

121 Media, Inc.

ANNOUNCEMENT OF ADMISSION TO AIM AND COMMENCEMENT OF DEALING

121Media, Inc (“121Media” or the “Company”), a global online contextual advertising company, today announces the admission of its ordinary shares to the Alternative Investment Market (“AIM”) and the commencement of dealing in its shares.

121Media delivers and manages targeted, contextual online advertising campaigns on behalf of its clients. These clients are primarily the owners of well known consumer brands or online advertising agencies.

On behalf of the Company, John East & Partners Limited has placed 894,878 shares at a placing price of 245p per share, to raise £1.72 million (net of expenses), representing 12.6 per cent of the enlarged issued share capital. At the placing price of 245p, the Company will have a market capitalisation on admission of £17.40 million.

Kent Ertugrul, Chief Executive of 121Media, commented:

“We have been encouraged by the reaction of institutional investors to our story.

“Internet advertising revenue in the US rose 40% to \$4.6 billion in the first six months of 2004, and a significant part of the online advertising industry is contextual advertising, on which 121Media is focused. We are therefore coming to the market at an exciting time in our marketplace, and are very well placed to take advantage of the growing demand for our services.

“The funds raised will allow us to accelerate the development of the business, through the acquisition of more users, an increased direct sales presence, the further development of our existing technologies and the establishment of a presence in new markets. We will also benefit from the higher profile associated with public company status and the ability to provide incentives to senior staff by the use of options over publicly traded shares.”

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Introduction to 121Media Inc.

121Media Inc delivers and manages targeted, contextual online advertising campaigns on behalf of its clients. These clients are primarily the owners of well known consumer brands or online advertising agencies.

The Company’s software allows it to deliver highly targeted advertising to large numbers of users, based on their browsing habits. The Company has acted for more than 250 advertisers including British Airways, l’Oreal, British Gas, O2, Dell, Panasonic and American Express. Their advertisements are delivered to users based on an anonymous analysis of their browsing behaviour, which is likely to indicate their commercial and lifestyle interests.

The Company’s targeted advertising obtains very high response rates compared to traditional untargeted advertising campaigns, which is very attractive to advertisers. The Company is, therefore, able to charge on a success fee basis, either per click-through to the advertiser’s web site, or as a commission from any ensuing transaction.

The Company’s business model revolves around distributing its PageSense technology to as many users as possible and showing users as many advertisements as possible, without causing negative reaction, to maximise response. In the case of PageSense Desktop negative user reaction can lead to the user uninstalling the software. The Company also aims to generate the highest yield possible from the advertisements shown, so as to capitalise on the value of the limited showing opportunities. This is achieved by delivering only the highest quality, best paying, advertisements in the most accurately targeted way, remunerated by results.

Since the launch of its contextual advertising service in July 2003, the Company has generated substantial growth by attracting a significant number of users and gaining as clients a number of well-known advertisers. Currently, the user base consists of an audience of more than 2 million people and the Company delivers approximately 180 million advertisement impressions per month on behalf of its clients. The proceeds of the Placing will, in part, be utilised to acquire more users and the experience of the Directors shows that revenues rise proportionately to the number of users acquired.

121Media currently acquires most of its users by integrating its PageSense Desktop technology with consumer software products known as distribution applications, which are offered free of charge to Internet users in exchange for their permission to display advertisements. The Company has developed its own distribution applications which integrate PageSense Desktop but has also entered into strategic relationships to incorporate such software with freeware products offered by third-party publishers.

The Company has 26 personnel. Of these, 11 are based in London, engaged in head office administration and European sales and three are based in the New York sales office; the remainder, comprising the software development team, are based in Moscow.

Distribution Channels

The Directors believe that opportunities exist for expanding the business on a large scale. This is based on the prevalence of freeware applications and the increasing penetration and use of the Internet on a worldwide basis. The PageSense Javascript application and the PageSense Desktop application each have different distribution channels and therefore represent independent opportunities.

The PageSense Javascript application can be embedded into web pages, where it analyses their content and communicates this information to the Company's servers. In this way, a profile of an individual consumer's browsing habits can be compiled anonymously, which enables advertising to be targeted where it will have the most impact. PageSense Javascript can be embedded by a variety of partners, such as Internet Service Providers, serving pages to those connecting to the internet through them, web publishers showing content to their user bases, or wireless networks. The Directors expect to enter into the first such partnership arrangement in the first quarter of 2005.

In order to distribute its PageSense Desktop application, the Company also has commercial relationships with a number of third party producers of popular software applications which are downloaded in large numbers. Although users will generally not pay for these applications, they will agree, by accepting the terms of the download, to view advertisements. PageSense Desktop has been bundled with, amongst others, third party applications such as Wild Media, eDonkey, Grokster, 2findmp3, Freewire p2p and Overnet. This represents a small proportion of the available market, which the Directors intend to continue to exploit.

Management

The Company's key Directors include:

David Svendsen, Non-executive Chairman, aged 56, was until February 2000 chairman of Microsoft UK and vice president of Microsoft EMEA (Europe, Middle-East & Africa) and prior to that was managing director of Microsoft UK from 1988 to 1998. Prior to joining Microsoft UK, he was marketing director of Microsoft Australia, where he oversaw the development of the business from inception in 1984. He has had over 25 years of business management experience in a wide range of companies including acting as a non-executive director of SDL plc and eTechnology VCT plc.

