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SEASHELL II LIMITED ANNOUNCES PROPOSALS TO MERGE WITH DIGITAL MARKETING GROUP PLC AND RAISE £7.8 MILLION THROUGH A PLACING

Highlights

- Seashell II today announces proposals to merge with Digital Marketing Group plc
- Digital Marketing Group plc will be a digital direct marketing business, based in the UK and focused on both “online” and “offline” direct marketing
- Digital Marketing Group plc has conditionally agreed to acquire 100 per cent. of both HSM Limited and Scope Creative Marketing Limited (trading as Dig For Fire)
- Seashell II had cash of approximately £2.7 million as at 2 October 2006. Prior to the merger Seashell II plans to raise an additional £7.8 million (before expenses) via a placing to provide additional funds for the growth of the business
- The transaction will provide Digital Marketing Group plc with financial resources to expand the Enlarged Group’s operations both organically and through further acquisitions.

Lord Ashcroft, KCMG, Chairman of Seashell II Limited commented:

"This transaction is the culmination of a range of discussions that followed the flotation of Seashell II in June 2005. The management of the Enlarged Group has had considerable success in the marketing sector previously and has identified opportunities in this market. We believe that this is an attractive transaction for Seashell II Shareholders."

Commenting on today’s announcement, Ben Langdon, proposed Chief Executive of Digital Marketing Group plc, said:

“The merger with Seashell II provides Digital Marketing Group plc with a significant shareholder base and a platform from which to seek to establish itself as a leading digital direct marketing group. Its financial firepower has already enabled us to enter into contracts to make our two first strategic acquisitions which will form the cornerstones of this growing business. We are delighted that both HSM and Dig For Fire share our vision for building an integrated digital direct marketing group. Opportunities in the digital space are significant as advertisers continue to shift their spend towards “online” direct marketing and we look forward to capturing these opportunities.”

Gary Stevens, Chief Executive of HSM, commented:

“Digital marketing is at the forefront of our business today and I believe that there is significant commercial value to be gained by participating in a specialist digital direct marketing group. Our proven success combining “online” direct marketing with telemarketing will be further enhanced with complementary skills in

database management, “offline” direct marketing and digital media planning and buying. I am delighted that Digital Marketing Group plc shares the same vision to develop such an integrated business and look forward to making it happen for the benefits of our clients.”

Charles Buddery, Chief Executive of Dig For Fire, added:

“The proposal to join Digital Marketing Group plc is a great opportunity for us to broaden our product offering and further enhance our existing digital capabilities via the integration of our “offline” direct marketing skills of strategic and brand planning, direct response advertising and direct mail with HSM’s “online” skills of digital strategy and planning and telemarketing. We are very excited at the prospect of joining Digital Marketing Group plc at such an interesting time of change for the advertising industry.”

This summary should be read in conjunction with the full text of the announcement included below.

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SEASHELL II LIMITED

PROPOSALS TO MERGE WITH DIGITAL MARKETING GROUP PLC,
ACQUIRE BOTH HSM LIMITED AND SCOPE CREATIVE MARKETING
LIMITED TO CREATE THE ENLARGED GROUP AND RAISE £7.8 MILLION
THROUGH A PLACING

Introduction

The directors of Seashell II today announce that they have identified a merger with Digital Marketing Group plc and the acquisition of HSM and Scope as an attractive investment opportunity for Seashell II.

Conditional agreements have been entered into to acquire HSM and Scope (the “Acquisitions”) and to combine these with the financial resources of Seashell II under a merged company, Digital Marketing Group plc, and to seek admission of Digital Marketing Group plc’s shares to AIM.

A circular to Seashell II Shareholders and an admission document prepared by Digital Marketing Group plc in respect of Admission, which, together, provide full details of the proposals, are being despatched to Seashell II Shareholders shortly.

The Merger

It has been decided that the ultimate holding company of the Enlarged Group should be a public limited company incorporated in England and Wales. A new company, Digital Marketing Group plc, has therefore been formed. It is proposed that Seashell II will merge with Digital Marketing Group plc under the laws of Belize. Digital Marketing Group plc will effect the Acquisitions and is to seek admission of its shares to trading on AIM.

