | 652 | 711 | 736 |
| | 63,747 | 133,675 | 150,021 | 166,180 | 173,428 |

## Tier #3 • Group Consolidated P&L Accounts

| | Note | Year 1 / Construction £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|---|
| Turnover | 1 | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Cost of Sales / Operations | 2 | (59,623) | (127,779) | (142,623) | (157,706) | (164,481) |
| Stock | | 100 | 140 | 180 | 220 | 260 |
| **Gross Profit** | | (59,523) | 6,689 | 133,315 | 140,202 | 150,274 |
| Administrative Expenses | | (4,124) | (5,897) | (7,397) | (8,474) | (8,947) |
| Bank Interest | | 609 | 148 | 601 | 1,018 | 1,424 |
| Unrecoverable Sales Taxes | | (79) | (611) | (690) | (800) | (750) |
| Depreciation | | (2,908) | (5,843) | (6,517) | (6,917) | (5,376) |
| Bonuses | | (1,411) | (2,422) | (2,536) | (2,656) | (2,650) |
| Bonuses Deferred to Q2 TX1 | 27 | 1,411 | 2,422 | (3,834) | – | – |
| **Profit before Exceptional Items** | | (66,025) | (5,512) | 112,942 | 122,373 | 133,975 |
| Exceptional items | 3 | (21,627) | – | – | – | – |
| **Profit after Exceptional Items** | 4 | (87,652) | (5,512) | 112,942 | 122,373 | 133,975 |
| Net Operating Loss Deducted (non-UK) | | – | – | (30,122) | (17,565) | – |
| Overseas Capital | 25 | – | – | 10,844 | 10,282 | 9,746 |
| Overseas Capital Deductions | | – | – | – | (3,652) | (9,011) |
| Net Operating Loss Deducted (UK) | | – | (5,459) | (45,936) | – | – |
| **Group Profit after Deductions** | | (87,652) | (10,971) | 47,728 | 111,438 | 134,710 |
| Taxation | 5 | – | (87) | (9,068) | (22,042) | (27,750) |
| Adjustment for Overseas Capital | 26 | – | – | 35,092 | (6,630) | (735) |
| **Profit after Taxation** | | (87,652) | (11,059) | 73,751 | 82,766 | 106,225 |
| **Profit Based Licence Fees** | | | | | | |
| Licence Chargeable Profit | | – | 372 | 73,751 | 71,769 | 79,153 |
| Total Licence Fees | | – | (12) | (9,483) | (9,228) | (9,643) |
| **Profit after Tax & Licence Fees** | | (87,652) | (11,071) | 64,268 | 73,538 | 96,582 |
| **Other Movements in Capital** | | | | | | |
| Dividend | 6 | – | (9,240) | (33,882) | (36,712) | (40,192) |
| Dividend Deferred | | – | 9,240 | (9,240) | – | – |
| **Post Dividend Position** | 13 | (87,652) | (11,071) | 21,146 | 36,826 | 56,389 |
| **Total Recognised Gains & Losses** | | | | | | |
| Profit for the Financial Period | | (87,652) | (11,071) | 64,268 | 73,538 | 96,582 |
| Goodwill Written Off | | – | – | – | – | – |
| **Total Recognised Gains & Losses** | | (87,652) | (11,071) | 64,268 | 73,538 | 96,582 |
| Dividend Adjustment | | – | (9,240) | (33,882) | (36,712) | (40,192) |
| Dividend Deferred | 6a | – | 9,240 | (9,240) | – | – |
| **Post Dividend Position** | | (87,652) | (11,071) | 21,146 | 36,826 | 56,389 |

## Tier #3 • Regional Consolidated P&L Accounts (Year 1 / Construction)

| | Note | UK Year 1 / Construction £ 000's | EU Year 1 / Construction £ 000's | USA Year 1 / Construction £ 000's | SG Year 1 / Construction £ 000's |
|---|---|---|---|---|---|
| Turnover | 1 | – | – | – | – |
| Cost of Sales / Operations | 2 | (36,544) | (23,079) | – | – |
| Inter-Platform Transactions | | – | – | – | – |
| Stock | | 50 | 50 | – | – |
| **Gross Profit** | | **(36,494)** | **(23,029)** | **–** | **–** |
| Administrative Expenses | | (2,516) | (1,608) | – | – |
| Bank Interest | | 304 | 304 | – | – |
| Unrecoverable Sales Taxes | | (40) | (39) | – | – |
| Depreciation | | (1,836) | (1,072) | – | – |
| Bonuses (end-of-year) | | (1,179) | (232) | – | – |
| Bonuses Deferred to M1 Q2 TX2 | | 1,179 | 232 | – | – |
| **Profit before Exceptional Items** | | **(40,581)** | **(25,443)** | **–** | **–** |
| Exceptional items | 3 | (10,814) | (10,814) | – | – |
| **Profit after Exceptional Items** | 4 | **(51,395)** | **(36,257)** | **–** | **–** |
| Net Operating Loss Deducted (non-UK) | | – | – | – | – |
| Overseas Capital | | – | – | – | – |
| Overseas Capital Deductions | | | | | |
| Profit Post Overseas Capital | | (51,395) | – | – | – |
| NOL | | – | – | – | – |
| **Profit after Deductions** | | **(51,395)** | **(36,257)** | **–** | **–** |
| Taxation | 5 | – | – | – | – |
| Adjustment for Overseas Capital | | – | – | – | – |
| **Profit after Taxation** | | **(51,395)** | **(36,257)** | **–** | **–** |
| Ofcom Chargeable Profit | | – | – | – | – |
| Total Ofcom Licence Fees | | – | – | – | – |
| **Profit after Tax & Ofcom Licence Fees** | | **(51,395)** | **(36,257)** | **–** | **–** |
| Other Movements in Capital | | | | | |
| Transfers of Capital | | – | – | – | – |
| Dividend | 6 | – | – | – | – |
| Dividend Deferred | | – | – | – | – |
| **Regional Retained Profit for the Financial Period** | 13 | **(51,395)** | **(36,257)** | **–** | **–** |
| Total Recognised Gains & Losses | | | | | |
| Profit for the Financial Period | | (51,395) | (36,257) | – | – |
| **Total Recognised Gains & Losses** | | **(51,395)** | **(36,257)** | **–** | **–** |
| Transfers of Capital | | – | – | – | – |
| Dividend Adjustment | | – | – | – | – |
| Dividend Deferred | 6a | – | – | – | – |
| **Post Dividend Position** | | **(51,395)** | **(36,257)** | **–** | **–** |
| **NOL** (Net Operating Loss in Hand) | | **(51,395)** | **(36,257)** | **–** | **–** |

**Tier #3 • Regional Consolidated P&L Accounts (Year 2 / TX #1)**

| | Note | UK Year 1 / Construction £ 000's | EU Year 1 / Construction £ 000's | USA Year 1 / Construction £ 000's | SG Year 1 / Construction £ 000's |
|---|---|---|---|---|---|
| Turnover | 1 | 73,734 | 60,594 | – | – |
| Cost of Sales / Operations | 2 | (73,347) | (54,432) | – | – |
| Inter-Platform Transactions | | 12,875 | (12,875) | – | – |
| Stock | | 70 | 70 | – | – |
| **Gross Profit** | | 13,332 | (6,643) | – | – |
| Administrative Expenses | | (3,474) | (2,422) | – | – |
| Bank Interest | | 74 | 74 | – | – |
| Unrecoverable Sales Taxes | | (327) | (283) | – | – |
| Depreciation | | (3,686) | (2,156) | – | – |
| Bonuses (end-of-year) | | (1,940) | (482) | – | – |
| Bonuses Deferred to M1 Q2 TX2 | | 1,940 | 482 | – | – |
| **Profit before Exceptional Items** | | 5,919 | (11,431) | – | – |
| Exceptional items | 3 | – | – | – | – |
| **Profit after Exceptional Items** | 4 | 5,919 | (11,431) | – | – |
| Net Operating Loss Deducted (non-UK) | | – | – | – | – |
| Overseas Capital | | – | – | – | – |
| Overseas Capital Deductions | | – | – | – | – |
| Profit Post Overseas Capital | | 5,919 | – | – | – |
| NOL | | (5,459) | – | – | – |
| **Profit after Deductions** | | 459 | (11,431) | – | – |
| Taxation | 5 | (87) | – | – | – |
| Adjustment for Overseas Capital | | – | – | – | – |
| **Profit after Taxation** | | 372 | (11,431) | – | – |
| Ofcom Chargeable Profit | | 372 | – | – | – |
| Total Ofcom Licence Fees | | (12) | – | – | – |
| **Profit after Tax & Ofcom Licence Fees** | | 360 | (11,431) | – | – |
| **Other Movements in Capital** | | | | | |
| Transfers of Capital | | – | – | – | – |
| Dividend | 6 | (9,240) | – | – | – |
| Dividend Deferred | | 9,240 | – | – | – |
| **Regional Retained Profit for the Financial Period** | 13 | 360 | (11,431) | – | – |
| **Total Recognised Gains & Losses** | | | | | |
| Profit for the Financial Period | | 360 | (11,431) | – | – |
| **Total Recognised Gains & Losses** | | 360 | (11,431) | – | – |
| Transfers of Capital | | – | – | – | – |
| Dividend Adjustment | | (9,240) | – | – | – |
| Dividend Deferred | 6a | 9,240 | – | – | – |
| **Post Dividend Position** | | 360 | (11,431) | – | – |
| **NOL** (Net Operating Loss in Hand) | | (45,936) | (47,688) | – | – |

**Tier #3 • Regional Consolidated P&L Accounts (Year 3 / TX #2)**

| | Note | UK Year 1 / Construction £ 000's | EU Year 1 / Construction £ 000's | USA Year 1 / Construction £ 000's | SG Year 1 / Construction £ 000's |
|---|---|---|---|---|---|
| Turnover | 1 | 151,352 | 124,406 | – | – |
| Cost of Sales / Operations | 2 | (82,391) | (60,232) | – | – |
| Inter-Platform Transactions | | 27,399 | (27,399) | – | – |
| Stock | | 90 | 90 | – | – |
| **Gross Profit** | | **96,450** | **36,865** | **–** | **–** |
| Administrative Expenses | | (4,393) | (3,004) | – | – |
| Bank Interest | | 300 | 300 | – | – |
| Unrecoverable Sales Taxes | | (360) | (329) | – | – |
| Depreciation | | (4,027) | (2,490) | – | – |
| Bonuses (end-of-year) | | (2,031) | (505) | – | – |
| Bonuses Deferred to M1 Q2 TX2 | | (3,119) | (714) | – | – |
| **Profit before Exceptional Items** | | **82,819** | **30,122** | **–** | **–** |
| Exceptional items | 3 | – | – | – | – |
| **Profit after Exceptional Items** | 4 | **82,819** | **30,122** | **–** | **–** |
| Net Operating Loss Deducted (non-UK) | | – | (30,122) | – | – |
| Overseas Capital | | 10,844 | – | – | – |
| Overseas Capital Deductions | | – | – | – | – |
| Profit Post Overseas Capital | | 93,663 | – | – | – |
| NOL | | (45,936) | – | – | – |
| **Profit after Deductions** | | **47,728** | **–** | **–** | **–** |
| Taxation | 5 | (9,068) | – | – | – |
| Adjustment for Overseas Capital | | 35,092 | – | – | – |
| **Profit after Taxation** | | **73,751** | **–** | **–** | **–** |
| Ofcom Chargeable Profit | | 73,751 | – | – | – |
| Total Ofcom Licence Fees | | (9,483) | – | – | – |
| **Profit after Tax & Ofcom Licence Fees** | | **64,268** | **–** | **–** | **–** |
| Other Movements in Capital | | | | | |
| Transfers of Capital | | 10,844 | (10,844) | – | – |
| Dividend | 6 | (33,882) | – | – | – |
| Dividend Deferred | | (9,240) | – | – | – |
| **Regional Retained Profit for the Financial Period** | 13 | **31,990** | **(10,844)** | **–** | **–** |
| Total Recognised Gains & Losses | | | | | |
| Profit for the Financial Period | | 64,268 | – | – | – |
| **Total Recognised Gains & Losses** | | **64,268** | **–** | **–** | **–** |
| Transfers of Capital | | 10,844 | (10,844) | – | – |
| Dividend Adjustment | | (33,882) | – | – | – |
| Dividend Deferred | 6a | (9,240) | – | – | – |
| **Post Dividend Position** | | **31,990** | **(10,844)** | **–** | **–** |
| **NOL** (Net Operating Loss in Hand) | | **–** | **(17,565)** | **–** | **–** |

**Tier #3 • Regional Consolidated P&L Accounts (Year 4 / TX #3)**

| | Note | UK Year 1 / Construction £ 000's | EU Year 1 / Construction £ 000's | USA Year 1 / Construction £ 000's | SG Year 1 / Construction £ 000's |
|---|---|---|---|---|---|
| Turnover | 1 | 162,965 | 134,724 | – | – |
| Cost of Sales / Operations | 2 | (90,756) | (66,950) | – | – |
| Inter-Platform Transactions | | 29,064 | (29,064) | – | – |
| Stock | | 110 | 110 | – | – |
| **Gross Profit** | | 101,382 | 38,820 | – | – |
| Administrative Expenses | | (4,998) | (3,476) | – | – |
| Bank Interest | | 509 | 509 | – | – |
| Unrecoverable Sales Taxes | | (423) | (377) | – | – |
| Depreciation | | (4,184) | (2,733) | – | – |
| Bonuses (end-of-year) | | (2,127) | (530) | – | – |
| Bonuses Deferred to M1 Q2 TX2 | | – | – | – | – |
| **Profit before Exceptional Items** | | 90,159 | 32,214 | – | – |
| Exceptional items | 3 | – | – | – | – |
| **Profit after Exceptional Items** | 4 | 90,159 | 32,214 | – | – |
| Net Operating Loss Deducted (non-UK) | | – | (17,565) | – | – |
| Overseas Capital | | 10,282 | – | – | – |
| Overseas Capital Deductions | | (3,652) | – | – | – |
| Profit Post Overseas Capital | | 96,789 | – | – | – |
| NOL | | – | – | – | – |
| **Profit after Deductions** | | 96,789 | 14,649 | – | – |
| Taxation | 5 | (18,390) | (3,652) | – | – |
| Adjustment for Overseas Capital | | (6,630) | – | – | – |
| **Profit after Taxation** | | 71,769 | 10,997 | – | – |
| Ofcom Chargeable Profit | | 71,769 | – | – | – |
| Total Ofcom Licence Fees | | (9,228) | – | – | – |
| **Profit after Tax & Ofcom Licence Fees** | | 62,541 | 10,997 | – | – |
| **Other Movements in Capital** | | | | | |
| Transfers of Capital | | 10,282 | (10,282) | – | – |
| Dividend | 6 | (36,712) | – | – | – |
| Dividend Deferred | | – | – | – | – |
| **Regional Retained Profit for the Financial Period** | 13 | 36,112 | 714 | – | – |
| **Total Recognised Gains & Losses** | | | | | |
| Profit for the Financial Period | | 62,541 | 10,997 | – | – |
| **Total Recognised Gains & Losses** | | 62,541 | 10,997 | – | – |
| Transfers of Capital | | 10,282 | (10,282) | – | – |
| Dividend Adjustment | | (36,712) | – | – | – |
| Dividend Deferred | 6a | – | – | – | – |
| **Post Dividend Position** | | 36,112 | 714 | – | – |
| NOL (Net Operating Loss in Hand) | | – | – | – | – |

