



CORPORATE NEWS

Issue No 7

MNH FINANCING

MNH is currently raising various sources of funds to start operating:

The main one consists in a stock transaction with an insurance company, giving MNH the way to finance the TV operating cost.

The second source of finance comes from a top European bank giving MNH the means to finance the TV shopping activities; A UK fund is currently being organised to finance the VOD development as part of the technology investment.

The rest will be self financed or helped with subsidies such as European Commission able to

push MNH activities in European development and subtitling before giving a chance to develop our post production companies' project development in China (cf newsletter N°5)

As soon as activities are on tracks, they will generate revenues within 4 months thanks to a long and precise preparation; Chinese TV shopping activities for instance are here to develop our European network.

MNH founders have planned a European global coverage in twelve months starting from now. Other partners such as Celestial Pictures, EVA group or Hosken in South Africa remain with MNH for

a second round table developing activities overseas.

All shareholders who took position, and planned to hold the MNH shares, for at least a minimum of one year, are clever, and know that they made a good investment. MNH is not an speculative company, we work on a long term view, for regular incomes. Thanks to all shareholders, who maintain connection with us, one thing is sure we will work hard as always to keep high your trust and confident.



Why MNH will reach its target softly with low risk in the film business:

Thanks to a smart network of partners and applications all around Europe, MNH will have a complete vertical business in the media sector. As a broadcaster and VOD platform, MNH will guarantee a solid distribution in TV and Internet exploitation, theatre distribution remains a prestigious mean of releasing but hardly lucrative.

MNH will be able to implement film Co productions in guaranteeing after Y2 a repayment of 2M Euros based on advertising sales X 20 spots per

film X 40 territories X 300 Euros X 6 monthly broadcasts.

MNH will build assets of films, international and mainstream products, Moreover MNH will become a key partner for film funds and banks involved in this high risk reward ratio investment. Ingenious film fund and future Film in UK have already expressed strong interests in such financial engineering for products below 10M Euros.

Any commitments from MNH will be only distribution guarantees that producers will discount with their own banks. These banks usually require a distribution deal worldwide, bankable sales agent and completion bond.

How will Motion Network TV compete? Where will it position itself in the Value Chain?

It is important for a thematic channel like Motion network TV to minimise its overheads and avoid high capital expenditure. This will be achieved through extensive outsourcing throughout the value chain. Motion Network TV will be a sales and marketing organisation. It will operate in the value chain as an intermediary getting content, play out services and broadcasting from other operators. This will allow minimum overheads and low capital expenditure. However it will also mean high volumes and low margins are important and force a fairly tight business model.

Motion Network TV will be particularly vulnerable to pricing pressure from the broadcasting platforms. With subscription rates falling and competition from terrestrial digital television (DTT) increasing, the broadcasters will be less inclined to be generous to channels like Motion TV network. The small channels will be particularly vulnerable rather than those, which are true draw cards for subscribers such as MTV, Discovery Channel or children's programme. This also reinforces the importance of Motion network TV quickly establishing a format, which will attract and hold the audience.



The Motion Network TV Value Proposition

The essence of Motion network's unique value proposition is its ability to reach a very highly targeted audience of film viewers. As the audience grows the Motion network TV proposition will increase in value. It is therefore important for Motion network TV to rapidly attract maximum viewers from the target segment. Again quality programming is key. The

unreleased films or extra sport event system is one area which could create enough of a buzz and audience interest to significantly grow the viewer base.

Value drivers :

Is the channel able to attract subscribers to the pay TV network? Will the subscription decision be influenced by whether this channel is included in a package?

Is the channel an attractive medium for advertisers? Is it available on a wide

range of platforms and does it have a large number of viewers? Are the viewers in the demographic the advertiser wishes to reach?

Is the company able to conclude deals with content providers, broadcasters and advertisers?

Cost considerations

The cost per thousand viewers of advertising on the channel.

The degree to which the advertising spend translates to sales.

In other words, are we reaching the audience who will buy the product ?

Companies are becoming increasingly focussed on the return from their advertising and marketing budgets.

Advertising which is more focussed and reaches the target market is increasingly important. Motion network TV provides an advertising outlet, which reaches a demographic with a specific interest in European films.

This gives it a natural advantage in reaching advertisers within the industry. Motion network TV will need to find ways to become more important to the advertisers and broadcasters and to

move up the value line in order to capture greater value.

It is unlikely that Motion network TV will become a 'must have' channel based on its concept and currently available content.



OUR USP FOR THE AUDIENCE :

Proposing the biggest turn over of Global Culture Films and big Documentaries ever done before on a Free Television.

Driving the viewers to the product we want to sell.

On each content, if possible, create a Digital Derivative Application.

The USP is not about us or our business—it's about our customer.

So we will strongly organise our web portal, with a clear connexion and relay of the TV screen, to keep the viewers as long as possible. Once we have that USP, we can start to make sense of the marketing vehicles available to organize those elements, and implement your marketing plan.

This is done through "the power of P.A.R.M.":

Positioning our company in the digital marketplace .

Acquiring site traffic and customers

Retaining those customers. Monetizing your site traffic and customers

The Motion network TV Opportunity

Motion TV network represents a chance to create a unique thematic channel, which can become the media outlet of choice for a rapidly growing and increasingly important part of the entertainment industry. Films and series are the mainstream form of entertainment and is encompassing a broader demographic. It is now a major part of 15-45 culture and will continue to impact on the way we spend our leisure time.

Share Info
Motion Network Holding plc
WKN: A0M910
ISIN: GB00B291K520
Symbol: HORA
Frankfurt Stock Exchange
Stuttgart Stock Exchange
Xetra



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Registered in England and Wales
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