

INTERNATIONAL MICROCOMPUTER SOFTWARE INC /CA/
Form PRER14A
April 28, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

SCHEDULE 14A

(RULE 14a-101)

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934**

Filed by the Registrant
Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement.
 Confidential, for use of the Commission Only (as Permitted by Rule 14a-6(e)(2)).
 Definitive Proxy Statement.
 Definitive Additional Materials.
 Soliciting Material Pursuant to § 240.14a-12.

INTERNATIONAL MICROCOMPUTER SOFTWARE, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common Stock, no par value, of International Microcomputer Software, Inc. ("Common Stock")

(2) Aggregate number of securities to which transaction applies:

Up to 64,000,000 shares of Common Stock*

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

\$1.058 per share of Common Stock**

(4) Proposed maximum aggregate value of transaction:

Up to \$67,712,000.00

(5) Total fee paid:

\$13,542.40

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

* Includes 35,000,000 shares of Common Stock to be issued upon achievement of certain revenue milestones.

** As of March 23, 2006

SUBJECT TO COMPLETION, DATED APRIL __, 2006.

INTERNATIONAL MICROCOMPUTER SOFTWARE, INC.

100 Rowland Way, Suite 300
Novato, CA 94945

The Annual Meeting of Shareholders of International Microcomputer Software, Inc., a California corporation (“IMSI”), will be held at **the offices of AccessMedia, 9201 Oakdale Avenue, Suite 200, Chatsworth, CA 91311, on _____, 2006 at ____ a.m. Pacific Time**, to elect our directors, ratify the appointment of our independent registered public accounting firm and to consider several other matters.

An important matter to be considered at the Annual Meeting is the proposal that IMSI merge with AccessMedia Networks, Inc. (“AccessMedia”). IMSI has entered into an Agreement and Plan of Merger, dated as of December 16, 2005 and amended as of March 24, 2006 (the “Merger Agreement”), by and among IMSI, AccessMedia, ACCM Acquisition Corp., a wholly-owned subsidiary of IMSI, and the shareholders of AccessMedia. In this Annual Meeting we are seeking your approval of the Merger Agreement pursuant to which IMSI will issue 29,000,000 shares of IMSI common stock and up to an additional 35,000,000 shares of IMSI common stock to be issued upon achievement of certain revenue milestones to the shareholders of AccessMedia and AccessMedia will become a wholly-owned subsidiary of IMSI (the “Merger”). In connection with the Merger, IMSI is also proposing to change its name to Broadcaster, Inc. (“Broadcaster”).

The Board of Directors of IMSI believes that the combined company can become a market-leading provider of online media. The acquisition will combine AccessMedia’s rights to “virtual set top box” technology and online media content libraries, and Internet marketing experience with IMSI’s strong balance sheet and experienced public company management. A summary of the Merger can be found on page 1 of the proxy statement.

The IMSI Board of Directors approved the Merger Agreement and the acquisition of AccessMedia and recommends that IMSI shareholders vote FOR the proposals to merge with AccessMedia and to change its name to Broadcaster, Inc.

We encourage you to read this proxy statement before voting.

Your vote is very important, regardless of the number of shares you own. Whether or not you plan to attend the Annual Meeting of shareholders of IMSI, please take the time to vote by completing and mailing the enclosed proxy card or voting instruction card and returning it in the pre-addressed postage pre-paid envelope provided as soon as possible. Returning the proxy card does not deprive you of your right to attend the Annual Meeting of IMSI and to vote your shares in person.

I enthusiastically support the Merger proposals and join IMSI’s Board of Directors in recommending that you vote **FOR** the Merger proposal and the other proposals to be voted on at the Annual Meeting.

Sincerely,

Martin R. Wade, III
Chief Executive Officer

INTERNATIONAL MICROCOMPUTER SOFTWARE, INC.

100 Rowland Way
Suite 300
Novato, CA 94945
(415) 878-4000

NOTICE AND PROXY STATEMENT OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held On _____, 2006

To the Shareholders of International Microcomputer Software, Inc.:

The Annual Meeting of Shareholders of International Microcomputer Software, Inc., a California corporation (“IMSI”), will be held at **the offices of AccessMedia, 9201 Oakdale Avenue, Suite 200, Chatsworth, CA 91311, on _____, 2006 at _____ a.m. Pacific Time**, for the following purposes:

1. To elect six directors for a term of one (1) year or until their successors are elected or appointed.
2. To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of December 16, 2005 and amended as of March 24, 2006 (the “Merger Agreement”), by and among IMSI, AccessMedia Networks, Inc. (“AccessMedia”), ACCM Acquisition Corp., a wholly-owned subsidiary of IMSI, and the shareholders of AccessMedia, a copy of which is enclosed herewith, and to approve the merger, pursuant to which IMSI will issue 29,000,000 shares of IMSI common stock and up to an additional 35,000,000 shares of IMSI common stock to be issued upon achievement of certain revenue milestones to the shareholders of AccessMedia and AccessMedia will become a wholly-owned subsidiary of IMSI (the “Merger”).
3. To change the name of IMSI to “Broadcaster, Inc.”
4. To approve an amendment of the 2004 Incentive Stock Option Plan which will result in the addition of 6,500,000 shares of common stock to the plan reserve (before giving effect to the reverse one-for-two stock split).
5. To authorize the IMSI Board of Directors to effectuate a reverse one-for-two stock split of the IMSI common stock.
6. To ratify the appointment of Burr, Pilger & Mayer LLP as IMSI’s independent registered public accounting firm for the fiscal year ending June 30, 2006.
7. To approve any adjournments of the meeting to another time or place, as necessary or appropriate in the judgment of the proxy holders.
8. To consider and act on such other business as may properly come before the meeting or any adjournment or adjournments thereof.

The IMSI Board of Directors has fixed the close of business on _____, 2006 as the record date for the determination of shareholders entitled to notice of, and to vote at, the meeting and any adjournment or postponement. Only holders of IMSI common stock at the close of business on the record date are entitled to vote at the meeting. For ten days prior to the meeting, a complete list of shareholders who are entitled to vote at the meeting will be available for examination by any shareholder, for any purpose relating to the meeting, during ordinary business hours at IMSI's principal office located at 100 Rowland Way, Novato, CA 94945. Shareholders attending the meeting whose shares are held in the name of a broker or other nominee should bring with them a proxy or letter from that firm confirming their ownership of shares.

By order of the Board of Directors,

Robert O'Callahan
Chief Financial Officer and Corporate Secretary
Novato, California
April __, 2006

This Notice of Annual Meeting of Shareholders was sent by IMSI on April __, 2006.

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY AND MAIL IT PROMPTLY IN THE ENCLOSED ENVELOPE IN ORDER TO ASSURE REPRESENTATION OF YOUR SHARES.

INTERNATIONAL MICROCOMPUTER SOFTWARE, INC.

100 Rowland Way
Suite 300
Novato, CA 94945
(415) 878-4000

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

ON _____, 2006

This Proxy Statement is furnished to shareholders of International Microcomputer Software, Inc., a California corporation (“IMSI” or the “Company”), in connection with the solicitation of proxies by the Board of Directors of the Company for use at the Annual Meeting of Shareholders to be held on _____, _____, **2006 at _____ a.m. Pacific Time at the offices of AccessMedia, 9201 Oakdale Avenue, Suite 200, Chatsworth, CA 91311**, and at any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders. This Proxy Statement and the accompanying form of proxy will be mailed on or about _____, 2006 to all shareholders of the Company entitled to notice of and to vote at the Annual Meeting of Shareholders.

An important matter to be considered as Proposal Two at the Annual Meeting is the proposal that IMSI merge with AccessMedia Networks, Inc. Following is a summary of terms of the proposed transaction follows.

SUMMARY OF THE ACCESSMEDIA ACQUISITION (SEE PROPOSAL TWO ON PAGE 15 OF THIS DOCUMENT)

This summary highlights selected information from this document and may not contain all of the information that is important to you. IMSI encourages you to read carefully the remainder of this document, including the attached annexes and the other documents to which we have referred you, because this section does not provide all the information that might be important to you with respect to the proposed merger with AccessMedia and the other matters being considered at the special meeting of shareholders. See also “Where You Can Find More Information” on page 79 of this document. We have included references to other portions of this document to direct you to a more complete description of the topics presented in this summary.

Proposal Two requires the IMSI shareholders to consider and vote upon a merger with AccessMedia Networks, Inc. If approved by the IMSI shareholders, under the terms of the Merger Agreement, ACCM Acquisition Corp., a newly formed, wholly-owned subsidiary of IMSI, will merge with and into AccessMedia and the separate corporate existence of ACCM Acquisition Corp. will cease. AccessMedia will be the surviving corporation in the merger and will continue as a wholly-owned subsidiary of IMSI. We expect the merger to be completed in the second quarter of calendar 2006.