### Tier #3 • Regional Consolidated P&L Accounts (Year 5 / TX #4)

| | Note | UK Year 1 / Construction £ 000's | EU Year 1 / Construction £ 000's | USA Year 1 / Construction £ 000's | SG Year 1 / Construction £ 000's |
|---|---|---|---|---|---|
| Turnover | 1 | 172,165 | 142,330 | – | – |
| Cost of Sales / Operations | 2 | (94,520) | (69,961) | – | – |
| Inter-Platform Transactions | | 30,426 | (30,426) | – | – |
| Stock | | 130 | 130 | – | – |
| **Gross Profit** | | **108,201** | **42,073** | **–** | **–** |
| Administrative Expenses | | (5,257) | (3,690) | – | – |
| Bank Interest | | 712 | 712 | – | – |
| Unrecoverable Sales Taxes | | (450) | (300) | – | – |
| Depreciation | | (3,193) | (2,183) | – | – |
| Bonuses (end-of-year) | | (2,120) | (530) | – | – |
| Bonuses Deferred to M1 Q2 TX2 | | – | – | – | – |
| **Profit before Exceptional Items** | | **97,892** | **36,082** | **–** | **–** |
| Exceptional items | 3 | – | – | – | – |
| **Profit after Exceptional Items** | 4 | **97,892** | **36,082** | **–** | **–** |
| Net Operating Loss Deducted (non-UK) | | – | – | – | – |
| Overseas Capital | | 9,746 | – | – | – |
| Overseas Capital Deductions | | (9,011) | – | – | – |
| Profit Post Overseas Capital | | 98,628 | – | – | – |
| NOL | | – | – | – | – |
| **Profit after Deductions** | | **98,628** | **36,082** | **–** | **–** |
| Taxation | 5 | (18,739) | (9,011) | – | – |
| Adjustment for Overseas Capital | | (735) | – | – | – |
| **Profit after Taxation** | | **79,153** | **27,072** | **–** | **–** |
| Ofcom Chargeable Profit | | 79,153 | – | – | – |
| Total Ofcom Licence Fees | | (9,643) | – | – | – |
| **Profit after Tax & Ofcom Licence Fees** | | **69,510** | **27,072** | **–** | **–** |
| **Other Movements in Capital** | | | | | |
| Transfers of Capital | | 9,746 | (9,746) | – | – |
| Dividend | 6 | (40,192) | – | – | – |
| Dividend Deferred | | – | – | – | – |
| **Regional Retained Profit for the Financial Period** | 13 | **39,063** | **17,326** | **–** | **–** |
| **Total Recognised Gains & Losses** | | | | | |
| Profit for the Financial Period | | 69,510 | 27,072 | – | – |
| **Total Recognised Gains & Losses** | | **69,510** | **27,072** | **–** | **–** |
| Transfers of Capital | | 9,746 | (9,746) | – | – |
| Dividend Adjustment | | (40,192) | – | – | – |
| Dividend Deferred | 6a | – | – | – | – |
| **Post Dividend Position** | | **39,063** | **17,326** | **–** | **–** |
| **NOL** (Net Operating Loss in Hand) | | **–** | **–** | **–** | **–** |

**Tier #3 • Consolidated Balance Sheets**

| | Note | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|---|
| Tangible Assets | 7 | 18,472 | 12,711 | 8,837 | 7,230 | 4,283 |
| **Current Assets** | | | | | | |
| Stock | | 100 | 140 | 180 | 220 | 260 |
| Debtors | 8 | – | 42,762 | 47,171 | 50,829 | 53,522 |
| Interest | | 609 | 148 | 601 | 1,018 | 1,424 |
| Cash Deposits | | 154,000 | 91,567 | 271,348 | 294,031 | 311,802 |
| Brought Forward Balances | | – | 69,156 | 26,486 | 79,681 | 137,111 |
| Total Current Assets | | 154,709 | 203,772 | 345,786 | 425,779 | 504,118 |
| Tax | | – | (87) | (9,068) | (22,042) | (27,750) |
| Adjustment for Tax Position | | – | – | – | – | – |
| Profit Based Licence Fees | | – | (12) | (9,483) | (9,228) | (9,643) |
| Creditors: Within the Period | 9 | (85,453) | (134,286) | (157,080) | (169,636) | (176,828) |
| Net Current Liabilities | | 69,256 | 69,387 | 170,155 | 224,872 | 289,898 |
| Total Assets *less* Liabilities | | 87,728 | 82,098 | 178,992 | 232,102 | 294,181 |
| Creditors: *due after one year* | 10 | – | – | – | – | – |
| | | 87,728 | 82,098 | 178,992 | 232,102 | 294,181 |
| Dividend | | – | (9,240) | (33,882) | (36,712) | (40,192) |
| Dividend Deferred | | – | 9,240 | (9,240) | – | – |
| | | 87,728 | 82,098 | 135,870 | 195,390 | 253,988 |
| **Capital and Reserves** | | | | | | |
| Share Capital | 12 | 154,000 | 154,000 | 154,000 | 154,000 | 154,000 |
| P&L (Adj. for Depreciation & Stock) | 13 | (84,744) | 3,039 | 155,714 | 88,437 | 135,898 |
| NOL (Adjusted for ORC Deductions) | | – | – | (45,936) | – | – |
| NOL | | – | (87,652) | (93,623) | (17,565) | – |
| Tangible Assets | | 18,472 | 12,711 | 8,837 | 7,230 | 4,283 |
| Dividend | | – | (9,240) | (33,882) | (36,712) | (40,192) |
| Dividend Deferred | | – | 9,240 | (9,240) | – | – |
| | 14 | 87,728 | 82,098 | 135,870 | 195,390 | 253,988 |
| **Shareholders' Funds** | | | | | | |
| Capital Movement | | (84,744) | 3,039 | 155,714 | 88,437 | 135,898 |
| NOL (Adjusted for ORC Deductions) | | – | – | (45,936) | – | – |
| NOL | | – | (87,652) | (93,623) | (17,565) | – |
| Share Capital | | 154,000 | 154,000 | 154,000 | 154,000 | 154,000 |
| Tangible Assets | | 18,472 | 12,711 | 8,837 | 7,230 | 4,283 |
| Dividend | | – | (9,240) | (33,882) | (36,712) | (40,192) |
| Dividend Deferred | | – | 9,240 | (9,240) | – | – |
| | | 87,728 | 82,098 | 135,870 | 195,390 | 253,988 |

**Tier #3 • Consolidated Group Cash Flow Statements**

| | Note | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|---|
| Net Cash Inflow from Operating Activities* | 15 | (20,771) | 91,567 | 271,348 | 294,031 | 311,802 |
| **Returns on Investments and Servicing of Finance** | | | | | | |
| Interest Paid/Received | | 609 | 148 | 601 | 1,018 | 1,424 |
| Finance Lease Interest Paid* | | – | – | – | – | – |
| Dividend Paid | | – | (9,240) | (33,882) | (36,712) | (40,192) |
| Dividend Deferred | | – | 9,240 | (9,240) | – | – |
| Net Cash Inflow/Outflow from Returns on Investment and Servicing of Finance | | 609 | 148 | (42,522) | (35,694) | (38,769) |
| Tax Paid | | – | (87) | (9,068) | (22,042) | (27,750) |
| Revenue Based Licencing | | – | (12) | (9,483) | (9,228) | (9,643) |
| **Investing Activities** | | | | | | |
| Purchase of Tangible Fixed Assets | | (21,379) | – | (2,484) | (5,145) | (3,217) |
| Purchase of Business Entities | | – | – | – | – | – |
| Net Cash Outflow from Investing Activities | | (21,379) | – | (2,484) | (5,145) | (3,217) |
| Net Cash Inflow/(Outflow) | | (41,541) | 91,715 | 226,342 | 253,192 | 269,816 |
| **Financing** | | | | | | |
| Issue of Shares | | 154,000 | – | – | – | – |
| Shareholder Loan Movements | | – | – | – | – | – |
| Directors' Loan Movements | | – | – | – | – | – |
| Capital Element of Leases* | | – | – | – | – | – |
| Exceptional Items | | (21,627) | – | – | – | – |
| Net Cash Inflow/(Outflow) from Financing | 16 | 132,373 | – | – | – | – |
| Cash and Cash Equivalents | 17 | 90,832 | 91,715 | 226,342 | 253,192 | 269,816 |

* 1st Year Opening Balance less Assets, Interest and Exceptional Items added back within the Cash Flow Statement

**Tier #3 • EBITDA**

| | Year 1 / Construction £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|
| Turnover | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Cost of Sales / Operations | (59,623) | (127,779) | (142,623) | (157,706) | (164,481) |
| Administrative Expenses | (4,124) | (5,897) | (7,397) | (8,474) | (8,947) |
| EBITDA | (63,747) | 653 | 125,738 | 131,509 | 141,067 |
| Exceptional Items | (21,627) | – | – | – | – |
| EBITDA inc. of Exceptional Items | (85,374) | 653 | 125,738 | 131,509 | 141,067 |

**Tier #3 • Deficit and Surplus Modelling**

| | Year 1 / Construction (Flexible 15- to 24-month Period) £ 000's | £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|---|
| Opening Balance | 154,000 | – | 66,939 | 22,395 | 99,480 | 155,840 |
| Month 1 | 131,632 | 127,384 | 53,823 | 31,974 | 108,938 | 168,545 |
| Month 2 | 131,227 | 126,669 | 42,057 | 42,294 | 117,843 | 183,941 |
| Month 3 | 130,774 | 124,211 | 35,501 | 75,412 | 131,774 | 194,164 |
| Month 4 | 130,413 | 121,115 | 27,351 | 73,115 | 141,302 | 204,469 |
| Month 5 | 130,052 | 117,641 | 20,330 | 82,755 | 150,958 | 220,783 |
| Month 6 | 129,691 | 106,625 | 18,308 | 96,506 | 165,523 | 231,325 |
| Month 7 | 129,330 | 100,298 | 13,548 | 106,397 | 175,437 | 241,985 |
| Month 8 | 128,970 | 87,723 | 11,052 | 116,414 | 185,479 | 258,426 |
| Month 9 | 128,609 | 85,909 | 14,426 | 130,314 | 200,291 | 269,324 |
| Month 10 | 128,248 | 80,820 | 16,462 | 140,586 | 210,592 | 280,340 |
| Month 11 | 127,887 | 72,189 | 21,532 | 150,987 | 221,021 | 297,125 |
| Month 12 | 127,526 | 66,939 | 22,494 | 154,449 | 226,478 | 296,799 |
| | – | 66,939 | 22,494 | 154,449 | 226,478 | 296,799 |
| Tax | – | – | (87) | (9,068) | (22,042) | (27,750) |
| Ofcom | – | – | (12) | (9,483) | (9,228) | (9,643) |
| Dividend* | – | – | (9,240) | (33,882) | (36,712) | (40,192) |
| Bonuses | – | – | (3,834) | (2,536) | (2,656) | (2,650) |
| Year-end Balance | – | 66,939 | 22,395 | 99,480 | 155,840 | 216,563 |

* See notes on Dividend Calculations and Payments
** Inclusive of Movements in VAT & Sales Tax

**Tier #3 • Operational Costs inc. VAT & Sales Taxes**

| | Pre-Launch (Flexible 15- to 24-month Period) £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|
| Month 1 | (26,549) | (13,149) | (13,159) | (16,366) | (15,726) |
| Month 2 | (483) | (11,793) | (14,455) | (15,010) | (17,022) |
| Month 3 | (531) | (11,793) | (13,159) | (15,010) | (15,726) |
| Month 4 | (438) | (11,793) | (13,159) | (15,010) | (15,726) |
| Month 5 | (438) | (11,793) | (13,159) | (15,010) | (15,726) |
| Month 6 | (438) | (13,113) | (13,159) | (16,330) | (15,726) |
| Month 7 | (438) | (11,793) | (13,159) | (15,010) | (15,726) |
| Month 8 | (438) | (11,793) | (13,159) | (15,010) | (15,726) |
| Month 9 | (438) | (13,233) | (13,159) | (16,450) | (15,726) |
| Month 10 | (438) | (11,793) | (13,159) | (15,010) | (15,726) |
| Month 11 | (438) | (11,026) | (13,159) | (15,010) | (15,726) |
| Month 12 | (438) | (22,237) | (23,969) | (26,198) | (27,306) |
| Month 13 | (677) | – | – | – | – |
| Month 14 | (778) | – | – | – | – |
| Month 15 | (2,755) | – | – | – | – |
| Month 16 | (3,158) | – | – | – | – |
| Month 17 | (3,534) | – | – | – | – |
| Month 18 | (11,777) | – | – | – | – |
| Month 19 | (6,381) | – | – | – | – |
| Month 20 | (12,625) | – | – | – | – |
| Month 21 | (5,023) | – | – | – | – |
| Month 22 | (5,132) | – | – | – | – |
| Month 23 | (8,671) | – | – | – | – |
| Month 24 | (9,149) | – | – | – | – |
| | (101,169) | (155,308) | (170,011) | (195,418) | (201,585) |

* All values represent total liability and exclude recoverable VAT values

**Tier #3 • Group Cost of Sales (ex. Admin)**

| | Year 1 / Construction £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|
| Transmission Budget | 9,189 | 34,145 | 34,978 | 35,372 | 35,779 |
| Production Budgets | 4,009 | 50,134 | 52,223 | 59,273 | 62,063 |
| Broadcast Equipment & Services | 15,180 | 223 | 2,579 | 4,935 | 5,156 |
| PRS Licences & Contingencies | 375 | 1,500 | 1,553 | 1,607 | 1,664 |
| Licences (exc. Profit-based Fees) | 408 | 408 | 408 | 408 | 408 |
| Training Programmes | 362 | 9 | 18 | 19 | 20 |
| IT & Communications | 3,123 | 1,197 | 1,339 | 1,335 | 1,468 |
| Outfitting of Facilities & Furnishings | 6,442 | 203 | 228 | 231 | 234 |
| Buildings & Facilities | 2,136 | 3,007 | 4,981 | 5,020 | 5,059 |
| Personnel (inc. Contributions, Pensions & Healthcare) | 9,401 | 18,423 | 21,371 | 22,490 | 23,464 |
| Working Capital & Miscellaneous Expenditure | 1,572 | 1,747 | 1,808 | 1,872 | 1,938 |
| Contact Centre | 931 | 2,308 | 2,390 | 2,474 | 2,560 |
| Security & Fire Systems | 272 | 378 | 393 | 408 | 422 |
| Energy | 202 | 404 | 420 | 436 | 451 |
| Legal Budget & Professional Fees | 3,000 | 2,775 | 3,247 | 3,424 | 3,549 |
| Insurance (inc. IPT) | 412 | 1,666 | 1,896 | 2,067 | 2,140 |
| Marketing Budget (exc. Events Presence) | 2,357 | 8,731 | 12,223 | 15,715 | 17,461 |
| Bank Charges & Commissions | 252 | 520 | 569 | 621 | 643 |
| | 59,623 | 127,779 | 142,623 | 157,706 | 164,481 |

**Tier #3 • Profit on Ordinary Activities before Taxation is stated after applying**

| | Year 1 / Construction £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|
| Depreciation on Fixed Assets | 2,908 | 5,843 | 6,517 | 6,917 | 5,376 |
| Auditors' Remuneration | 454 | 1,162 | 1,321 | 1,441 | 1,492 |
| Directors' Remuneration | 2,328 | 1,657 | 2,012 | 2,153 | 2,304 |
| Sales & Operations (exc. Directors) | 58,998 | 127,202 | 141,923 | 156,957 | 163,679 |
| Administration (exc. Directors) | 1,968 | 3,655 | 4,765 | 5,629 | 5,953 |
| Bank Interest | (609) | (148) | (601) | (1,018) | (1,424) |
| Stock | (100) | (140) | (180) | (220) | (260) |
| Unrecoverable Sales Taxes | 79 | 611 | 690 | 800 | 750 |
| | 66,025 | 139,840 | 156,447 | 172,659 | 177,870 |

**Tier #3 • Staff**

| | Year 1 / Construction | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|
| Estimated Staff | 353 | 353 | 371 | 389 | 407 |

* The estimate of staff does not include 87 personnel that may or may not be part of sub-contracted services, but which are fully accounted for within the Contact Centre Budget.