Terms of the Merger

Prior to the Acquisitions, it is proposed that Seashell II will merge with Digital Marketing Group plc, a newly incorporated public limited company, so that the Enlarged Group has a holding company incorporated in England and Wales. The Merger will be effected under the IBCA on the terms of the Merger plan and subject to the Merger plan having been submitted to the Registrar of International Business Companies of Belize and the issue by the Registrar of a certificate that it has been so registered. Seashell II Shareholders will receive new Digital Marketing Group plc shares on the basis of **one new Digital Marketing Group plc share for each Seashell II Share** held immediately prior to the Merger. It is anticipated that the Merger will become effective on or around 24 October 2006.

The Merger Plan was approved by written resolution of the majority shareholder of Seashell II on 1 October 2006. It is intended that share certificates in respect of the new Digital Marketing Group plc Shares will be distributed as soon after Admission as is practicable and that Seashell II Shareholders who hold depositary interests in CREST which represent their Seashell II Shares will have their holdings of new Digital Marketing Group plc shares credited directly into their CREST accounts.

Placing

In order to increase the funds available to Digital Marketing Group plc for the growth of the Enlarged Group, it is proposed to place 13,728,070 new Seashell II Shares. Lord Ashcroft KCMG, through companies in which he has an interest, has agreed that those companies will subscribe for 7,850,877 new Seashell II Shares out of the 13,728,070 new Seashell II Shares being placed. The balance of the Seashell II Shares will be placed with third parties (which include senior management of Digital Marketing Group plc). Mayfair Limited, a company in which Lord Ashcroft has an interest, has agreed to underwrite the Placing. It is

intended that the Placing will raise approximately £7.8 million (before expenses) for the Enlarged Group.

Lord Ashcroft has an interest in approximately 73.4 per cent. of Seashell II's existing issued share capital.

Upon completion of the Placing, the Merger and the Acquisitions, Digital Marketing Group plc is expected to have 34.2 million shares in issue which will be owned as to approximately 18.6 per cent. by current Seashell II Shareholders (of which Lord Ashcroft KCMG is expected to be interested in up to 13.8 per cent.), approximately 20.5 per cent. by the vendors of HSM, approximately 20.0 per cent. by the vendors of Dig For Fire, approximately 5.2 per cent. by the directors of Digital Marketing Group plc and 35.7 per cent. by Cenkos and third party placees (of which Lord Ashcroft KCMG is expected to be interested in a further 23.0 per cent.). Lord Ashcroft will be interested in, in aggregate, 36.8 per cent. of Digital Marketing Group plc on the basis that no Digital Marketing Group plc Shares are subscribed by Mayfair Limited under its underwriting commitment).

Digital Marketing Group plc strategy

Digital Marketing Group plc will operate in both the “online” marketing and “offline” direct marketing sectors. The particular business focus of Digital Marketing Group plc will be the integration of “online” and “offline” direct marketing, which the Digital Marketing Group plc Board calls digital direct marketing.

The strategy of Digital Marketing Group plc is, through acquisition, to create a focused and specialised group of businesses offering clients digital direct marketing. The Digital Marketing Group plc Board intends that each acquisition will demonstrate the following characteristics:

- specialisation in one of the core skills or sectors of digital direct marketing;
- significant incremental growth to be gained through harnessing the collective resources of the Digital Marketing Group plc group;
- significant organic growth potential;
- blue chip client list with strong client loyalty; and
- experienced and high quality management teams.

Digital Marketing Group plc aims to provide its clients and the clients of each of the Acquired Businesses with a range of digital direct marketing services, coupled with database marketing skills. By doing this, Digital Marketing Group plc believes it can offer clients the ability to coordinate both their “online” and “offline” direct marketing strategy and concurrently offer the skills necessary to input, collect, analyse and apply customer data in order to generate more effective

digital direct marketing, higher brand-consumer loyalty and improved client profitability.

Digital Marketing Group plc's development strategy will consist of two key elements:

- “buy and build” through the acquisition of a number of businesses with complementary skills in digital direct marketing; and
- “organic growth” driven by the inherent growth within the Acquired Businesses and the application of a group business development programme.

Digital Marketing Group plc's acquisition strategy encompasses three elements:

- completion of the Acquisitions, which have activities in “online” marketing, “offline” direct marketing and database marketing;
- addition of further companies in digital marketing, digital media and emerging technologies such as mobile marketing and search optimisation; and
- addition of sector-specific agencies where the opportunity for “digital direct marketing” is believed to be significant, for example, the business-to-business sector and the media and entertainment sector.

Digital Marketing Group plc believes that its Acquired Businesses will be able to offer an integrated digital direct marketing service to its customers through being managed and marketed under the ownership of Digital Marketing Group plc.