Kent Ertugrul, Chief Executive, aged 41, has worked as an international entrepreneur directly involved in the financial and technology industries for more than 15 years. After induction in JP Morgan's management training programme he joined Credit Suisse First Boston and then Morgan Stanley in London. He then oversaw, as director and chief financial officer, the growth of Compass Technology from 5 to 170 employees. As it became a leading PC-based voice mail company in the US, Compass merged in 1991 with Milpitas, which in turn was later acquired by Lucent Technology. Kent then began to focus on Russia where, in addition to working on artificial intelligence based trading systems and setting up a debt arbitrage partnership with GML in London, he founded Migs Etc., a joint venture with the Russian Air Force and the Russian Space Agency which offered joy rides to tourists in Mig-29 jet fighters, as well as micro-gravity flights to civilians. Prior to starting PeopleOnPage, Kent founded Life.com, a desktop software and online interactive diary, as well as Voxster, a company enabling Instant Messaging for email.

Jordan Mitchell, Chief Operating Officer, aged 37, joined the Company in March 2003. He has spent the last 10 years growing technology companies from their founding to profitability and market leadership positions. In 2001, Jordan co-founded Siaxx Corporation to develop the first "universal remote control" for IT systems management. In 1995, he founded an e-business solutions firm in Seattle which he sold in 1996. He remained a member of the management team at the company, then known as Saltmine, which achieved annual sales of \$35 million in 2000.

The market

Internet advertising revenue in the United States was \$4.6 billion in the first six months of 2004, an increase of nearly 40 per cent compared to the comparative period in 2003, according to the Interactive Internet Revenue Report conducted independently by the New Media Group of PricewaterhouseCoopers and sponsored by the Interactive Advertising Bureau.

A significant part of the online advertising industry is contextual advertising, which is the display of advertisements designed to be attractive to consumers, based upon their browsing habits. Claria Corporation, the leading US based operator in the desktop contextual advertising market, generated \$26 million before tax on revenues of \$90 million in the year ended 31st December, 2003. The Directors believe that the Company's own system is at the cutting edge of the online marketing business, offering advertisers the opportunity to deliver large-scale, but specifically targeted, one-to-one marketing campaigns. Advertisers can obtain measurable results from their campaigns, because consumers receive advertisements which are intended predominantly to match the interests and requirements which their browsing habits indicate.

Strategy

Key elements of the Directors' strategy include increasing the user base, the number of advertisers and the revenue per advertisement. These can be achieved respectively by acquiring more users with the proceeds of the Placing, investing in a larger direct sales force and by continuous improvement to user targeting and effectiveness. At present, the Company does not access any users using PageSense Javascript, although the Company is at an advanced stage of negotiations with a number of Internet Service Providers and wireless networks. The Directors believe that PageSense Javascript represents a major opportunity to extend the Company's reach beyond the desktop. In the longer term, the Directors intend to expand further internationally.

Summary Financial Information

The table below sets out a summary of the audited results of the Company for the year ended 31st December 2003 and the six month period ended 30th June 2004. It also sets out unaudited management results for the three month period ended 30th September 2004, which the Directors confirm has been made after due and careful enquiry by them; John East & Partners Limited has also confirmed to the Company that this estimate has been made after due and careful enquiry by the Directors.

	Year ended 31 December 2003 (audited) \$	Six month period ended 30 June 2004 (audited) \$	Three month period ended 30 September 2004 (unaudited) \$
Turnover	222,129	1,939,493	1,162,010
Costs and expenses	(1,241,516)	(1,315,366)	(670,895)
Profit/(loss) before taxation and before joint venture charges	(1,019,387)	624,127	491,115
Joint venture charges	(82,383)	(840,613)	(345,377)
Profit/(loss) before taxation	(1,101,770)	(216,486)	145,738

Initially, the Company resisted the creation of a direct US sales presence, preferring to operate under a US joint venture with Conducive Corporation LLC, one of the leading on-line media agencies. Under the terms of the joint venture arrangements, the joint venture entity was granted an exclusive, perpetual, royalty free, licence, to exploit the behavioural marketing platform commercially with third party freeware providers worldwide, outside Europe. However, under these arrangements, Conducive Corporation LLC retained the majority of any income so generated.

After several months, the Directors came to the view that it would be in the Company's interest to operate its own sales and marketing team and develop its own relationships with third party freeware providers, in order to increase operating margins and profitability. In June 2004 it was agreed to dissolve the joint venture arrangements so that 121Media could operate its business directly on a worldwide basis.

Current Trading and Prospects

The trading results for the financial year to date are very encouraging and confirm the expectations of the Directors, both with regard to margin improvements resulting from the termination of the joint venture arrangement with Conducive Corporation LLC and growth in the user base. In the fourth quarter, the Company has been investing the proceeds of its interim funding for the purpose of acquiring new users and selling advertising directly to end users. The impact of investing funds in this way confirms the Directors' expectations.

The Directors believe that the desktop download business, which forms the basis of the Company's current revenue, is capable of considerable growth. They believe that PageSense Javascript represents a significant opportunity to generate an additional source of revenue. The Directors believe that the net proceeds of the Placing will give the Company the ability to generate considerable growth by providing the funds to make the initial payments to its distribution partners, which will enable it to acquire new desktop users and increase direct advertising sales. The experience of the Directors shows that funds invested in this way can generate significant returns.

For all these reasons, the Directors feel justified in looking to the future with confidence.

Reasons for the Placing

The Directors believe that the growth of the Company will be accelerated by the injection of equity capital raised by the Placing. These funds will be used to obtain additional users; the experience of the Directors demonstrates that this will increase revenues. They also believe that the Company will benefit from the higher profile associated with public company status and the ability to provide incentives to senior staff by the use of options over publicly traded shares.

The net proceeds of the Placing receivable by 121Media will be used to accelerate distribution through the acquisition of more user desktops; increase the Company's direct sales presence; further develop its existing technologies; develop new technology; and establish a presence in new markets.

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