The Companies That Are the Subject of the AccessMedia Acquisition

AccessMedia Networks, Inc.
9201 Oakdale Avenue

Suite 200
Chatsworth, CA 91311
(323) 988-0754

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AccessMedia is a platform for delivering real-time and interactive media over the Internet. AccessMedia delivers media content through its licensed “virtual set top box” technology. Coupled with its management’s marketing skills, AccessMedia is positioned to become a leading Internet-based media network.

AccessMedia’s Internet-based multi-channel strategy allows the delivery of content and entertainment as viewers increasingly demand -- what, where and when they want. The virtual set top box offered by AccessMedia allows viewers to readily organize and access the growing volumes of high quality content, utilizing broad based search capabilities. These capabilities span AccessMedia’s proprietary media library, media under license, and media readily available on the Internet. AccessMedia provides access to a wide variety of content including news, sports, movies and adult content.

AccessMedia takes advantage of the convergence of broadband technology and content, offering crisp signals through the virtual set top box technology, which equates to an experience similar to cable television. The virtual set top box available from AccessMedia combines the immediacy and interactivity of the Internet, in a format as simple to use as television. A viewer can customize his view to accommodate his specific tastes. Importantly, a viewer chooses his environment - one where only relevant and interesting advertising is selected. Further, the interactive nature of online media delivery allows a viewer to give real-time feedback on a variety of topics and immediately change his view to best suit his preferences.

AccessMedia’s executive office is located at 9201 Oakdale Avenue, Suite 200, Chatsworth, CA 91311, and its telephone number is (323) 988-0754. Audited financial statements for the periods ending December 31, 2005 and pro forma combines financials are attached hereto as Annex F and summary financial information is set forth on page 40 of this document. For additional information about AccessMedia, please visit the company’s website at www.accessmedia.tv.

ACCM Acquisition Corp.

ACCM Acquisition Corp. is a Delaware corporation and a wholly-owned subsidiary of IMSI. ACCM Acquisition Corp. was organized solely for the purpose of entering into the Merger Agreement with AccessMedia and completing the acquisition. It has not conducted any business operations and will not do so prior to the completion of the acquisition. If the acquisition is completed, ACCM Acquisition Corp. will cease to exist following its merger with and into AccessMedia.

Effect on IMSI Capital Stock (see page 46 of this document)

Under the terms of the Merger Agreement, upon completion of the acquisition, IMSI will issue 29,000,000 shares of common stock of IMSI (before giving effect to the reverse one for two stock split) to AccessMedia shareholders, representing approximately 49.1% of the outstanding shares of IMSI. Following the closing, IMSI may issue up to an additional 35,000,000 shares (before giving effect to the reverse one for two stock split) to AccessMedia shareholders if AccessMedia achieves certain revenue milestones prior to December 31, 2008 (subject to certain extensions as provided in the Merger Agreement), representing a maximum of approximately 68.0% in the aggregate to be held by former AccessMedia shareholders.

Obligation to Fund Working Capital Requirements of AccessMedia (see page 50 of this document)

In connection with the Merger Agreement, IMSI entered into a joint operating agreement, under which IMSI agreed to loan AccessMedia up to \$3,000,000 prior to the closing of the acquisition, and pursuant to the terms of the Merger Agreement, has agreed to provide up to \$7,000,000 of working capital to AccessMedia following the acquisition to fund its capital requirements pursuant to the terms of a mutually agreed upon monthly budget. As of the date hereof, no amounts have been funded or requested to be funded under the joint operating agreement. We have attached the joint operating agreement as Annex C to this document. We encourage you to read the joint operating agreement

carefully because it is the legal document that governs the loan from IMSI to AccessMedia and related matters.

For details of the loan and obligation to provide AccessMedia with working capital after the acquisition, see “The Merger Agreement - Obligation to Fund Working Capital Requirements of AccessMedia” beginning on page 50 of this document.

Additions To the IMSI Board of Directors (see page 50 of this document)

IMSI has agreed effective as of the closing to increase the number of directors authorizing two additional directors, one of which is to be designated by AccessMedia's shareholders' representative and who shall be appointed to IMSI's board of directors. AccessMedia intends to designate Kathryn Felice as its nominee on the IMSI Board of Directors. See "Management of AccessMedia Networks, Inc." beginning on page 23.

IMSI has agreed that, upon AccessMedia achieving revenue of \$20,000,000 until the earlier of December 31, 2008 or the date on which the former shareholders of AccessMedia beneficially own a majority of the common stock of IMSI, IMSI will nominate for election to its board of directors individuals designated by the representative of the AccessMedia shareholders in such numbers as would represent a majority of the board of directors of IMSI.