Summary of the Acquisitions

HSM

HSM is a cornerstone acquisition for Digital Marketing Group plc, providing both “online” marketing and “offline” direct marketing skills. Founded in 1991 and based in Swindon, HSM operates via two divisions: Inbox, a full-service digital marketing business and HSM Telemarketing (“HSMT”), which specialises in outbound telemarketing and database management. One of HSM's strengths is the level of integration that has been achieved across the two businesses enabling direct marketing through a number of digital channels. Underlying this is a proprietary technology platform that integrates key real-time marketing channels encompassing email, Internet and telephone. The Digital Marketing Group plc Board believes that this approach and powerful platform has led to HSM's numerous awards and growing blue chip client base.

HSM acts for a blue chip client base across a broad range of industry sectors. HSM has experienced a significant level of client retention, which the Digital

Marketing Group plc Board believes is due to the service offering and constant innovation provided. HSM has experienced growth from most of its major clients.

For the year ended 31 December 2005, HSM reported revenues of £4.2 million. Operating profit was £0.3 million and net profit for the year was £0.3 million.

The total consideration for the acquisition of HSM is £8 million plus an element of deferred consideration based on any surplus cash over an agreed minimum level of net assets. The consideration will be satisfied as to £4 million in Digital Marketing Group plc Shares and the balance in cash.

Dig For Fire

Dig For Fire was established in Sheffield in 1979 and has become the largest direct marketing agency operating exclusively outside of London. Dig For Fire offers clients end-to-end integrated direct marketing services accommodating both “online” and “offline” direct marketing, including web design and build, viral advertising, banner advertising, direct mail, direct response press communications and “online” and “offline” press relations. Dig For Fire also offers a strategic planning service which enables clients to understand the direct marketing “customer journey”, to identify key consumer insights and to begin the process of customer segmentation critical to successful direct marketing campaigns. The company also offers clients “Dig Research”, a stand-alone research service in order to provide objective advice in the area of direct marketing strategy.

Dig For Fire acts for a number of blue chip clients, across a broad range of industry sectors.

For the year ended 31 March 2006, Dig For Fire reported revenues of £6.9 million. Operating profit was £0.6 million and net profit for the year was £0.4 million.

The total consideration for Dig For Fire is £7.8 million plus an element of deferred consideration based on any surplus cash over an agreed minimum level of net assets. The consideration will be satisfied as to £3.9 million in Digital Marketing Group plc Shares and the balance in cash.

Admission, dealings and certificates

Application will be made for the admission of all the Digital Marketing Group plc Shares to trading on AIM. It is expected that Admission will take place on or around 26 October 2006.

As the Merger will be effected shortly after the Placing has been completed, Seashell II Shareholders participating in the Placing will not receive share

certificates in respect of their entitlement to new Seashell II Shares. Upon completion of the Merger and following Admission, Digital Marketing Group plc will either (i) issue new share certificates of title; or (ii) in the case of Seashell II Shareholders who hold depositary interests in CREST representing their Seashell II Shares, credit their CREST accounts; in either case so as to represent the Digital Marketing Group plc Shares being issued to Seashell II Shareholders pursuant to the Merger in exchange for their holding of Seashell II Shares on the date of the Merger on a one for one basis.

Digital Marketing Group plc Shares will rank pari passu in all respects with the existing issued ordinary shares of Digital Marketing Group plc and will rank in full for all dividends or other distributions declared, made or paid on the ordinary shares of Digital Marketing Group plc after the Effective Date.

Definitions

In this announcement, unless the context requires otherwise, defined terms shall have the meaning given to them below:

Acquired Businesses	HSM and Scope
Acquisitions	the acquisition of HSM and Dig For Fire
Admission	admission of all of the Digital Marketing Group plc Shares to trading on AIM
Cenkos	Cenkos Securities Limited, which is regulated in the United Kingdom by the Financial Services Authority
CREST	the relevant system (as defined in the Uncertificated Securities Regulations 2001) for the paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which CRESTCo Limited is the Operator (as defined in those Regulations)
Dig For Fire	the trading name of Scope Creative Marketing Limited
Digital Marketing Group plc or the Company	Digital Marketing Group plc, a company incorporated in England and Wales with registered number 5935923
Digital Marketing Group plc Board	the directors of Digital Marketing Group plc and the proposed directors of Digital Marketing Group plc
Digital Marketing Group plc Shares	ordinary shares of 50 pence each in the capital of Digital Marketing Group plc issued or to be issued pursuant to the Merger and the Acquisitions
directors of Digital Marketing Group plc	the directors of Digital Marketing Group plc, being Stephen Davidson, Ben Langdon, Ian Robinson and Andrew Wilson
Enlarged Group	Digital Marketing Group plc and its subsidiaries and