**Tier #3 • Payroll**

| | Year 1 / Construction £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|
| Wages & Salaries (UK) | 7,119 | 13,585 | 14,174 | 14,793 | 15,440 |
| Wages & Salaries (UK; contingency) | – | – | 502 | 512 | 512 |
| Wages & Salaries (EU) | 1,418 | 3,299 | 3,446 | 216 | 3,763 |
| Wages & Salaries (EU; contingency) | – | – | 502 | 512 | 512 |
| Wages & Salaries (USA) | – | – | – | – | – |
| Wages & Salaries (USA; contingency) | – | – | – | – | – |
| Wages & Salaries (SG) | – | – | – | – | – |
| Wages & Salaries (SG; contingency) | – | – | – | – | – |
| NIC (UK) | 850 | 1,553 | 1,642 | 1,728 | 1,817 |
| Social Security (EU) | 195 | 410 | 538 | 567 | 597 |
| Social Security (USA) | – | – | – | – | – |
| Social Security (SG) | – | – | – | – | – |
| Pensions (UK) | 133 | 308 | 314 | 321 | 328 |
| Pensions (EU) | 85 | 198 | 207 | 216 | 226 |
| Pensions (USA) | – | – | – | – | – |
| Pensions (SG) | – | – | – | – | – |
| Bonuses | 1,411 | 2,422 | 2,536 | 2,656 | 2,650 |
| Bonuses Deferred | (1,411) | (2,422) | (3,834) | – | – |
| | 9,800 | 19,352 | 20,027 | 21,520 | 25,844 |

### Tier #3 • Directors' Emoluments

| | Year 1* / Construction | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|
| The Highest Paid Director | £188,000 | £188,000 | £202,000 | £217,000 | £233,000 |
| £100,000 to £109,999 | 1 | 1 | 1 | – | – |
| £110,000 to £119,999 | – | – | – | 1 | – |
| £120,000 to £129,999 | 3 | 3 | 3 | – | 1 |
| £130,000 to £139,000 | 4 | 4 | – | 3 | – |
| £140,000 to £149,999 | – | – | – | 4 | 3 |
| £150,000 to £199,999 | 3 | 3 | 2 | 2 | 5 |
| £200,000 to £250,000 | – | – | 1 | 1 | 2 |

* Representative of 12 months, though not all Salaries are full-year. It should be noted that the Period is however flexible from 15 months to 24 months.

### Tier #3 • Directors' Bonuses

| | Year 1* / Construction | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|
| £15,000 to £19,999 | 3 | – | – | – | – |
| £20,000 to £29,999 | 3 | 8 | 8 | 8 | 8 |
| £30,000 to £59,999 | 3 | – | – | – | – |
| £60,000 to £80,000 | 2 | – | – | – | – |

* Representative of the Maximum Bonus in a Flexible 15- to 24-month period

### Tier #3 • Dividends

| | Note | Year 1 / Construction £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's |
|---|---|---|---|---|---|---|
| **Annual Revenue** | 1 | – | 134,328 | 275,758 | 297,689 | 314,495 |
| **Profit after Exceptional Items** | 4 | (87,652) | (5,512) | 112,942 | 122,373 | 133,975 |
| Dividend (%) | | 0.0% | 30.0% | 30.0% | 30.0% | 30.0% |
| Return on Investment* | | 0.0% | 6.0% | 22.0% | 23.8% | 26.1% |
| **Share Capital** | | – | 154,000 | 154,000 | 154,000 | 154,000 |
| Dividend | | – | (9,240) | (33,882) | (36,712) | (40,192) |
| Dividend Deferred | 6a | – | 9,240 | (9,240) | – | – |
| **Post Dividend Position** | | (87,652) | (11,071) | 21,146 | 36,826 | 56,389 |
| **Total Return to Shareholders** | | | | | | 120,027 |
| **Average Return on Investment** | | 15.58% | | | | |

* Year 2 (TX #1): Dividend is equivalent to 6% of Share Capital

### Tier #3 • Tangible Fixed Assets

| | UK<br>£ 000's | EU<br>£ 000's | USA<br>£ 000's | SG<br>£ 000's | Total<br>£ 000's |
|---|---|---|---|---|---|
| As at Year 1 / Construction (Start) | 13,332 | 8,048 | – | – | 21,379 |
| Additions | – | – | – | – | - |
| As at Year 1 / Construction (End) | 11,496 | 6,976 | – | – | 18,472 |
| Additions | – | – | – | – | - |
| As at Year 2 / TX #1 (End) | 7,856 | 4,855 | – | – | 12,711 |
| Additions | 46 | 36 | – | – | 82 |
| As at Year 3 / TX #2 (End) | 4,154 | 2,687 | – | – | 6,841 |
| Additions | 1,334 | 1,309 | – | – | 2,643 |
| As at Year 4 / TX #3 (End) | 1,159 | 807 | – | – | 1,967 |
| Additions | 3,304 | 2,006 | – | – | 5,310 |
| As at Year 5 / TX #4 (End) | – | – | – | – | – |
| Additions | 3,409 | 2,110 | – | – | 5,519 |

### Tier #3 • Depreciation

| | UK<br>£ 000's | EU<br>£ 000's | USA<br>£ 000's | SG<br>£ 000's | Total<br>£ 000's |
|---|---|---|---|---|---|
| As at Year 1 / Construction (End) | 1,836 | 1,072 | – | – | 2,908 |
| As at Year 2 / TX #1 (End) | 3,686 | 2,156 | – | – | 5,843 |
| As at Year 3 / TX #2 (End) | 4,027 | 2,490 | – | – | 6,517 |
| As at Year 4 / TX #3 (End) | 4,184 | 2,733 | – | – | 6,917 |
| As at Year 5 / TX #4 (End) | 3,193 | 2,183 | – | – | 5,376 |

Disposals: Not foreseen in the periods illustrated, unless due to damage or technical failure
Transfer to stock: Not foreseen in the periods illustrated
Transfers between categories: Not applicable at this time

**Tier #3 • Group Assets**

| | Original Cost £ 000's | Net Book Value<br>Year 1 /Constru'n £ 000's | Year 2 / TX #1 £ 000's | Year 3 / TX #2 £ 000's | Year 4 / TX #3 £ 000's | Year 5 / TX #4 £ 000's | ERV £ 000's |
|---|---|---|---|---|---|---|---|
| Broadcast Equipment | 13,221 | 11,424 | 7,828 | 4,232 | 1,217 | – | 3,419 |
| IT & Office | 2,162 | 1,802 | 1,081 | 360 | – | – | 216 |
| Fixtures & Fittings | 5,996 | 5,247 | 3,748 | 2,249 | 750 | – | 600 |
| | 21,379 | 18,472 | 12,656 | 6,841 | 1,967 | – | 4,235 |
| Additions (Year 2 / TX #1) | | | | | | | |
| Broadcast Equipment (TX #1) | – | – | – | – | – | – | – |
| IT & Office (TX #1) | 82 | – | 55 | 27 | – | – | 8 |
| | 82 | – | 55 | 27 | – | – | 8 |
| Additions (Year 3 / TX #2) | | | | | | | |
| Broadcast Equipment (TX #2) | 2,484 | – | – | 1,863 | 1,242 | 621 | 497 |
| IT & Office (TX #2) | 159 | – | – | 106 | 53 | – | 16 |
| Fixtures & Fittings (TX #2) | – | – | – | – | – | – | – |
| | 2,643 | – | – | 1,969 | 1,295 | 621 | 513 |
| Additions (Year 4 / TX #3) | | | | | | | |
| Broadcast Equipment (TX #3) | 5,145 | – | – | – | 3,859 | 2,573 | 1,029 |
| IT & Office (TX #3) | 164 | – | – | – | 110 | 55 | 16 |
| Fixtures & Fittings (TX #3) | – | – | – | – | – | – | – |
| | 5,310 | – | – | – | 3,969 | 2,627 | 1,045 |
| Additions (Year 5 / TX #4) | | | | | | | |
| Broadcast Equipment (TX #4) | 5,349 | – | – | – | – | 4,012 | 1,070 |
| IT & Office (TX #4) | 170 | – | – | – | – | 113 | 17 |
| Fixtures & Fittings (TX #4) | – | – | – | – | – | – | – |
| | 5,519 | – | – | – | – | 4,125 | 1,087 |

**Tier #3 • Net Book Values**

| | UK<br>£ 000's | EU<br>£ 000's | USA<br>£ 000's | SG<br>£ 000's | Total<br>£ 000's |
|---|---|---|---|---|---|
| As at Year 1 / Construction (End) | 11,496 | 6,976 | – | – | **18,472** |
| As at Year 2 / TX #1 (End) | 7,856 | 4,855 | – | – | **12,711** |
| As at Year 3 / TX #2 (End) | 5,163 | 3,674 | – | – | **8,837** |
| As at Year 4 / TX #3 (End) | 4,283 | 2,947 | – | – | **7,230** |
| As at Year 5 / TX #4 (End) | 4,500 | 2,874 | – | – | **7,374** |

**Tier #3 • Debtors**

| | As at Year 1 End / Construction<br>£ 000's | As at Year 2 End / TX #1<br>£ 000's | As at Year 3 End / TX #2<br>£ 000's | As at Year 4 End / TX #3<br>£ 000's | As at Year 5 End / TX #4<br>£ 000's |
|---|---|---|---|---|---|
| Trade Debtors | – | 42,762 | 47,171 | 50,829 | 53,522 |
| Other Debtors | – | – | – | – | – |
| Prepayments and Accrued Income | – | – | – | – | – |
| | – | 42,762 | 47,171 | 50,829 | 53,522 |

**Tier #3 • Creditors (within Trading Period)**

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Portion of Finance Lease Liabilities | – | – | – | – | – |
| Shareholder Loans (see note 10) | – | – | – | – | – |
| Bank Overdraft | – | – | – | – | – |
| Trade Creditors (within Trading Period) | 52,128 | 111,397 | 124,318 | 139,147 | 145,235 |
| Personnel | 9,034 | 17,543 | 20,645 | 21,760 | 22,702 |
| Healthcare (UK) | 311 | 744 | 771 | 797 | 825 |
| Healthcare (EU) | 77 | 174 | 174 | 174 | 174 |
| Healthcare (US) | – | – | – | – | – |
| Healthcare (SG) | – | – | – | – | – |
| NIC (UK) | 850 | 1,553 | 1,642 | 1,728 | 1,817 |
| Social Security (EU) | 195 | 410 | 538 | 567 | 597 |
| Social Security (USA) | – | – | – | – | – |
| Social Security (SG) | – | – | – | – | – |
| Pensions (UK) | 133 | 308 | 314 | 321 | 328 |
| Pensions (EU) | 85 | 198 | 207 | 216 | 226 |
| Pensions (USA) | – | – | – | – | – |
| Pensions (SG) | – | – | – | – | – |
| Other Taxes (UK) | 933 | 1,348 | 1,412 | 1,470 | 1,524 |
| Other Taxes (EU) | – | – | – | – | – |
| Other Taxes (USA) | – | – | – | – | – |
| Other Taxes (SG) | – | – | – | – | – |
| Directors' Loan Account | – | – | – | – | – |
| Accruals and Deferred Income | – | – | – | – | – |
| Unrecoverable Sales Taxes & VAT | 79 | 611 | 690 | 800 | 750 |
| Exceptional Items | 21,627 | – | – | – | – |
| Bonuses | 1,411 | 2,422 | 2,536 | 2,656 | 2,650 |
| Bonuses Deferred | (1,411) | (2,422) | 3,834 | – | – |
| | 85,453 | 134,286 | 157,080 | 169,636 | 176,828 |
| Dividend | – | 9,240 | 33,882 | 36,712 | 40,192 |
| Dividend Deferred | – | (9,240) | 9,240 | – | – |
| | 85,453 | 134,286 | 200,203 | 206,348 | 217,020 |

### Tier #3 • Retained Profit for the Period

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Brought Forward Profit | – | – | – | 40,111 | 95,393 |
| Profit before Tax, Deductions & Ofcom Revenue based Licensing | (87,652) | (5,512) | 112,942 | 122,373 | 133,975 |
| NOL Brought Forward | – | (5,459) | (76,058) | (17,565) | – |
| Taxable Overseas Transfers | – | – | 10,844 | 10,282 | 9,746 |
| Overseas Deductions | – | – | – | (3,652) | (9,011) |
| **Profit Before Taxation & Deductions** | **(87,652)** | **(10,971)** | **47,728** | **111,438** | **134,710** |
| Taxation | – | (87) | (9,068) | (22,042) | (27,750) |
| Adjustment to P&L for Overseas Cash | – | – | 35,092 | (6,630) | (735) |
| Ofcom Profit Based Licence Fees* | – | 12 | 9,483 | 9,228 | 9,643 |
| **Profit After Tax, Deductions & Ofcom** | **(87,652)** | **(11,047)** | **83,234** | **91,994** | **115,868** |
| Dividend | – | (9,240) | (33,882) | (36,712) | (40,192) |
| Dividend Deferred | – | 9,240 | (9,240) | – | – |
| **NOL Carried Forward** | **(87,652)** | **(11,047)** | **–** | **–** | **–** |
| **Retained Profit After Dividend** | **–** | **–** | **40,111** | **55,282** | **75,676** |
| **Balances Carried Forward** | **–** | **–** | **40,111** | **95,393** | **171,069** |