Voting Agreements for Election of IMSI Directors (see page 53 of this document)

Martin Wade III, Chief Executive Officer of IMSI, Digital Creative Development Corp. and Baytree Capital Associates, LLC ("Baytree"), holding an aggregate of less than 25% of the outstanding shares of IMSI common stock as of December 16, 2005, in their capacity as IMSI shareholders, have agreed to vote in favor of electing a sufficient number of individuals to the IMSI board of directors nominated by the representative of the AccessMedia shareholders such that such individuals would represent a majority of the board of directors of IMSI after the date upon which AccessMedia achieves revenue of \$20,000,000.

Michael Gardner, Software People, LLC, Trans Global Media, LLC, Broadcaster, LLC and AccessMedia Technologies, LLC in their capacity as AccessMedia shareholders, have agreed to vote in favor of electing Martin Wade, III and each other individual nominated by IMSI as a member of the board of directors of IMSI following the Merger (subject to such shareholder's right to have certain individuals designated by the representative of the AccessMedia shareholders).

Approval of the IMSI Board of Directors (see page 26 of this document)

IMSI's board of directors has determined that the Merger Agreement, the acquisition of AccessMedia and the other transactions contemplated by the Merger Agreement are advisable, that it is in the best interests of IMSI and its shareholders that IMSI enter into the Merger Agreement and consummate the acquisition, and that the Merger Agreement is fair to IMSI and its shareholders.

For the factors considered by IMSI's board of directors in reaching its decision to approve and adopt the Merger Agreement and the acquisition of AccessMedia, see "The Merger - IMSI's Reasons for the Merger" beginning on page 27 of this document and "The Acquisition - Recommendations of IMSI's Board of Directors" beginning on page 26 of this document.

Opinion of Deson & Co. (see page 29 of this document)

Deson & Co. rendered its oral opinion, which was subsequently confirmed in writing, to the board of directors of IMSI that, as of the date of the written fairness opinion, the merger consideration being paid to AccessMedia shareholders is fair, from a financial point of view, to IMSI.

The full text of the written opinion of Deson & Co., dated October 20, 2005, which sets forth the assumptions made, matters considered and limitations on the opinion and on the review undertaken in connection with the opinion, is attached as Annex D to, and is incorporated by reference in, this document. You should carefully read the opinion in its entirety.

Interests of Deson & Co. (see page 34 of this document)

Deson & Co. and Sean Deson, CEO of Deson & Co., regularly conducts business with Baytree Capital Associates, LLC (“Baytree”) and Michael Gardner, Chairman and CEO of Baytree. As a result of Michael Gardner’s current ownership in AccessMedia and pursuant to various agreements related to the Merger, Baytree and Michael Gardner will be significant shareholders of IMSI. Deson & Co. or Mr. Deson may receive compensation from Baytree or Michael Gardner related to the Merger in addition to compensation received from IMSI. While Mr. Deson does not personally own shares of IMSI, Mr. Deson is the Managing Member of Treeline Management, LLC, the General Partner of Treeline Investment Partners, LP, which is an IMSI shareholder. Deson & Co. and its affiliates may in the future actively trade in the securities of IMSI for their own account and the accounts of their customers and, accordingly, may at any time hold long or short positions in those securities.

The IMSI board of directors was aware of and considered these interests when it approved the acquisition.

Interests of IMSI’s Financial Advisor (see page 34 of this document)

Under the terms of its engagement IMSI has agreed to pay Baytree, as a result of the Merger, a fee of 5% of the aggregate value of the closing consideration to be paid to the former AccessMedia shareholders, payable in IMSI shares, for services delivered in connection with the Merger, which totals 1.45 million shares. IMSI has agreed to reimburse Baytree for its reasonable expenses, including fees and disbursements of counsel, and to indemnify Baytree and related parties against liabilities, including liabilities under federal securities laws, relating to, or arising out of, its engagement. In addition, IMSI has agreed to pay to Baytree 1.0 million shares of IMSI common stock for ongoing consulting services to be rendered through June 30, 2008. Over the past two years, IMSI has not paid to Baytree any other fees for banking and related services.

Michael Gardner, chairman and chief executive officer of Baytree, is a significant shareholder of AccessMedia and therefore has certain interests in the acquisition separate and apart from Baytree’s interest as IMSI’s financial advisor. Baytree and its affiliates may actively trade in the securities of IMSI for their own account and, accordingly, may at any time hold long or short positions in those securities.

The IMSI board of directors was aware of and considered these interests when it approved the acquisition.