	associated companies following completion of the Merger and the Acquisitions and, as the context may require, any subsidiaries or businesses it may acquire following Admission
HSM	HSM Limited, registered in England and Wales with number 03482936
IBCA	the International Business Companies Act, 1990 of Belize
Merger	the merger of Seashell II and Digital Marketing Group plc pursuant to Part VII of the IBCA
Placing	the placing by Seashell II of 13,728,070 Seashell II Shares with placees
proposed directors of Digital Marketing Group plc	the proposed directors of Digital Marketing Group plc, being Barry Jenner, Bob Millington and Gary Stevens
Scope	Scope Creative Marketing Limited, registered in England and Wales with number 01677363
Seashell II	Seashell II Limited, an international business company incorporated in Belize under the IBCA with registered number 37,074
Seashell II Shareholders	holders of Seashell II Shares
Seashell II Shares	ordinary shares of 50 pence each in the capital of Seashell II

Cenkos Securities Limited which is regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser to Digital Marketing Group plc in relation to the AIM Admission and is not acting for any other persons and will not be responsible to such persons for providing protections afforded to customers of Cenkos Securities Limited or advising them on the contents of this document or any matter referred to in it.

NOTES TO EDITORS

Digital Direct Marketing - Market Definitions

The Internet has revolutionised direct marketing as it has created an entirely new direct-to-consumer medium. Direct marketing therefore now operates through both “online” and “offline” channels. “Online” direct marketing is best described as the means by which brands interact directly with consumers via channels including the Internet, mobile telephones and interactive television. “Offline” direct marketing is the means by which brands interact directly with consumers outside these channels.

“Online” direct marketing can be carried out through:

-interactive advertising (including “online” advertising, search advertising, and viral advertising;

-email marketing;

-websites (through website design and build programmes); and

-emerging technologies (including mobile, search engine optimisation, interactive television).

“Offline” direct marketing is a large and diverse industry and can be carried out through:

-direct mail;

-telemarketing;

-off-the-page press advertising/direct response TV; and

-inserts/door drops/catalogues.

Direct marketing and especially digital marketing produce large amounts of customer data. The effective capture and use of this data gives rise to database marketing, using data to deliver highly targeted marketing campaigns to existing and prospective customers.

Digital Market Trends

Traditionally, marketing expenditure was dominated by mass market advertising through TV, radio, press and posters. Recent industry research shows that:

- advertising across all media other than “online” advertising fell by approximately £200 million year on year for the period 2004 to 2005; (1)
- by comparison UK annual expenditure on direct marketing is now estimated at £16 to £17 billion and is now approaching the same size as the annual expenditure on traditional advertising (which is £19 billion according to the Advertising Association Factsheet 2005); (2)
- in a survey of 300 medium and large client companies, 35 per cent. of those companies are planning to increase their direct marketing budgets in 2007; (3)
- “online” advertising is experiencing significant growth. In 2005 the UK “online” advertising market grew by 66 per cent. to £1.4 billion to take the “online” sector’s market share to 7.8 per cent. of the total advertising

market, now exceeding spend on outdoor, radio and cinema advertising;
(4)

- “online” advertising is driving growth in the entire advertising market. (5)

In the opinion of the Digital Marketing Group plc Board the following key factors will support the continued trend towards “online” marketing:

- fragmentation and decline in traditional mass media;
- client emphasis on ROI;
- continuing technological innovation;
- increased share of media consumption in favour of “online”;
- broadening acceptance amongst traditional spenders in favour of “online”;
- increasing broadband penetration;
- emergence of the “the ipod generation”;
- increasing e-commerce;
- “online” data enabling brands to develop more intelligent databases; and
- increasing use of the Internet by consumers for research and information.

- (1) Bi-annual study carried out by the Internet Advertising Bureau in partnership with PricewaterhouseCoopers (“PwC”) and the World Advertising Research Centre (“WARC”)
- (2) Direct Marketing Association Census of the Direct Marketing Industry 2005
- (3) From DMA report (“Marketing and Direct Marketing Budgets Report 2006”)
- (4) From the Internet Advertising Bureau (“IAB”)
- (5) Confirmed by the results of the bi-annual study carried out by PwC and WARC as mentioned in (1)