### Tier #3 • Reconciliation of Movements in Shareholders' Funds

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| Profit for the Period | (87,652) | (11,071) | 64,268 | 73,538 | 96,582 |
| Issued Share Capital | 154,000 | 154,000 | 154,000 | 154,000 | 154,000 |
| Dividend | – | (9,240) | (33,882) | (36,712) | (40,192) |
| Dividend Deferred | – | 9,240 | (9,240) | – | – |
| Goodwill Written Off | – | – | – | – | – |
| Increase/(Decrease) in Funds | (87,652) | (20,311) | 30,386 | 36,826 | 56,389 |
| Share Funds Brought Forward | – | 66,348 | 46,037 | 76,423 | 113,249 |
| Share Funds | 66,348 | 46,037 | 76,423 | 113,249 | 169,638 |

### Tier #3 • Net Cash Inflow from Operating Activities

| | As at Year 1 End / Construction £ 000's | As at Year 2 End / TX #1 £ 000's | As at Year 3 End / TX #2 £ 000's | As at Year 4 End / TX #3 £ 000's | As at Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| **Profit Before Tax** | **(87,652)** | **(10,971)** | **47,728** | **111,438** | **134,710** |
| NOL | – | 5,459 | 76,058 | 17,565 | – |
| Taxble Overseas Transfers | – | – | (10,844) | (10,282) | (9,746) |
| Overseas Deductions | – | – | – | 3,652 | 9,011 |
| **Profit before Tax, Deductions & Transfers** | **(87,652)** | **(5,512)** | **112,942** | **122,373** | **133,975** |
| Interest Included in Operating Profit | (609) | (148) | (601) | (1,018) | (1,424) |
| Depreciation | 2,908 | 5,843 | 6,517 | 6,917 | 5,376 |
| Stock | (100) | (140) | (180) | (220) | (260) |
| Debtors | – | (42,762) | (47,171) | (50,829) | (53,522) |
| Debtors Paid Up | – | – | 42,762 | 47,171 | 50,829 |
| Creditors Due Within the Period | 63,826 | 134,286 | 157,080 | 169,636 | 176,828 |
| Exceptional Items | 21,627 | – | – | – | – |
| **Net Cash Inflow from Operating Activities** | **–** | **91,567** | **271,348** | **294,031** | **311,802** |

### Tier #3 • Analysis of Changes in Financing, Cash, and Cash Equivalents

| | | Year 1 End £ 000's | Year 2 End £ 000's | Year 3 End £ 000's | Year 4 End £ 000's | Year 5 End £ 000's |
|---|---|---|---|---|---|---|
| Cash at Bank / in-hand (year-start) | | 154,000 | 69,156 | 26,486 | 79,681 | 137,111 |
| Cash at Bank / in-hand (year-end) Before Tax, Ofcom & Dividend | | 69,156 | 26,585 | 132,115 | 205,093 | 273,509 |
| Cash at Bank / in-hand (year-end) After Tax, Ofcom & Dividend | | 69,156 | 26,486 | 79,681 | 137,111 | 195,923 |
| Movement in Cash & Equivalents | | **(84,844)** | **(42,670)** | **53,195** | **57,430** | **58,812** |
| Bank Overdraft | | – | – | – | – | – |
| Deposits & Payments on Account** | Hi | 2,504 | 10,015 | 20,616 | 22,284 | 23,542 |
| | Lo | 1,252 | 5,008 | 10,308 | 11,142 | 11,771 |

** Figures are only representative of expectations for potential deposits on TV & Radio Advertising between 25% and 50% prior to completion of a campaign, and therefore have NOT been introduced to the general forecast model as they are reliant on contractual terms which, at this time, cannot be pre-determined with any certainty. Such deposits will significantly improve cash-flow. Year 1 represents one quarter; Years 2 thru 4 represents full year.

# Network
## TIER #3
## The Introduction of Leasing

The Investment requirement may be reduced to £145 million plus Credit Facilities of a further £20 million by the introduction of Leasing for all Equipment Requirements. It has been indicated that Fixtures, Fittings and Construction Costs may also be financed, though this has not been introduced in the following projection. Full Accounts for this Option have been prepared, and are available by arrangement.

**Tier #3 • Consolidated Management Accounts (Leasing)**

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| **Profit & Loss Accounts** | | | | | |
| Turnover | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Cost of Sales | (47,089) | (133,741) | (147,133) | (160,584) | (165,975) |
| Gross Profit | (47,089) | 587 | 128,625 | 137,105 | 148,520 |
| Administrative Costs & Adjustments | (6,312) | (12,304) | (20,339) | (17,424) | (15,831) |
| Profit before Exceptional Items | (53,401) | (11,718) | 108,286 | 119,681 | 132,689 |
| Exceptional Items | (20,547) | – | – | – | – |
| Profit after Exceptional Items | (73,949) | (11,718) | 108,286 | 119,681 | 132,689 |
| NOL (Net Operating Loss Posted Forward) | – | (1,912) | (69,586) | (16,080) | – |
| Overseas Capital | – | – | 10,330 | 9,847 | 9,576 |
| Overseas Capital Deductions | – | – | – | (3,744) | (8,853) |
| Profit after Adjustments | (73,949) | (13,630) | 49,031 | 109,703 | 133,411 |
| Taxation | – | – | (9,316) | (21,735) | (27,465) |
| Adjustment for Overseas Capital | – | – | 30,560 | (6,103) | (723) |
| Profit after Taxation | (73,949) | (13,630) | 70,275 | 81,866 | 105,223 |
| Ofcom Profit Based Licence Fees | – | – | (9,036) | (9,077) | (9,643) |
| Dividend | – | (8,700) | (32,486) | (35,904) | (39,807) |
| Dividend Deferred | – | 8,700 | (8,700) | – | – |
| Profit Retained for the Financial Year | (73,949) | (13,630) | 20,053 | 36,885 | 55,773 |
| **Balance Sheets** | | | | | |
| Fixed Assets | 18,472 | 12,711 | 8,837 | 7,230 | 4,283 |
| Current Assets | | | | | |
| Stock | 100 | 140 | 180 | 220 | 260 |
| Debtors | – | 42,762 | 47,171 | 50,829 | 53,522 |
| Bank Interest | 594 | 153 | 581 | 1,002 | 1,406 |
| Cash Deposits | 145,000 | 91,567 | 271,348 | 294,031 | 311,802 |
| Balances Brought Forward | – | 73,859 | 25,083 | 75,759 | 131,763 |
| | 145,694 | 208,481 | 344,364 | 421,841 | 498,753 |
| Creditors: Within the Period | (71,735) | (140,496) | (161,717) | (172,313) | (178,096) |
| Net Current Liabilities | 73,959 | 67,985 | 164,296 | 218,716 | 283,547 |
| Total Assets less Current Liabilities | 92,431 | 80,696 | 173,133 | 225,946 | 287,831 |
| Creditors Falling Due after One Year | | | *See Leasing* | | |
| Net Assets before Dividend | 92,431 | 80,696 | 173,133 | 225,946 | 287,831 |
| Dividend | – | (8,700) | (32,486) | (35,904) | (39,807) |
| Dividend Deferred | – | 8,700 | (8,700) | – | – |
| Net Assets | 92,431 | 80,696 | 131,947 | 190,042 | 248,024 |
| Capital and Reserves | 92,431 | 80,696 | 131,947 | 190,042 | 248,024 |

**Tier #3 • Deficit & Surplus Model (Leasing)**

| | Year 1 / Construction (Flexible 15- to 24-month Period) | | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|---|
| | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's |
| **Opening Balance** | 145,000 | – | 71,599 | 19,871 | 96,758 | 153,504 |
| Month 1 | 123,657 | 118,002 | 57,863 | 28,667 | 106,428 | 166,148 |
| Month 2 | 123,210 | 117,217 | 45,477 | 38,204 | 115,047 | 181,606 |
| Month 3 | 122,721 | 114,716 | 38,299 | 73,544 | 130,191 | 191,705 |
| Month 4 | 122,231 | 111,815 | 29,528 | 71,400 | 139,433 | 201,886 |
| Month 5 | 121,741 | 108,725 | 21,886 | 80,153 | 148,802 | 218,127 |
| Month 6 | 121,252 | 104,125 | 19,557 | 94,516 | 163,267 | 228,146 |
| Month 7 | 120,762 | 97,887 | 14,175 | 103,520 | 172,895 | 238,681 |
| Month 8 | 120,272 | 91,492 | 11,057 | 112,700 | 182,650 | 255,449 |
| Month 9 | 119,783 | 90,391 | 14,124 | 127,212 | 197,363 | 266,223 |
| Month 10 | 119,293 | 85,722 | 15,537 | 136,596 | 207,376 | 277,114 |
| Month 11 | 118,803 | 76,809 | 19,217 | 146,108 | 217,518 | 293,826 |
| Month 12 | 118,313 | 71,599 | 19,871 | 150,131 | 222,876 | 293,375 |
| | – | 71,599 | 19,871 | 150,131 | 222,876 | 293,375 |
| Tax | – | – | – | (9,316) | (21,735) | (27,465) |
| Ofcom | – | – | – | (9,036) | (9,077) | (9,643) |
| Dividend* | – | – | (8,700) | (32,486) | (35,904) | (39,807) |
| Bonuses | – | – | (3,834) | (2,536) | (2,656) | (2,650) |
| **Year-end Balance** | – | 71,599 | 19,871 | 96,758 | 153,504 | 213,810 |

* See notes on Dividend Calculations and Payments

# Network
## TIER #3
## Excluding Funding Fees

There are a number of Direct Investment scenarios where Funding could be achieved or offered with no Brokers' Fees involved. Such a scenario reduces the Tier #1 requirements to £134 million plus a further £20 million in available Credit Facilities. Full Accounts for this Option have been prepared, and are available by arrangement.

**Tier #3 • Consolidated Management Accounts (No Funding Fees)**

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| **Profit & Loss Accounts** | | | | | |
| Turnover | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Cost of Sales | (59,523) | (127,639) | (142,443) | (157,486) | (164,221) |
| Gross Profit | (59,523) | 6,689 | 133,315 | 140,202 | 150,274 |
| Administrative Costs & Adjustments | (6,497) | (12,196) | (20,363) | (17,827) | (16,309) |
| Profit before Exceptional Items | (66,019) | (5,507) | 112,952 | 122,376 | 133,965 |
| Exceptional Items | (747) | – | – | – | – |
| Profit after Exceptional Items | (66,767) | (5,507) | 112,952 | 122,376 | 133,965 |
| NOL (Net Operating Loss Posted Forward) | – | (5,461) | (65,620) | (7,114) | – |
| Overseas Capital | – | – | 10,846 | 9,342 | 9,745 |
| Overseas Capital Deductions | – | – | – | (6,265) | (9,009) |
| Profit after Adjustments | (66,767) | (10,967) | 58,179 | 118,338 | 134,700 |
| Taxation | - | (88) | (11,054) | (23,980) | (27,748) |
| Adjustment for Overseas Capital | - | - | 24,646 | (3,077) | (735) |
| Profit after Taxation | (66,767) | (11,055) | 71,771 | 91,281 | 106,217 |
| Ofcom Profit Based Licence Fees | – | (12) | (9,228) | (9,315) | (9,643) |
| Dividend | – | (8,040) | (33,886) | (36,713) | (40,190) |
| Dividend Deferred | – | 8,040 | (8,040) | – | – |
| Profit Retained for the Financial Year | (66,767) | (11,067) | 20,617 | 45,253 | 56,384 |
| **Balance Sheets** | | | | | |
| Fixed Assets | 18,472 | 12,711 | 8,837 | 7,230 | 4,283 |
| Current Assets | | | | | |
| Stock | 100 | 140 | 180 | 220 | 260 |
| Debtors | – | 42,762 | 47,171 | 50,829 | 53,522 |
| Bank Interest | 614 | 154 | 611 | 1,020 | 1,414 |
| Cash Deposits | 134,000 | 91,567 | 271,348 | 294,031 | 311,802 |
| Balances Brought Forward | – | 70,041 | 27,376 | 80,048 | 135,455 |
| | 134,714 | 204,663 | 346,688 | 426,148 | 502,452 |
| Creditors: Within the Period | (64,573) | (134,286) | (157,080) | (169,636) | (176,828) |
| Net Current Liabilities | 70,141 | 70,278 | 169,325 | 223,216 | 288,233 |
| Total Assets less Current Liabilities | 88,613 | 82,989 | 178,162 | 230,447 | 292,517 |
| Creditors Falling Due after One Year | | | *See Leasing* | | |
| Net Assets before Dividend | 88,613 | 82,989 | 178,162 | 230,447 | 292,517 |
| Dividend | – | (8,040) | (33,886) | (36,713) | (40,190) |
| Dividend Deferred | – | 8,040 | (8,040) | – | – |
| Net Assets | 88,613 | 82,989 | 136,237 | 193,734 | 252,327 |
| Capital and Reserves | 88,613 | 82,989 | 136,237 | 193,734 | 252,327 |

**Tier #3 • Deficit & Surplus Model (No Funding Fees)**

| | Year 1 / Construction (Flexible 15- to 24-month Period) | | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|---|
| | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's |
| Opening Balance | 134,000 | – | 67,839 | 23,301 | 99,861 | 154,199 |
| Month 1 | 132,512 | 128,280 | 54,724 | 32,880 | 109,321 | 166,905 |
| Month 2 | 132,107 | 127,566 | 42,959 | 43,201 | 118,226 | 182,299 |
| Month 3 | 131,654 | 125,108 | 36,403 | 76,319 | 132,157 | 192,522 |
| Month 4 | 131,293 | 122,012 | 28,254 | 75,223 | 141,686 | 202,826 |
| Month 5 | 130,932 | 118,539 | 21,233 | 84,864 | 151,342 | 219,139 |
| Month 6 | 130,571 | 107,523 | 19,211 | 98,615 | 165,906 | 229,680 |
| Month 7 | 130,210 | 101,196 | 14,452 | 108,508 | 175,821 | 240,340 |
| Month 8 | 129,850 | 88,622 | 11,957 | 118,526 | 185,863 | 256,780 |
| Month 9 | 129,489 | 86,808 | 15,331 | 132,427 | 200,675 | 267,677 |
| Month 10 | 129,128 | 81,719 | 17,368 | 142,700 | 210,976 | 278,692 |
| Month 11 | 128,767 | 73,089 | 22,438 | 153,102 | 221,405 | 295,476 |
| Month 12 | 128,406 | 67,839 | 23,400 | 156,565 | 226,863 | 295,149 |
| | – | 67,839 | 23,400 | 156,565 | 226,863 | 295,149 |
| Tax | – | – | (88) | (11,054) | (23,980) | (27,748) |
| Ofcom | – | – | (12) | (9,228) | (9,315) | (9,643) |
| Dividend* | – | – | (8,040) | (33,886) | (36,713) | (40,190) |
| Bonuses | – | – | (3,834) | (2,536) | (2,656) | (2,650) |
| Year-end Balance | – | 67,839 | 23,301 | 99,861 | 154,199 | 214,919 |

* See notes on Dividend Calculations and Payments

# Network
## TIER #3
## Inclusive of Leasing & Excluding Funding Fees

The introduction of Leasing in combination with a Direct Funding offer involving no Broker's Fees is capable of reducing the funding requirement to £126 million plus a £20 million Credit Facility. Full Accounts for this Option have been prepared, and are available by arrangement.