Conditions to Completion of the AccessMedia Acquisition (see page 51 of this document)

Completion of the acquisition depends upon the satisfaction or waiver, where permitted by the Merger Agreement, of a number of conditions, including the following (some of which are conditions to the closing obligations of both parties, and others of which are conditions to the closing obligations of only one party):

- adoption of the Merger Agreement by AccessMedia shareholders;
- absence of any law, regulation or court order prohibiting the merger;
- the representations and warranties in the Merger Agreement made by each party being true and correct in all material respects at and as of the closing date of the merger (except that any representations or warranties expressly made as of a specific date, would be measured as of such date);
- each party having complied with all of its covenants and obligations under the Merger Agreement in all material respects;
- AccessMedia not having suffered any material adverse effect;
- less than 2% of the shares of AccessMedia common stock having elected to exercise appraisal rights;
- Alchemy Communications, Inc. (“Alchemy,” an affiliate of AccessMedia) shall have entered into a five year services and support agreement with AccessMedia in a form satisfactory to IMSI;
- Martin Wade shall have entered into an employment agreement with IMSI;
- IMSI and AccessMedia shall have received written opinions from counsel to AccessMedia and IMSI;
- the parties shall have entered into an escrow agreement; and
- IMSI shall have increased the number of directors and shall have appointed one director nominated by AccessMedia’s shareholders’ representative to IMSI’s board of directors.

Agreement with Alchemy Communications, Inc. (see page 52 of this document)

The Merger Agreement provides that, as a condition to IMSI’s obligation to close, AccessMedia shall have entered into a five year services and support agreement with in a form satisfactory to IMSI. Alchemy is an affiliate of AccessMedia. It is intended that pursuant to the agreement, Alchemy will provide office and operating space, staffing, technical services and consulting, Internet bandwidth and hosting, network infrastructure and other related services. Given the scope of the proposed agreement, it would constitute AccessMedia’s most significant vendor relationship in the foreseeable future. Alchemy’s service level agreements and pricing will be equal to the best rates provided to Alchemy’s other customers (other than not-for-profit corporations, charities and similar entities that receive underwritten services from Alchemy) or, in the absence of this benchmark for a particular item, will be within the customary range of terms and rates as compared to the Los Angeles market.

Termination of the Merger Agreement (see page 52 of this document)

AccessMedia and IMSI can mutually agree to terminate the Merger Agreement without completing the acquisition. In addition, AccessMedia and IMSI can each terminate the Merger Agreement under the circumstances set forth in the Merger Agreement and described in this document.

Termination Fee and Expenses (see page 53 of this document)

The Merger Agreement provides that, under specified circumstances, IMSI may be required to pay AccessMedia a termination fee equal to \$300,000 if the Merger Agreement is terminated.

Interests of IMSI Directors and Executive Officers in the Merger (see page 34 of this document)

The executive officers of IMSI and the members of the IMSI board of directors have certain interests in the acquisition that are different from, or in addition to, the interests of shareholders generally.

It is a condition to closing the Merger that Martin Wade, chief executive officer of IMSI, enter into a new employment agreement. Such employment agreement entitles Mr. Wade to the grant of options which vest upon the closing of the Merger and AccessMedia's achievement of certain revenue milestones.

Robert O'Callahan, Chief Financial Officer of IMSI, has an employment agreement with IMSI that will or may entitle him to receive cash payments upon the effectiveness of this Proxy Statement and upon completion of the Merger.

The IMSI board of directors was aware of and considered these interests when it approved the acquisition or these interests were approved by the board of directors after the signing of the Merger Agreement.

Appraisal Rights (see page 35 of this document)

Under California law, if an IMSI shareholder does not vote for approval of the merger and complies with the other statutory requirements of the California General Corporation Law, the shareholder may elect to receive, in cash, the judicially determined fair value of the shareholder's shares of IMSI common stock.

Accounting Treatment of the AccessMedia Acquisition (see page 35 of this document)

We intend to account for the merger of IMSI and AccessMedia under the purchase method of accounting for business combinations. For more details about purchase accounting see Note 1, "Basis of Pro Forma Presentation" to the "Notes to Unaudited Pro Forma Combined Condensed Financial Statements" beginning on page F-2-6.

Material United States Tax Consequences of the AccessMedia Acquisition (see page 36 of this document)

The merger of ACCM into AccessMedia, and any subsequent merger of AccessMedia into IMSI, are intended to qualify under Sections 368 and 332 respectively of the Internal Revenue Code, in which case: (i) no gain or loss will be recognized by IMSI, ACCM, AccessMedia, or the IMSI shareholders, and (ii) the basis and holding period of the IMSI shareholders in their IMSI common stock will remain unchanged. If it were determined that the transactions did not qualify under Sections 368 or 332, the tax consequences to IMSI, ACCM, and the IMSI shareholders should be the same as they would be if the transactions did qualify under Sections 368 and 332. Neither IMSI nor AccessMedia contemplates obtaining a tax opinion or requesting a ruling from the IRS in connection with the merger. Accordingly, IMSI shareholders are urged to consult their own tax advisors as to the tax consequences as a result of the Merger, including the applicable Federal, state, local and foreign tax consequences.

VOTING RIGHTS AND SOLICITATION

Voting

Only shareholders of record at the close of business _____, 2006 are entitled to execute proxies or to vote at the annual meeting. As of said date there were issued and outstanding _____ shares of the Company's common stock (before giving effect to the reverse one-for-two stock split) of no par value per share (the "Common

Shares”), including those Common Shares which could be acquired by the exercise of options within 60 days. A more detailed description of the ownership of Common Shares by certain beneficial owners and the Company’s directors and executive officers is set forth beginning on page 68 of this document.

Quorum and Votes Required

Each holder of Common Shares is entitled to one vote for each share held with respect to the matters mentioned in the foregoing Notice of Annual Meeting of Shareholders and any other matters that may properly come before the annual meeting. A majority of the outstanding shares entitled to vote is required to constitute a quorum at the annual meeting. Please note that banks and brokers that have not received voting instructions from their clients cannot vote on their clients’ behalf on “non-routine” proposals, such as the proposal to approve the adoption of the 2004 Stock Incentive Plan, but may vote their clients’ shares on other proposals. In the event that a broker, bank, custodian, nominee or other record holder of IMSI common stock indicates on a proxy that it does not have discretionary authority to vote certain shares on a particular matter, referred to as a “broker non-vote,” then those shares will not be considered entitled to vote with respect to that matter. However, abstentions and broker non-votes will be treated as shares present for the purpose of determining the presence of a quorum for the transaction of business at the meeting. In the election of directors, the nominees receiving the highest number of affirmative votes will be elected. Proposal Nos. 2, 3, 4, 5 and 6 require the approval of the affirmative vote of a majority of the shares of common stock present or represented by proxy and voting at the meeting, together with the affirmative vote of a majority of the required quorum. Abstentions and broker non-votes could prevent approval of a proposal where the number of affirmative votes, though a majority of the votes represented and cast, does not constitute a majority of the required quorum. If the persons present or represented by proxy at the meeting constitute the holders of less than a majority of the outstanding shares of common stock as of the record date, the meeting may be adjourned to a subsequent date for the purpose of obtaining a quorum.

Voting Procedure

Shareholders of record may vote by mailing a completed proxy card prior to the annual meeting, by delivering a completed proxy card at the annual meeting, or by voting in person at the annual meeting.

Proxies in the form enclosed are solicited on behalf of the Board of Directors. IMSI requests that you complete, date and sign the accompanying proxy card and return it promptly in the enclosed postage-paid envelope or otherwise mail it to IMSI or its solicitor. Such proxies, if received in time for voting and not revoked, will be voted at the annual meeting in accordance with the specification indicated thereon. If no specification is indicated on a proxy, such proxy will be voted in favor of Proposals 1 through 8 described herein. Unless you check the box on your proxy withholding discretionary authority, the proxy holders may use their discretion to vote on other matters relating to the annual meeting. IMSI currently does not contemplate that any matters, other than Proposals 1 through 8, will be considered at the annual meeting. If any other matters are properly brought before the annual meeting, the persons named in the proxies will have discretion to vote on such matters in accordance with their best judgment.

The costs and expenses of solicitation of proxies will be paid by the Company, including the cost of reimbursing banks, brokers and other custodians, nominees and fiduciaries, for forwarding proxy materials to their principals. Proxies may also be solicited by directors, officers and regular employees of the Company personally, or by mail, telephone, fax or other methods of communication, but such persons will not be specifically compensated for such services.

Revocability of Proxies

You have the power to revoke your proxy at any time before the proxy is actually voted at the annual meeting. Your proxy can be revoked in one of three ways:

1. You can send a signed notice of revocation.
2. You can grant a new, valid proxy bearing a later date.
3. If you are a shareholder of record, you can attend the annual meeting and vote in person, which will automatically cancel any proxy previously given.