### Tier #3 • Consolidated Management Accounts (Leasing + No Funding Fees)

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| **Profit & Loss Accounts** | | | | | |
| Turnover | – | 134,328 | 275,758 | 297,689 | 314,495 |
| Cost of Sales | (47,089) | (133,741) | (147,133) | (160,584) | (165,975) |
| Gross Profit | (47,089) | 587 | 128,625 | 137,105 | 148,520 |
| Administrative Costs & Adjustments | (6,308) | (12,299) | (20,329) | (17,422) | (15,841) |
| Profit before Exceptional Items | (53,397) | (11,713) | 108,296 | 119,683 | 132,679 |
| Exceptional Items | (747) | – | – | – | – |
| Profit after Exceptional Items | (54,144) | (11,713) | 108,296 | 119,683 | 132,679 |
| NOL (Net Operating Loss Posted Forward) | – | (1,915) | (59,686) | (6,171) | – |
| Overseas Capital | – | – | 10,332 | 8,955 | 9,574 |
| Overseas Capital Deductions | – | – | – | (6,222) | (8,852) |
| Profit after Adjustments | (54,144) | (13,627) | 58,942 | 116,246 | 133,401 |
| Taxation | – | – | (11,199) | (23,572) | (27,463) |
| Adjustment for Overseas Capital | – | – | 20,653 | (2,734) | (723) |
| Profit after Taxation | (54,144) | (13,627) | 68,397 | 89,940 | 105,216 |
| Ofcom Profit Based Licence Fees | – | – | (8,794) | (9,159) | (9,643) |
| Dividend | – | (7,560) | (32,489) | (35,905) | (39,804) |
| Dividend Deferred | – | 7,560 | (7,560) | – | – |
| Profit Retained for the Financial Year | (54,144) | (13,627) | 19,553 | 44,876 | 55,769 |
| **Balance Sheets** | | | | | |
| Fixed Assets | 18,472 | 12,711 | 8,837 | 7,230 | 4,283 |
| Current Assets | | | | | |
| Stock | 100 | 140 | 180 | 220 | 260 |
| Debtors | – | 42,762 | 47,171 | 50,829 | 53,522 |
| Bank Interest | 599 | 158 | 591 | 1,004 | 1,397 |
| Cash Deposits | 126,000 | 91,567 | 271,348 | 294,031 | 311,802 |
| Balances Brought Forward | – | 74,664 | 25,893 | 76,074 | 130,159 |
| | 126,699 | 209,290 | 345,184 | 422,158 | 497,139 |
| Creditors: Within the Period | (51,935) | (140,496) | (161,717) | (172,313) | (178,096) |
| Net Current Liabilities | 74,764 | 68,794 | 163,474 | 217,113 | 281,936 |
| Total Assets less Current Liabilities | 93,236 | 81,505 | 172,311 | 224,343 | 286,219 |
| Creditors Falling Due after One Year | | | *See Leasing* | | |
| Net Assets before Dividend | 93,236 | 81,505 | 172,311 | 224,343 | 286,219 |
| Dividend | – | (7,560) | (32,489) | (35,905) | (39,804) |
| Dividend Deferred | – | 7,560 | (7,560) | – | – |
| Net Assets | 93,236 | 81,505 | 132,262 | 188,438 | 246,416 |
| Capital and Reserves | 93,236 | 81,505 | 132,262 | 188,438 | 246,416 |

**Tier #3 • Deficit & Surplus Model (Leasing + No Funding Fees)**

| | Year 1 / Construction (Flexible 15- to 24-month Period) | | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|---|
| | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's |
| **Opening Balance** | **126,000** | **–** | **72,408** | **20,685** | **97,076** | **151,905** |
| Month 1 | 124,457 | 118,806 | 58,673 | 29,481 | 106,748 | 164,549 |
| Month 2 | 124,010 | 118,022 | 46,287 | 39,019 | 115,367 | 180,007 |
| Month 3 | 123,521 | 115,521 | 39,110 | 74,359 | 130,511 | 190,105 |
| Month 4 | 123,031 | 112,621 | 30,339 | 73,356 | 139,753 | 200,285 |
| Month 5 | 122,541 | 109,531 | 22,697 | 82,110 | 149,123 | 216,525 |
| Month 6 | 122,052 | 104,931 | 20,369 | 96,474 | 163,588 | 226,543 |
| Month 7 | 121,562 | 98,695 | 14,987 | 105,478 | 173,216 | 237,077 |
| Month 8 | 121,072 | 92,300 | 11,869 | 114,659 | 182,971 | 253,845 |
| Month 9 | 120,583 | 91,199 | 14,936 | 129,173 | 197,684 | 264,617 |
| Month 10 | 120,093 | 86,531 | 16,350 | 138,558 | 207,698 | 275,508 |
| Month 11 | 119,603 | 77,618 | 20,030 | 148,071 | 217,840 | 292,219 |
| Month 12 | 119,113 | 72,408 | 20,685 | 152,095 | 223,197 | 291,767 |
| | **–** | **72,408** | **20,685** | **152,095** | **223,197** | **291,767** |
| Tax | – | – | – | (11,199) | (23,572) | (27,463) |
| Ofcom | – | – | – | (8,794) | (9,159) | (9,643) |
| Dividend* | – | – | (7,560) | (32,489) | (35,905) | (39,804) |
| Bonuses | – | – | (3,834) | (2,536) | (2,656) | (2,650) |
| **Year-end Balance** | **–** | **72,408** | **20,685** | **97,076** | **151,905** | **212,207** |

* See notes on Dividend Calculations and Payments

# Network
## TIER #3
## The FAANG Option

The FAANG Option has been developed for the potential of Direct Funding coming from the adoption of the Project by a major Technology Company, in order to add News to its content offerings. As a result this option is modelled without Brokers Fees; Leasing; or Satellite, Cable and IPTV distribution; though does continue to include Encoding and CDN budgets. A graph illustrates running costs per platform user for each operational year, based on known, last published Platform data. The list of Technology Companies offered in illustration is not to be considered comprehensive. Revenues in the financial projections are based on the Parent Platform being able to deliver the same level of active audience as Satellite, Cable and IPTV platforms in other modelling. The combination of considerations reduces costs based on advertising revenues to £126 million plus £20 million in Credit Facilities. whereas in the case of a no revenues scenario with the News Channel providing added value to the existing platform annual costs on a per user basis are provided for a number of popular Technology Company's Platforms.

**Tier #3 • Consolidated Management Accounts (FAANG)**

| | Year 1 End / Construction £ 000's | Year 2 End / TX #1 £ 000's | Year 3 End / TX #2 £ 000's | Year 4 End / TX #3 £ 000's | Year 5 End / TX #4 £ 000's |
|---|---|---|---|---|---|
| **Profit & Loss Accounts** | | | | | |
| Turnover | – | 134,867 | 271,687 | 304,298 | 321,478 |
| Cost of Sales | (52,236) | (97,375) | (112,944) | (127,731) | (134,196) |
| Gross Profit | (52,236) | 37,492 | 158,743 | 176,567 | 187,282 |
| Administrative Costs & Adjustments | (6,597) | (12,080) | (20,101) | (17,498) | (15,888) |
| Profit before Exceptional Items | (58,833) | 25,412 | 138,642 | 159,069 | 171,394 |
| Exceptional Items | (747) | – | – | – | – |
| Profit after Exceptional Items | (59,580) | 25,412 | 138,642 | 159,069 | 171,394 |
| NOL (Net Operating Loss Posted Forward) | – | (20,014) | (39,567) | – | – |
| Overseas Capital | – | – | 16,633 | 17,561 | 18,925 |
| Overseas Capital Deductions | – | – | (11,116) | (16,247) | (17,509) |
| Profit after Adjustments | (59,580) | 5,398 | 104,592 | 160,383 | 172,809 |
| Taxation | – | (1,026) | (22,533) | (34,365) | (37,028) |
| Adjustment for Overseas Capital | – | – | 21,237 | (1,314) | (1,415) |
| Profit after Taxation | (59,580) | 4,373 | 103,296 | 124,705 | 134,366 |
| Ofcom Profit Based Licence Fees | – | (140) | (8,989) | (9,643) | (9,643) |
| Dividend | – | (6,720) | (41,593) | (47,721) | (51,418) |
| Dividend Deferred | – | 6,720 | (6,720) | – | – |
| Profit Retained for the Financial Year | (59,580) | 4,232 | 45,995 | 67,340 | 73,304 |
| **Balance Sheets** | | | | | |
| Fixed Assets | 18,472 | 12,711 | 8,837 | 7,230 | 4,283 |
| Current Assets | | | | | |
| Stock | 100 | 140 | 180 | 220 | 260 |
| Debtors | – | 42,935 | 46,475 | 51,962 | 54,715 |
| Bank Interest | 493 | 145 | 746 | 1,218 | 1,701 |
| Cash Deposits | 112,000 | 91,932 | 268,147 | 298,811 | 318,725 |
| Balances Brought Forward | – | 55,227 | 42,241 | 103,846 | 172,396 |
| | 112,593 | 190,380 | 357,789 | 456,057 | 547,797 |
| Creditors: Within the Period | (57,266) | (103,898) | (127,454) | (139,750) | (146,669) |
| Net Current Liabilities | 55,327 | 85,316 | 198,814 | 272,299 | 354,456 |
| Total Assets less Current Liabilities | 73,799 | 98,027 | 207,651 | 279,529 | 358,739 |
| Creditors Falling Due after One Year | | | *See Leasing* | | |
| Net Assets before Dividend | 73,799 | 98,027 | 207,651 | 279,529 | 358,739 |
| Dividend | – | (6,720) | (41,593) | (47,721) | (51,418) |
| Dividend Deferred | – | 6,720 | (6,720) | – | – |
| Net Assets | 73,799 | 98,027 | 159,338 | 231,809 | 307,321 |
| Capital and Reserves | 73,799 | 98,027 | 159,338 | 231,809 | 307,321 |

**Tier #3 • Deficit & Surplus Model (FAANG)**

| | Year 1 / Construction (Flexible 15- to 24-month Period) | | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|---|
| | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's |
| Opening Balance | 112,000 | – | 54,113 | 39,586 | 120,259 | 187,933 |
| Month 1 | 110,515 | 106,193 | 43,097 | 50,157 | 130,371 | 202,129 |
| Month 2 | 110,113 | 105,472 | 33,431 | 61,460 | 140,724 | 218,849 |
| Month 3 | 109,663 | 103,005 | 27,741 | 91,266 | 156,074 | 231,399 |
| Month 4 | 109,305 | 99,905 | 21,666 | 92,864 | 167,938 | 244,061 |
| Month 5 | 108,948 | 96,426 | 16,714 | 103,928 | 179,932 | 262,507 |
| Month 6 | 108,591 | 85,403 | 15,727 | 118,944 | 196,568 | 275,412 |
| Month 7 | 108,233 | 81,395 | 13,021 | 130,255 | 208,827 | 288,437 |
| Month 8 | 107,876 | 68,818 | 12,562 | 141,690 | 221,216 | 307,030 |
| Month 9 | 107,518 | 67,006 | 17,064 | 156,862 | 238,120 | 320,298 |
| Month 10 | 107,161 | 61,861 | 21,106 | 168,548 | 250,774 | 333,687 |
| Month 11 | 106,804 | 56,513 | 28,047 | 180,359 | 263,558 | 352,643 |
| Month 12 | 106,446 | 54,113 | 40,752 | 195,909 | 282,317 | 366,275 |
| | – | 54,113 | 40,752 | 195,909 | 282,317 | 366,275 |
| Tax | – | – | (1,026) | (22,533) | (34,365) | (37,028) |
| Ofcom | – | – | (140) | (8,989) | (9,643) | (9,643) |
| Dividend* | – | – | (6,720) | (41,593) | (47,721) | (51,418) |
| Bonuses | – | – | (3,834) | (2,536) | (2,656) | (2,650) |
| Year-end Balance | – | 54,113 | 39,586 | 120,259 | 187,933 | 265,535 |

* See notes on Dividend Calculations and Payments

**Tier #3 • Cost per User (Excluding Advertising Revenue)**

| | Tech Corp Annual Users | Year 1 / Construction | Year 2 / TX #1 | Year 3 / TX #2 | Year 4 / TX #3 | Year 5 / TX #4 |
|---|---|---|---|---|---|---|
| Costs | | £59,580,265 | £109,455,246 | £133,044,595 | £145,228,788 | £150,083,621 |
| | Last Published User Volume | | | | | |
| Google | 3,500,000,000 | £0.02 | £0.03 | £0.04 | £0.04 | £0.04 |
| Facebook | 2,200,000,000 | £0.03 | £0.05 | £0.06 | £0.07 | £0.07 |
| Android (Phones / Tablets) | 2,000,000,000 | £0.03 | £0.05 | £0.07 | £0.07 | £0.08 |
| Apple iOS (Phones / Tablets) | 1,300,000,000 | £0.05 | £0.08 | £0.10 | £0.11 | £0.12 |
| Amazon | 310,000,000 | £0.19 | £0.35 | £0.43 | £0.47 | £0.48 |
| Netflix | 117,580,000 | £0.51 | £0.93 | £1.13 | £1.24 | £1.28 |
| Roku | 38,900,000 | £1.53 | £2.81 | £3.42 | £3.73 | £3.86 |
| Google Chromecast | 36,900,000 | £1.61 | £2.97 | £3.61 | £3.94 | £4.07 |
| Amazon Fire TV | 35,800,000 | £1.66 | £3.06 | £3.72 | £4.06 | £4.19 |
| Amazon Prime US | 26,000,000 | £2.29 | £4.21 | £5.12 | £5.59 | £5.77 |
| Apple TV | 25,000,000 | £2.38 | £4.38 | £5.32 | £5.81 | £6.00 |

* Figures inclusive of Satellite & Cable Broadcast Coverage. All User Volumes Based on available data.

# Part VI

## ADDITIONAL INFORMATION

## 1. The Company

(a) The company will be incorporated in England and Wales under the Act as a private company limited by shares with a registration number as per that issued by Companies House. Any subsequent name changes will be conducted as per the conditions of the Act.

(b) The company will be the principal holding company within the Group which will comprise of any subsidiaries that the company's intended activities in the UK and Overseas dictate as necessary to facilitate those goals as laid out in this document.

(c) The principal legislation under which the company operates is the Act and regulations made there under.

(d) Until the time that appropriate premises can be located and contracted, the company's registered offices are expected to be at the offices of the proposed accountants and auditors.

(e) The liability of the members of the company will be limited.

(f) The principle activities of the company will be the Supply of Broadcasting & Media Services.

## 2. Share Capital

It is not possible to precisely specify how the future shareholding of company may develop as the result of negotiation and agreement. However, some thought may be given to what share types may be required; the reasons for their being introduced; the conditions concerning their introduction and governance; and indeed the timing of their introduction. The following is intended as an illustrative example of the development of the company's share capital, and is not intended as, nor should be interpreted as a guarantee of such future development.

(a) Following initial registration, the company's share capital will be increased by the Directors as is required and appropriate as the result of negotiations for and the introduction of financing for the project such as it may develop.

(b) Upon occurrence of any change in share capital, statutory and regulatory requirements will be met.

Such increases are expected to be made through the issuance of any or all of the following:

i. Ordinary shares
ii. Redeemable preference shares
iii. Cumulative Convertible participating preferred ordinary shares ("CCPPO Shares")
iv. Cumulative redeemable preference share ("CRP Shares")
v. "B" cumulative convertible participating preferred ordinary shares ("B CCPPO Shares")
vi. "B cumulative redeemable preference shares ("B CRP Shares")

(c) The Directors will be generally and unconditionally authorised for the purposes of the Act to exercise all the powers of the company to allot B CCPPO Shares and B CRP Shares to the value of each of the allocations of those shares to such persons as they may think fit, such authority to expire on the thirtieth day after the passing of the resolution;

(d) The Directors will be authorised for the purposes of the Act to exercise all the powers of the Company to allot Ordinary Shares of £1 each pursuant to any Company Employee share option scheme that it may resolve to put in place, such authority to expire five years from the date of the resolution.

(e) Issuance of such shares will be appropriately recorded and registered.

(f) Upon redemption, redeemable shares may be duly cancelled by the Directors.

(g) By passing of a Special Resolution, the members will be able to resolve that, conditional on the successful admission to the stock markets through whichever exchange be deemed appropriate at that juncture, the previously issued shares of those categories described above be converted into Ordinary Shares; and that as appropriate to such admission the total share capital of the company be increased as necessary and declared;

   i. At such a time, the Directors will be generally and unconditionally authorised in accordance with the Act to exercise all the powers of the Company to allot relevant securities (as defined by the Act) up to an aggregate nominal value equal to the whole of the authorised but unissued share capital of the Company immediately following the passing of the resolution provided that such authority shall (unless and to the extent previously revoked, varied or renewed by the Company in general meeting) expire on a date set and appropriate to the Act provided that such authority shall allow the Company to make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred by such resolution had not expired;

   ii. The Directors will be given pursuant to the conditions of the Act power to allot equity securities (as defined within the Act) for cash either subject to the terms of the act or if such wording be entered lawfully into the terms of the articles of association, and pursuant to the relevant authority referred to in sub-paragraph (g)[i] above as if relevant sections of the Act, as appropriate, did not apply to any such allotment; such power to expire at the conclusion of the second Annual General Meeting of the Company following the passing of that resolution or; if earlier, on an appropriately set date. The power is limited to:

      a. the allotment of the Placing Shares in connection with a stock market placing or an ICO;

      b. the allotment of equity securities for cash in connection with rights issues to holders of Ordinary Shares where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under laws of, or the requirements of any regulatory body or any recognised stock exchange in, any territory; and

c. the allotment (other than pursuant to (a) and (b) above of equity securities up to a maximum aggregate nominal amount to that of 5 percent of the issued ordinary share capital of the Company immediately following completion of funding and or any subsequent Placing).

The Company may, before the expiry of that power, make an offer or agreement which would or might require equity securities to be allotted after the expiry of this power and the Directors may allot equities securities in pursuance of such an offer or agreement as if power had not expired;

iii. new Articles of Association of the Company be defined and adopted (as required); and

iv. any Company employee share option scheme adopted and in existence prior to consideration of a placing will be cancelled.

(h) The following are the most likely types of share capital to be issued by the Company:

| | |
|---|---|
| Ordinary Shares of | £1 each |
| CCPPO Shares of | £1 each |
| B CCPPO Shares of | £1 each |
| CRP Shares of | £1 each |
| B CRP Shares of | £1 each |

In the event of a future placing on the Stock Markets by the Company these shares will be converted into a Single class of Ordinary Shares of a value to be set in the future, and the authorised capital value increased as is appropriate.

(i) The provisions of the Act which to the extent not disapplied pursuant to any appropriate sections of that act, that may confer on shareholders rights of pre-emption in respect of the allotment of securities which are, or are to be paid up in cash other than by way of allotment to employees under an employee's share scheme as defined in the Act) apply to the authorised but unissued share capital of the Company to the extent not disapplied as described in paragraph 2(g) (iv) above. This disapplication will give the Directors limited flexibility to issue shares for cash following a placing. Subject to certain limited exceptions, unless the approval of the shareholders in general meeting is obtained, the Company must normally offer Ordinary Shares to be issued for cash to existing ordinary shareholders on a pro-rata basis. The intent or lack thereof to issue such shares will be declared within any prospectus for a future placing.

(j) Any future Placing Shares will rank in full for all dividends or other distributions hereafter declared, paid or made on the ordinary share capital of the Company.

(k) The amount payable on application and allotment of each Placing Share, and the value payable by way of premium will both be set in advance of such a placing.

## 3. Subsidiaries

Any subsidiaries which carry on some or all of the business of the Company as described within this document will be made public to the shareholders as either a Limited Company; Company seeking a Market Placing; or Publicly Traded Company; and their name; registered number; date and place of incorporation; the number of shares in issue and percentage held and status duly declared. Conditional terms relevant to an ICO are pending, though with the assumption of falling within, or as if within a regulated market.

It is expected that the Company may or will have the following subsidiaries, which will carry on some or all of the business of the Company as described in this document:

| Name and Registered Number | Date and Place of Incorporation | Number of Shares in Issue and Percentage Held | Intended Shares |
|---|---|---|---|
| AVTN Inc. (TBC) | TBC in New York, USA | TBC (not less than 25%) | Private and Trading |
| AVTN Ltd. (TBC) | TBC in Singapore | TBC (not less than 49%) | Private and Trading |
| AVTN Ltd. (TBC) | TBC in Dublin, Ireland | TBC (not less than 49%) | Private and Trading |
| AVTN OÜ (TBC) | TBC in Tallinn, Estonia | TBC (not less than 49%) | Private and Trading |
| NewsNet24⁷ Inc. (TBC) | TBC in New York, USA | TBC (not less than 25%) | Private and Trading |
| NewsNet24⁷ Ltd. (TBC) | TBC in Singapore | TBC (not less than 49%) | Private and Trading |
| NewsNet24⁷ Ltd. (TBC) | TBC in Dublin, Ireland | TBC (not less than 49%) | Private and Trading |
| NewsNet24⁷ OÜ (TBC) | TBC in Tallinn, Estonia | TBC (not less than 49%) | Private and Trading |

## 4. Memorandum and Articles of Association

The Memorandum of Association of the Company will provide that the Company's principal object is to carry on business as a Broadcasting and Media Corporation, inter alia, primarily by means of audiovisual equipment. The objects of the Company will be set out in the Memorandum of Association and available at the Company's accountants offices.

In the event of changes being necessary or required to include clauses relating to the scope and terms of changes in the share capital of the Company, or a future placing of shares on the stock markets, new Articles will be drawn up. New Articles of Association of the Company (which may be adopted conditionally upon future Admission to a Stock market and subsequent redemption of CRP and B CRP Shares out of the proceeds of such a placing) may contain conditional provisions, inter alia, to the following effect:

### (a) Voting Rights

i. Shareholders shall have the right to receive notice of, to attend and to vote at all general meetings of the Company. Save as may be otherwise provided for in the Articles, on a show of hands each holder of shares present in person and entitled to vote shall have one vote and upon a poll each such holder who is present in person or by proxy and entitled to vote shall have one vote in respect of every share held by that person.

ii. No member shall be entitled to vote at any general meeting if any call or other sum presently payable by him in respect of shares remains unpaid or if a member has been served by the Directors with a direction notice in the manner described in sub-paragraph (ii) below

### (b) Restrictions on Ordinary shares

If a member or any person appearing to be interested in shares in the Company has been duly served with a notice pursuant to requirements of the Act and is in default in supplying to the Company information thereby required within the prescribed period after service of such notice the Directors may serve on such member or on any such person a notice (a "direction notice") in respect of the shares in relation to which the default occurred ("default shares") directing that the member shall not be entitled to vote at any general meeting or class meeting of the Company. Where the default shares represent at least 0.25 per cent of the shares, the direction notice may in addition direct that any dividend or other money which would otherwise be payable on such shares shall be retained by the Company without liability to pay interest and subject to the statute no transfer of any shares held by the member shall be registered unless the member is not himself in default in supplying the information requested and the transfer is part only of the member's holding and is accompanied by a certificate given by the member in a form satisfactory to the Directors to the effect that after due and careful enquiry the member is satisfied that no person in default is interested in any shares subject to the transfer or the transfer is an approved transfer. The prescribed period referred to above meaning any reasonable time period allowed for by statute and notified in the articles of association, where the default shares represent at least 0.25 per cent of the class of shares concerned and 28 days in all other cases.

### (c) Variation of class rights and alteration of Capital

i. If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any classes of shares may, subject to the Act and any other act relating to companies (the "Statutes"), be modified, abrogated or varied either with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the relevant provisions of the Act and the provisions of the Articles relating to general meetings shall apply, mutatis mutandis, but so that the necessary quorum at any such meeting other than an adjourned meeting shall be two persons holding or representing by proxy at least one-third in nominal value of the issued share of the relevant class and at an adjourned meeting one person holding shares of the class or his proxy. Any holder of shares of the relevant class present in person or by proxy may demand a poll upon which every holder of shares of that class shall be entitled to one vote for every such share held by that person. The rights attached to any class of shares shall, unless otherwise expressly provided by the terms of issue of such shares or by the terms upon which such shares are for the time being held, be deemed not to be modified, abrogated or varied by the creation or issue of further share ranking pari passu therewith.

ii. The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amount, sub-divide its shares into shares of smaller amount and cancel any shares not taken or agreed to be taken by any person.

iii. Subject to any consent required by law, the Company may by special resolution reduce its share capital, any capital, any capital redemption reserve and any share premium account.

iv. Subject to the provisions of the Act and Articles, all unissued shares of the Company are at the disposal of the Directors.

v. Subject to the provisions of the Statutes, any shares may be issued on terms that they are redeemed or liable to be redeemed at the option of the Company or the shareholders on the terms and in the manner provided for by the Articles.

vi. Subject to the provisions of the Act, the Company may purchase its own shares (including any redeemable shares) provided that the Company shall not purchase its own shares if there are outstanding any convertible shares which remain capable of being converted, unless such purchase has been sanctioned by an extraordinary resolution passed at a separate meeting of the holders of each class of such convertible shares.

**(d) Transfer of Shares**

A shareholder may transfer any of their shares by an instrument of transfer in writing in any usual form or in another form approved by the Board or, without a written instrument (subject to the class of shares becoming a participating security for the purposes of and in accordance with the relevant Regulations. The transferor will remain the holder of the share transferred until the name of the transferee is entered in the Company's register of members in respect of it.

The Board may refuse to register a transfer of a certificated share which is in respect of a partly paid share, is in favour of more than four transferees, is not duly stamped (if required) or is not delivered for registration with the appropriate evidence of the transferor's title to the Company's registered office or such other place as the Board may decide.

The Board will be required to register a transfer of an uncertificated share in accordance with the Regulation, except that the Board may refuse subject to any relevant regulatory or Exchange conditions, in the case of the Company becoming listed, to register any such transfer which is in favour of more than four persons jointly or in any other circumstances permitted by regulation.

If the Board refuses to register a share transfer, it must send notice of the refusal to the transferee within two months following the delivery of the transfer to the Company. No fee is chargeable by the Company for the registration of a share transfer. The registration of share transfers may be suspended at such times and for such periods (not exceeding 30 days in any year) as the Board may decide.

**(e) Borrowing Powers**

i. The Directors may, save as the Articles otherwise provide, exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital, or any part thereof, and, subject to the provisions of the Statutes and the Articles, to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

ii. The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (so far, as regards subsidiary undertakings, as by such exercise they can secure) that the aggregate amount for the time being remaining outstanding of all monies borrowed by the Company and any such subsidiary undertakings (in this paragraph, "the Company") and for the time being owing to persons outside the Company shall not at any time, without the previous sanction of any ordinary resolution of the Company in general meeting, exceed two times the aggregate of (aa) the amount paid up on the issued share capital of the Company and (bb) the total of the capital and revenue reserves of the Company (including any share premium account, capital redemption reserve and credit balance on the profit and loss account) all as shown in the latest audited and consolidated balance sheet of the Company.

**(f) Dividends and distributions on liquidation to shareholders**

i. The Company in General meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors. Subject to any priority, preference or special rights, all dividends shall be declared and paid according to the amounts paid up on the shares and shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion of the period in respect of which the dividend is paid.

ii. The Directors may pay as such interim dividends as they think fit and may pay the fixed dividends payable on any shares of the Company half-yearly or otherwise on fixed dates.

iii. No dividend or interim dividend shall be paid otherwise than in accordance with the provisions of the statutes.

iv. On a liquidation, the liquidator may, with the sanction of any extraordinary resolution of the Company and any other such sanction required by Statutes, divide amongst the members in specie or in kind the whole or any part of the assets of the Company and may, for such purpose, set such value as he deems fair upon any such property to be divided and may determine how such division shall be carried out.

v. The Directors may with the sanction of an ordinary resolution of the Company in general meeting, offer the holders of Ordinary Shares the right to elect to receive new Ordinary Shares credited as fully paid instead of cash in respect of the whole or part of any dividend.

vi. Any dividend unclaimed for a period of 12 years after it became due for payment shall be forfeited and shall revert to the Company.