You may revoke your proxy in person, but your attendance alone will not revoke any proxy that you have previously given. If you choose either of the first two methods, you must submit your notice of revocation or your new proxy to the corporate secretary of IMSI no later than the beginning of the annual meeting.

Please note, however, that if your shares are held of record by a broker, bank, or other nominee and you wish to vote at the annual meeting, you must bring to the annual meeting a letter from the broker, bank or other nominee confirming your beneficial ownership of the shares.

PROPOSAL ONE: ELECTION OF BOARD OF DIRECTORS

The Company’s Bylaws set the number of directors at eight. The Company’s Board of Directors is currently comprised of six directors, four of whom are “independent directors” as defined by the rules of the NASDAQ Stock Market leaving two vacancies on the Board. The Company’s management has nominated six directors to be elected at the annual meeting to serve until the 2007 annual meeting of shareholders or until their successors have been elected and qualified. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the six nominees named below, all of whom are presently directors of IMSI.

Under the terms of the Merger Agreement to be considered in Proposal Two, the Company has agreed to expand the size of the Board by two, which will comprise the full number of directors currently authorized. It is anticipated that this expansion will occur shortly following the completion of the Merger which will occur after the annual meeting. The new directors will be subject to re-election by the shareholders at the Company’s next annual meeting of shareholders.

In the event that any nominee is unable or declines to serve as a director at the time of the annual meeting, the proxies will be voted for any nominee who shall be designated by the Board of Directors to fill the vacancy. The term of office of each person elected as a director will continue until the next annual meeting of shareholders or until a successor has been duly elected and qualified.

The name of and certain information regarding each nominee are set forth below. There are no family relationships among any of our directors or executive officers.

The Board of Directors has nominated the following persons for election:

NAME	AGE	TITLE	DIRECTOR SINCE
Bruce Galloway (3)	47	Chairman of the Board of Directors	2001
Martin R. Wade, III (3)	56	Chief Executive Officer, Director	2001
Evan Binn (1) (2)	66	Director	2001
Donald Perlyn (1)	62	Director	2001
Robert S. Falcone (2)	58	Director	2002
Richard J. Berman (1) (2) (3)	63	Director	2002

(1) Member of the Compensation Committee.

(2) Member of the Audit Committee.

(3) Member of the Executive Committee.

The Board of Directors has no reason to believe that any of the nominees will be unable to serve as a director. It is the intention of the individuals named as proxies to vote for the nominees. If any nominee should be unable to serve as a director, it is the intention of the individuals named as proxies to vote for the election of such person or persons as the Board of Directors may, in its discretion, recommend.

In the election of directors, the nominees receiving the highest number of affirmative votes will be elected.

Information regarding the persons nominated for election as directors is as follows:

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Nominees for Election to Board of Directors

Bruce R. Galloway, age 47. Mr. Galloway became Chairman of IMSI in August 2001, pursuant to the proposed merger agreement between IMSI and Digital Creative Development Corp (“DCDC”) signed on August 31, 2001. Mr. Galloway is currently a managing director of Burnham Securities, Inc., an investment bank and NASD Broker/Dealer based in New York, and is the President and Founder of Galloway Capital Management. Prior to joining Burnham, from 1991 to 1993, Mr. Galloway was a Senior Vice President at Oppenheimer & Company, an investment bank and NASD Broker/Dealer based in New York. Mr. Galloway holds a B.A. degree in Economics from Hobart College and an M.B.A. in Finance from New York University’s Stern Graduate School of Business. He is currently the Chairman of Datametrics Corporation and Command Security Corp as well as a director of Forward Industries, Inc., Waiter.com, Inc. and GVI Security Solutions, Inc. Mr. Galloway serves as the Chairman of the Board and Executive Committee.

Martin R. Wade, III, age 56. Mr. Wade became a director and CEO of IMSI in August 2001. He brings to the Company a proven track record in mergers and acquisitions and investment banking. Prior to joining IMSI, he served in several executive positions, including CEO, with DCDC between 2000 and 2002. Mr. Wade served from 1998 to 2000 as an M&A banker at Prudential Securities and from 1996 to 1998 as a managing director in M&A at Salomon Brothers. From 1991 to 1996, Mr. Wade was National Head of Investment Banking at Price Waterhouse, LLC. Mr. Wade also spent six years in the M&A department at Bankers Trust and eight years at Lehman Brothers Kuhn Loeb. Mr. Wade is credited with participating in over 200 M&A transactions involving various clients such as, Nike, Cornerstone National Gas Company, Landmark Graphics and Redken Laboratories, Inc. He also serves on the boards of directors for DiMon (NYSE: DMN), NexMed (OTC: NEXM) and Command Security Corp (OTC: CMMD).