## 5. Interest of Directors and Others

(a) The Interests of the Directors and their immediate families and of persons connected with them within the meaning of the Act in the share capital of the Company as at the time of any placing (which will have been notified to the Company pursuant to the Act shall be required to be entered in the Register of Director's interests maintained under provisions of the Act) and as they will be expected to be immediately following completion of any such placing will be published in the documentation for that placing.

Save as disclosed in such a declaration, no Director, nor any member of their respective immediate families, nor any person connected with them within the meaning of the Act, shall be interested in any share capital of the Company.

(b) Any loan or guarantee granted or provided by any member of the Company to any Director shall be declared by the Company, as will the terms upon which it is secured.

(c) It shall be the intent of the Company, that the Directors whose names may appear in this or any future documentation or prospectus of the Company that may list 'Directors, Secretary and Advisers,' will be duly appointed to the offices set out against their respective names, consistent with the intentions laid out within said document.

(d) The Company shall additionally publish in documentation, as required by law or as part of any funding or placing document, the terms of the Directors' service contracts respective to their engagement.

i. It is the intention of this document that Mr. Phillip L Covell enter into a service contract to act as Chief Executive Officer, and Mr Kinny Cheng as Chief of Technology at the salaries appropriate to their positions and set out within the budgets for each Funding Tier, from the date the contract is entered into for a minimum period of five years and continuing thereafter unless terminated by either party giving not less than six months' notice expiring on or after the date which is five years after the date of the contract. The salary will be reviewed by the board annually following launch of broadcasting services, but (for the avoidance of doubt) the first of these reviews will not take place until the end of Q4 in the first year of Broadcasting.

ii. Other Directors Contracts to be notified, as appointed.

(e) The aggregate emoluments (including benefits in kind and pension contributions) for the relevant year ended and payable by the Company to the Directors shall also be declared.

(f) For the construction period and subsequent full operational years, emoluments are calculated in full in the appropriate funding tiers (including benefits in kind and pension contributions) payable to the Directors (assuming that there are eleven directors and a non-executive Chairman) and assuming the structure proposed within this document.

(g) In the event of any future placing, the Directors shall disclose in the prospectus any interest in transactions effected by the Company since its incorporation which are or were unusual in their nature or conditions or which are or were significant to the business of the Company.

(h) In the event of any future placing, save as described in paragraph 5(a) above, the Company will state if it is aware of any person who, immediately following such placement, will, directly or indirectly, be interested in 3 per cent or more of the Capital of the Company, or who, directly or indirectly, jointly or severally, intends to exercise or could exercise control over the Company other than those made public in such a declaration as described in section 5(a) of this document.

(i) The Percentages of shares that shall be held following a placing will be duly declared in the manner described as follows:

| Name | Percentage of issued share capital after a placing |
|---|---|
| Person or Entity | % |
| Person or Entity | % |
| Person or Entity | % |

(j) The Directorships held by the Directors in the previous five years are recorded below, in the same manner as that expected of any future placing document:

i. Phillip Covell
*Nil*

ii. Kinny Cheng
*Nil*

iii. Person X
*Nil*

(k) No Director has:

i. Any unspent convictions;
ii. Has any current or outstanding bankruptcy order made against him;
iii. Been a director of a Company which has been placed in receivership or liquidation whilst he or she was a director of that Company or within the twelve months after he ceased to be a Director;
iv. Been publicly criticised by any statutory or regulatory authority.

Any exceptions to the above will be recorded by the Company in their annual report as future Directors join the Company, or in the event of a future placing.

(l) In the event of any future placing, Directors who are or were (within the twelve months preceding publication of a prospectus) entitled to exercise or control the exercise of 3 per cent or more of the votes able to be cast on matters at general meetings of the Company will be duly declared.

## 6. Material Contracts

In the event of publication of any prospectus for a future placing of the Company, any contracts, not being contracts in the ordinary course of business, entered in to by members of the Company within two years immediately preceding the date of that document and are, or may be, material shall be declared. Contracts that may fall within this category are as follows:

(a) Subscription agreements between the Directors, the Company, and one or more Directors of a secondary Company pursuant to which the secondary Company subscribes for a monetary consideration to be set for the allotment of shares in the capital of the Company (“the subscription agreement”);

(b) An agreement between the Company and the Directors of a secondary Company for the acquisition of the entire issued share capital of that secondary Company for a monetary consideration;

(c) A deed of variation and amendment between parties of any Subscription Agreement.

(d) An agreement between the Company and an appointee whereby the appointee is engaged as the Company’s nominated broker for the purposes of any future stock market listing, to fulfil requirements of any such listing, and to note its duration and termination conditions as well as fees agreed and payable for the provision of those services.

(e) An agreement between the Company and an appointee whereby the appointee is engaged to act as the Company’s nominated adviser for the purposes of meeting requirements of any future Company Stock Market listing, and to note its duration and termination conditions as well as fees agreed and payable for the provision of those services.

(f) An agreement between the Company and its appointed broker which provides that that broker will use its reasonable endeavours to procure subscribers at the Placing Price for the Placing Shares. The agreement being conditional, inter alia, upon the admission of the Ordinary Shares to trading on the nominated stock market(s). The agreement is expected to contain certain warranties given by the Company and its Directors in favour of its broker and an indemnity from the Company to the broker. The agreement and its obligations may be terminated by the broker in certain circumstances, as may be specified at that time. The agreement is expected to denote commissions, receivable by the broker as a percentage equivalent of the Placing Price of each Placing Share together with a corporate advisory fee. The broker will be expected to pay any commissions due to sub-placers or other financial intermediaries out of the commissions paid to it by the Company.

## 7. Taxation

The following paragraphs summarise available information about the likely tax position of the Company, and shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes of Ordinary Shares in the Capital of the Company. The statements below do not constitute advice to any potential shareholder on his or her personal tax position, and may not apply to certain classes of investor (such as persons carrying on a trade in the United Kingdom through a branch or agency or United Kingdom insurance companies).

**Any potential investor who is in doubt as to their tax position should consult their professional adviser.**

### (a) Taxation of the Company

i. United Kingdom

The Company will be liable to United Kingdom corporation tax at a rate (depending on the level of its profits for each accounting period) of 19 percent. The planned future tax reduction set for 2020 to 18% has not been implemented, given that a change of Government in the interim period could void such planning by the Treasury. Dividends will be paid out of profits on which the Company has already or is due to pay tax. Repatriated or Overseas Earnings are taxable at the same rate with a deduction allowance against tax paid overseas.

ii. The Netherlands

The Netherlands have been used as the basis for EU accounts prepared in this document. Corporation Tax in the Netherlands is calculated at 20% on the first €200,000, and 25% thereafter.

iii. The United States

A flat rate of 21% Federal Corporation Tax now applies, following the passing of the Tax Cuts and Jobs Act.

iv. New York City

The Company will pay tax at the rate of 8.85% of New York Net income.

v. Singapore

The standard corporate tax rate is 17%. However, 75% of the first SGD 10,000 of chargeable income and 50% of the next SGD 290,000 of chargeable income are exempt.

vi. Ireland

No accounts have been prepared on the basis of the Corporation tax rate levied in the Rep. of Ireland. However, on the basis that some operations may be located there in the future, the current rate is 12.5%.

vii. Estonia

No accounts have been prepared on the basis of the Corporation tax rate levied in the Rep. of Estonia. However, on the basis that some operations may be located there in the future, the current rate is 21%.

**(b) Taxation of Shareholders**

HMRC, and the management advise all shareholders to seek professional advice on the potential tax implications of either a UK or overseas shareholding in UK registered companies.

## 8. Working Capital

In the opinion of the management, having made due and careful enquiry into the costs of the Company and Company proposed and the working capital required, the Company will from the time of formation and receipt of proposed financing have sufficient funds for its present requirements.

## 9. Litigation

No reason is known to, or believed to, exist at this time that would suggest that the formation of the Network as is proposed should lead to the inception of any form of litigation or arbitration which may have a significant effect on the proposed project or on the financial position of the Network.

## 10. General

(a) The accounting reference date of the Company for the purposes of this document is assumed to be set as July 1st, which may or may not be the date of incorporation. In the UK this may be changed once in a three year period.

(b) Having made due and careful enquiry, the working capital available to the Company will, from the time of its receipt, be sufficient for its present described purposes.

(c) For the purposes of any future placing as discussed within this document and in accordance with the appropriate regulations the subscription lists for a placing will open on a set date and may be closed under the conditions and in the time constraints set accordingly by those regulations.

(d) At the time at which a future placing becomes appropriate, the Company's appointed advisors and brokers will give their written consent to the publication of a prospectus for the Company and the inclusion therein of their name, reports, and letters in the form and context in which they appear.

(e) The total proceeds of any future Placing shall be receivable by the incorporated Company proposed herein, and the value of those expected receipts before expenses declared (assuming all of the Placing Shares are subscribed for).

(f) Each of the Directors is, or may be deemed to be a promoter of the Company.

(g) Save as disclosed in this document, no cash, securities or benefits have, within the two years immediately preceding the date of this document, been paid or given to any promoter or are proposed to be paid or given in respect of consultancy services rendered. A similar declaration will be required in any future Placing Prospectus.

(h) The financial information for the relevant accounting periods set out in this document and concerning the proposed Company, or its subsidiaries do not constitute statutory accounts of the Company within the meaning of the Act. Statutory accounts will only be prepared upon establishment of the Company and its subsidiaries, collectively the "Company." Audited management accounts will be prepared as and when required in order to satisfy statutory requirements, of the Countries and Territories in which the Company operates, to include those in preparation for any future Placing.

(i) Duplicate copies of any future Placing Prospectus will be duly delivered to the Registrar of Companies for registration in accordance with regulatory obligations when required.

## 11. Documents

Copies of the following documents will be available for inspection during normal business hours on any weekday (except Saturdays and public holidays) at the offices of the Company's Accountants following the establishment of a Company which shall have as its purpose, the pursuit of the goals laid down in this document:

(a) The Memorandum and Articles of Association of the Company;

(b) A copy of this document and its projections;

(c) Any service contracts as referred to herein; and

(d) Any material contracts referred to herein.

# Glossary

## Business

| | |
|---|---|
| “Act” | The Companies Act 2006 |
| “AVTN” | Aviation Television News Ltd and its proposed subsidiaries |
| “Board” or “Directors” | The Board of Directors of the Company |
| “Company” | Aviation Television News Ltd and its proposed subsidiaries |
| “Expo(s)” | Expositions and Exhibitions |
| “Management Accounts” | The projected management accounts of the proposed Network |
| “Network” | Aviation Television News Ltd and its proposed subsidiaries |
| “NewsNet24⁷” | A subsidiary of the Company, Network, or AVTN |
| “Sales” | The sale of advertising, subscriptions, data or archive |

## Television Channels

| | |
|---|---|
| “Al Jazeera” | A leading TV news provider broadcasting in Arabic and English |
| “BBC” | The British Broadcasting Corporation and its subsidiaries |
| “Bloomberg TV” | A leading business TV news provider |
| “CNBC” | A leading business TV news provider |
| “CNN” | A leading TV news provider |
| “Euronews” | A leading TV news provider |
| “Fox News” | A leading TV business news provider |
| “France 24” | A leading TV news provider broadcasting in French, English and Arabic |
| “MSNBC” | A leading TV news provider |
| “Sky” | Sky Broadcasting Group plc and its subsidiaries |

## Broadcasting

| | |
|---|---|
| “4K” | Broadcast quality of approximately 3840 x 2060 pixels |
| “Access” | Means by which the public access a service |
| “Advertising” | Television, Radio, or Internet based advertising |
| “Anchor” | The key host or presenter of a news programme |
| “Archive” | Footage owned and sourced by the Network held in various storage mediums |
| “Audience” | The TV or Radio viewing or listening public |
| “BARB” | Broadcasters’ Audience Research Board (UK) and ratings provider |
| “BKSTS” | The British Kinematograph Sound & Television Society |
| “Broadcast” | The act of transmitting any volume of programming |
| “Broadcast” | Delivery of a live or pre-recorded programme via terrestrial, cable, satellite or IPTV transmission to a television audience |
| “Broadcaster” | A corporation or person engaged in the act of broadcasting |
| “Broadcasting Act” | The Broadcasting Act 1996 (UK) |

| | |
|---|---|
| “Bureau” | The principle base(s) of operations for a news gathering entity |
| “Cable TV” | TV delivered by cable, often bundled with telephone and broadband service |
| “Camcorder” | A camera that functions and records independently of studio infrastructure |
| “Camera” | A device for recording motion pictures on a Digital or Film medium |
| “Commercial Break” | An period of advertising between segments of programming |
| “Coverage” | The resulting footage recorded at a news-worthy event |
| “Crane” | A crane specifically designed to mount camera and crew or cameras. |
| “Digital” | Data expressed in terms of 0 and 1 less prone to decay than analogue |
| “Digital Media” | Media only accessible digitally, and often not available in print |
| “EPG” | The ‘Electronic Programme Guide’ found on set-top boxes |
| “Expo TV” | Temporary TV Channels delivering news and coverage of Exhibitions |
| “Facilities” | Premises enabling the creation or transmission of broadcast programmes |
| “Facilities House(s)” | Providers of equipment for hire to Productions and Broadcast Companies |
| “Fluid Head” | A device to create smooth movement for a camera mounted on a tripod |
| “Fly Away” | An Outside Broadcast Facility based in Flight Cases rather than a truck. |
| “GBCT” | The Guild of British Camera Technicians |
| “HD” | High Definition – not less than 1920 x 1080 pixels |
| “IPTV” | TV delivered via the internet using Internet Protocols |
| “Jib Arm” / “Jimmy Jib” | A crane that utilises remote control to control a camera at height |
| “LED” | Lighting utilising Light Emitting Diodes |
| “Lens” | Lenses used by professional motion picture and broadcast cameras |
| “Network” | Either a single channel comprised of multiple operational bases; or a collection of channels owned by a single broadcasting corporation |
| “News Agency” | An entity existing to gather and distribute news principally to the media |
| “News Cycle” | Typically news occurring inside a measure of 24 hours, every day |
| “Nielsen | Leading Global Information service and ratings provider |
| “OB” | Outside Broadcast |
| “OB Facility | Outside Broadcast Facility Based in a Truck, Trailer or Set of Flight Cases. |
| “OTT” | Over The Top Services. Streaming Audiovisual content online and to devices |
| “Pedestal” | A heavy and stable three-wheeled camera mount with a telescopic balanced column used for mounting cameras in broadcast studios |
| “Platform” | The subscription or free service through which programmes are received |
| “Playout System” | The system which delivers broadcasts to air |
| “Premium Access” | A paid-for service with added value not available for free |
| “Programmes” | Pre-recorded or Live portions of the daily schedule of broadcasts |
| “Programming” | Multiple segments or programmes arranged in a schedule |
| “Ratings” | A means of measuring audience levels |
| “Reach” | The number of homes that a channel or network is receivable in |
| “Retransmission Fee” | A fee paid by one network for carriage of a channel’s programming |
| “Satellite Bureau” | Subsidiary base(s) of operations for a news gathering entity |
| “Satellite TV” | TV delivered by transmission from satellite to user dish. |
| “Schedule” | Multiple segments or programmes arranged in a pre-published order |
| “SD” | Standard Definition – Less than a 1920 x 1080 pixel format |
| “Segment” | A short part of a program defined by subject or time |

| | |
|---|---|
| "Segments" | Parts of a programme |
| "Set" | A purpose-built, controlled studio environment |
| "Slot" | Period of Advertising time |
| "Slots" | Time periods of programming or more often advertising |
| "Social Media" | A means by which the public and corporations may openly participate and interact in promotion, debate, product and knowledge sharing |
| "Subscriber" | A person paying for access to services |
| "Subscription" | The on-going charges for access to a service |
| "Telecine" / "TK" | The transfer of new or archive film footage to a TV medium |
| "Teleprompter" | A display from which a presenter or host may read a script |
| "Transmission" / "TX" | Broadcasting of programming |
| "Transponder" | The device by which up/down-link is achieved on a satellite |
| "Tripod" | A portable three-legged frame, used to mount and stabilise cameras |
| "UHD" | Ultra High Definition – Not less than 3840 x 2060 lines of resolution |
| "Viewer" | The person watching broadcasts; audience member |

## Aviation

| | |
|---|---|
| "Aerospace" | The technology and industry concerned with both aviation and space flight |
| "Aerospace Company" | A Company involved in research, development, and manufacture in aerospace |
| "Afterburner" | An auxiliary burner in which extra fuel is burned in the exhaust of a jet engine, to increase thrust |
| "Air-show" | Exhibitions of static and flying aircraft for commercial purposes, a portion of which may be open to the public (usually at weekends) |
| "Air Tug" | Vehicle used to move aircraft not under their own power |
| "Airfield" | Any an area of land set aside for the take-off, landing, and maintenance of aircraft; generally used to define smaller facilities other than larger airports. |
| "Airline" | A corporation providing commercial air services to the public |
| "Airline Routes" | Routes competed for and flown by commercial airlines |
| "Airport" | An airfield and buildings, predominantly utilised by commercial airlines |
| "Airside" | The side of an airport terminal beyond passport and customs control |
| "Apron" | Area where aircraft are parked |
| "ATC" | Air Traffic Control |
| "AvGeek" | An amateur or enthusiast that pursues an interest in Aviation |
| "Aviation Authority" | Regulatory authority for the Aviation industry |
| "Burn" | The combustion of aviation fuel |
| "Business Aviation" | Aviation services and offered, or relating to, Business clients |
| "Business Jet" | A jet owned privately for the purpose of corporate travel |
| "Check-in" | Process of registering a passenger's presence and intention to fly with an airline |
| "Commercial Pilots" | Pilots flying for commercial services such as airlines or freight corporations |
| "Combustion" | Process of burning jet fuel to provide thrust |
| "Cyclic" | Referring to a control surface of a helicopter |
| "Deadheading" | Means of moving non-operational flight crews on commercial services |
| "Fence" | The fence defining the perimeter and controlling access to an airport or airfield |

| | |
|---|---|
| "FL360" | Flight Level; 360 or other values refer to altitude of 36,000 ft |
| "Flight Crew" | The crew manning an aircraft |
| "Flight Deck" | The area where pilots control flight at the front of an aircraft |
| "Flight-line" | The area around hangars where aircraft can be parked and serviced; a line of flight |
| "General Aviation" | Civil aviation other than large-scale passenger or freight operations |
| "Gulfstream" | A warm current flowing from the Gulf of Mexico northward through the Atlantic Ocean |
| "Gulfstream" | An aircraft manufactured by Gulfstream Aerospace |
| "Hanger Time" | Time spent by an aircraft at a service facility |
| "IFR" | Instrument Flight Rules |
| "In-Flight Entertainment" | Entertainment provided to passengers during a commercial flight |
| "International Airport" | An airport servicing international flights |
| "Jet-A" | Primary fuel used in aviation |
| "Logbook" | Record of all servicing and flight data of an aircraft |
| "Passenger" | A person who flies on commercial mass transportation airlines |
| "Pax" / "PAX" | An abbreviation for passenger |
| "Pax Ex." / "PAX Ex." | An abbreviation for the Passenger experience |
| "Pilot" | A person licensed to fly either commercially or privately |
| "PPL" | Private pilot's licence |
| "Private Pilot" | A person who flies for pleasure or non-commercially |
| "Propeller Head" | People who love propeller driven aircraft; 50s term for a Geek |
| "Pushback" | Act of an air tug reversing an aircraft away from a parking area |
| "Ramp Ops" | Ramp Operations; all ground operations around an aircraft |
| "Rotate" | The action of applying back pressure to the controls to cause take-off |
| "Terminal" | Building providing services and loading/unloading of passengers |
| "Terminal Velocity" | The highest velocity obtained by an object in free-fall |
| "Throttle" | Means of increasing or decreasing thrust from the engines |
| "Trade Winds" | The prevailing easterly surface winds found in the tropics, within the lower portion of the Earth's atmosphere |
| "Turbofan" | A jet engine in which a turbine-driven fan provides additional thrust |
| "Turn" | The initiation of start-up for a propeller or jet engine |
| "VFR" | Visual Flight Rules |
| "Whirlybird" | Slang for a helicopter |

## Government Bodies & Regulators

| | |
|---|---|
| "BAI" | The Broadcast Authority of Ireland |
| "FCA" | Financial Conduct Authority |
| | Enterprise Estonia |
| | Technical Regulatory Authority, Estonia |
| "FCC" | The Federal Communications Commission (USA) |
| "FCO" | Foreign & Commonwealth Office |
| "HMRC" | Her Majesty's Revenue & Customs Service of the UK |
| "HSE" | Health and Safety Executive |

| | |
|---|---|
| “IDA” | The Industrial Development Authority of Ireland |
| “IRAS” | Inland Revenue Authority of Singapore |
| “MAS” | Monetary Authority of Singapore |
| “MCI” | Ministry of Communications & Information (Singapore) |
| “MDA” | The Media Development Authority (Singapore) |
| | Ministry of Culture, Estonia |
| “Ofcom” | The Office for Communications (UK) |
| “OSHA” | Occupational Safety & Health Administration |
| “SEC” | The Securities & Exchange Commission of the United States |
| “WSHC” | Workplace Safety & Health Council |

## Securities, Stocks & Exchanges

| | |
|---|---|
| “AIM” | The Alternative Investment Market of the London Stock Exchange |
| “Dollar” / “$” / “USD” | The US Dollar issued by the Federal Reserve of the USA |
| “€” | The Euro - Currency of the European Union |
| “Euronext” | Euronext Amsterdam N.V. |
| FAANG/FANG Stocks | Major Technology Stocks most often represented by Facebook, Amazon, Apple, Netflix, Google, but also including many others. |
| “ISE" | The Irish Stock Exchange |
| “London Stock Exchange” | Or “LSE” owned by London Stock Exchange Group Plc |
| “NYSE” | New York Stock Exchange |
| “Pound” / “£” / “Sterling” / “GBP” | The English Pound issued by the Bank of England |
| “S$” | The Singapore Dollar |
| “SGX” | Singapore Exchange Limited |

## Geographic References

| | |
|---|---|
| “Africa” | The Continent of Africa and the countries within it |
| “Brazil” | Federative Republic of Brazil |
| “China” | The Peoples Republic of China |
| “Dubai” | The most populous and largest city of the United Arab Emirates |
| “Estonia” | The Republic of Estonia |
| “Europe” / ”EU” | The 28 member States of The European Union |
| “Ireland” | The Republic of Ireland |
| “Latin America” | Sub-region of the Americas typically including:<br>Argentina, Bolivia, Brazil, Chile,<br>Columbia, Costa Rica, Cuba, Dominican Republic,<br>Ecuador, El Salvador, Guatemala, Haiti,<br>Honduras, Mexico, Nicaragua, Panama,<br>Paraguay, Peru, Puerto Rico, Uruguay,<br>Venezuela |
| “MEA” | The Middle East & Africa |
| “MENA” | The Middle East & North Africa |
| “NL” | The Netherlands |

| | |
|---|---|
| “Singapore” / “SG” / “SIN” | The Island Nation State of Singapore |
| “South America” | The Continent of South America |
| “UAE” | The United Arab Emirates |
| “UK” | The United Kingdom of Great Britain and Northern Ireland |
| “US” / “USA” | The United States of America |

## Other

| | |
|---|---|
| “Brand” | A nationally or globally recognisable supplier, manufacturer or product |
| “BTU” | The British Thermal Unit – Approximately 1055 Joules, a measure of heat |
| “Construction” | Fitting out and equipping of Broadcast Facilities |
| “InfoSec” | The Job and Industry Sector built around Information and Data Security |
| “Marque” | A brand or product |

# Project Thanks & Attributions

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Arqiva
ARRI
Arrow Business Communications Ltd
Ashdown Group
Associated Press
ATAG
ATG Danmon Group
Audience Systems
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AWS
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BAI Ireland
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Barco Control Rooms GmbH
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GB Labs
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Globe Cast
Grass Valley — Belden
Green Light Innovation
Hared Associates
Harmonic
Hewlett Packard Enterprise
Hitachi Kokusai Electric Europe
HMRC
HP Enterprise
HR Magazine
IATA
IATSE
ICAO
IDA Ireland
Ikegami
Information Week
Inland Revenue Service
Intellectual Property Office
Intelsat
ITV Group
Inspire
JVC Professional Broadcast
Keller and Heckman LLP
Key Code Media
Kinetta.com
Knight Frank
Leadline.co.uk
Legal Recruitment
Lifesize
Masterclock
Mellanox
Memery Crystal
Microsoft
miniCASTER
MSNBC
NBC
News Corporation
NewTek
Nielsen
Nilesat
NMR
Nyc.gov
OAK Leasing
Octopus Newsroom
Ofcom
OfficeBroker.com
Onestopclick.com
Ostmodern
Oxspring Ltd (Cisco)
PACT
Panasonic Europe
Paycheckcity.com
Payscale.com
Pinewood Shepperton Group plc
Poynter
Prsformusic.com
PWC
Quantcast.com
Qumulo
Quiss Technology plc
Radiomation
Rankingthebrands.com
Redberry Media Ltd
Reed Business Publishing
Regus
Rferl.org
Rohde - Schwartz
Ross Video
Riedel

Sage
Sat-Comm Broadcast Ltd
SEC
SES
Shamrock Infosec
Singtel Optus
Silver Levene
SIS Live
Sky Group
Sony Europe Ltd
Stabb.co.uk
Stateofthemedia.org
Telegenic
TeleGeography.com
Telenor
Telesat
Telstra
The Commission on the Future of the US Aerospace Industry
The Economist
The Guardian
The Levison Report
The London Stock Exchange Group
The Met. Office
The National Archives
The Royal Aeronautical Society
The Wall Street Journal
The Weather Company
TNP Broadcast
Thompson Reuters
TSL
TV Compliance LLP
TVB
TVB Europe
Twitter
UK Business Forums
UK Power Institute of Engineering & Technology
UK Trade & Investment
Unpracticallaw.com
US Air Force Personnel Centre
US Bureau of Labour Statistics
Usnews.com
Ventrica
Verizon
Verizon Digital Media
Vinten
Vitec Videocom
Vizrt
We Work
Wheatstone Corporation
World Federation of Exchanges
Worldwide Structures
XE.com
Yahoo! Finance

# `Disclaimer of Risk Factors

This presentation includes forward-looking statements. Words such as “anticipates”, “believes”, “estimates”, “expects”, “intends”, “plans”, “projects”, “may”, “forecast” and similar expressions are used to identify these forward-looking statements. Examples of forward-looking statements include statements made about strategy, timetables and schedules, introduction of new products and services and market expectations, as well as statements regarding future performance and outlook. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

These factors include but are not limited to:

- An investment in the share capital of the Network may be difficult to realise. The value of the Network or its shares may go down as well as up. Investors may therefore realise less than their original investment;
- The investment proposed in this document may not be suitable for all recipients. Investors are advised to consult an investment adviser authorised under the Financial Services Act 2012 who specialises in investments of this kind before making their decision;
- The development of the Network, and the achievement of the Illustrative Financial Projections, depends upon the timely granting of certain licences, location of premises, delivery of equipment purchases, and successful recruitment of competent staff as envisaged herein.
- Changes in general economic, political or market conditions, including cyclical trends effecting the nature of some or all of the areas comprising the Network’s business;
- A material increase in the interest rates applicable to new finance leases may adversely affect the ability of the Network to achieve the Illustrative Financial Projections.
- A number of existing entities provide competing services which are similar to some or, all of, the Network’s proposed services, and there can be no assurance that other entities with directly competing services and substantial resources may not enter the market.
- The advent of a Natural Disaster; Act of God; Act of War; or Act of Terrorism in any Nation State, or Territories in which the Network proposes operations, may have an adverse effect upon the Network’s ability to operate as described in this proposal or the Illustrative Financial Projections herein.
- Significant disruptions in air travel (including as a result of terrorist attacks) restricting the Network’s ability to operate and mobilise editorial personnel and broadcast camera crews;
- Currency exchange rate fluctuations, particularly between the Euro, Sterling, U.S. dollar, and Singaporean Dollar;
- The successful execution of the Network’s implementation, development, and performance plans, including achievement of predicted operational efficiency, and production targets;
- Audience numbers and subscription risks; programme and production performance risks, as well as management risks;
- Customer, supplier, subcontractor performance, contract negotiations, or financing issues;
- Significant collective bargaining labour disputes;
- Research and development costs in connection with new products and services;
- Legal and investigatory proceedings, financial, and governmental risks related to international transactions; and other economic, political and technological risks and uncertainties which  are unforeseeable at this time;

Any forward-looking statement contained in this document speaks as of the date of presentation, publication or release. The Network undertakes no obligation to publicly revise or update any forward-looking statements in light of new information, future events or otherwise.

# Intellectual Property

AVTN | NewsNet24[7]; AVTN.TV; and the contents of this Proposal, and other documentation published, distributed or shared by the the Directors, employees, or partners of the AVTN | NewsNet24[7] Project are and remain at all times the Intellectual Property of Mr. Phillip Covell and Mr. Kinny Cheng and protected as such, and represented by LEQ Ltd a general trading and holding company owned and operated by Mr. A.R. Covell and the Covell Family.

LEQ Ltd is a Company registered in the United Kingdom, under English Law.

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