Evan Binn, age 66. Mr. Binn became a director of IMSI in August 2001. Mr. Binn received his bachelor’s degree from the University of California at Los Angeles and is a certified public accountant in California. He is a member of the California Society of Certified Public Accountants and has maintained a practice in Los Angeles, California for thirty-seven years.

Donald Perlyn, age 62. Mr. Perlyn became a director of IMSI in August 2001. Mr. Perlyn serves as Executive Vice President of Nathan’s Famous, Inc. and President of its subsidiary Miami Subs Corporation. He was hired by Miami Subs in May 1989 and became its President in July of 1998. In October 1999 Miami Subs was acquired by Nathan’s Famous Inc., itself a DCDC subsidiary. Mr. Perlyn is also a member of the Board of Directors of Nathan’s Famous, Inc. (NASDAQ: NATH). Mr. Perlyn is an attorney and a 32-year veteran of the restaurant industry.

Robert S. Falcone, age 58. Mr. Falcone became a director in February 2002 and has over thirty-seven years of financial management and Board experience. Mr. Falcone is currently President and Chief Executive Officer of Catalyst Acquisition Group, a private equity corporate buyout firm. From 2003 to 2004 he served as the Executive Vice President and Chief Financial Officer of BearingPoint, Inc. an international consulting firm serving Global 2000 companies, medium-sized businesses, government agencies and other organizations. From 2000 to 2002 he was chief financial officer for 800.com, a pioneer in consumer electronics Internet retailing. He served as Senior Vice President and Chief Financial Officer for Nike, Inc. from 1992 to 1998, a time when the company grew annual sales to nearly \$10 billion. He began his career at Price Waterhouse, LLP where he spent twenty-one years, eight of which as an audit partner. A graduate of Villanova University and a certified public accountant, Mr. Falcone serves on the boards of directors for RadioShack Corporation (NYSE: RSH), and The Nautilus Group (NYSE: NLS). Mr. Falcone serves as the Chairman of the Audit Committee.

Richard J. Berman, age 63. Mr. Berman became a director in February 2002. His business career spans over 35 years of venture capital, management and merger and acquisitions experience. In the last five years, Mr. Berman has served as a professional director and/or officer of about a dozen public and private companies. He is currently CEO of Nexmed, a small public biotech company; Chairman of National Investment Managers, a public company in pension administration and investment management; and Chairman of Candidate Resources, a private company delivering HR services over the web. The nine public companies that Mr. Berman is a director of are Dyadic International,

Inc. (AMEX: DIL), IMSI, Internet Commerce Corporation (NASDAQ: ICCA), MediaBay, Inc. (NASDAQ: MBAY), NexMed, Inc. (NASDAQ: NEXM), GVI Security Solutions Inc. (OTC: GVIS.OB), National Investment Managers (OTC: NIVM.OB), Nayna Networks, Inc. (OTC: NAYN.OB) and Advaxis, Inc (OTC: ADXS.OB). From 1998 - 2000, he was employed by Internet Commerce Corporation as Chairman and CEO. Previously, Mr. Berman worked at Goldman Sachs; was Senior Vice President of Bankers Trust Company, where he started the M&A and Leveraged Buyout Departments; created the largest battery company in the world by merging Prestolite, General Battery and Exide to form Exide (NYSE); helped create what is now Soho (NYC) by developing five buildings; and advised on over \$4 billion of M&A transactions. He is a past Director of the Stern School of Business of NYU where he obtained his B.S. and M.B.A. He also has US and foreign law degrees from Boston College and The Hague Academy of International Law, respectively.

Each of the nominees has been engaged in the principal occupation set forth above during the past five years. There are no family relationships among any directors or executive officers of the Company. Stock ownership information is shown under the heading “Security Ownership of Certain Beneficial Owners and Management” and is based upon information furnished by the respective individuals.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE NOMINEES ABOVE

The Board of Directors

The Board of Directors held two meetings during the fiscal year ended June 30, 2005 and has held two meetings through December 31, 2005 for the current fiscal year ending June 30, 2006. The Board has four meetings scheduled for the 2006 fiscal year. Each director is expected to attend each meeting of the Board and those committees on which he serves. In addition to meetings, the Board and its committees review and act upon matters through written consent procedures. No director attended less than 75% of all the meetings of the Board and those committees on which he served in the 2005 fiscal year.

Committees of the Board of Directors

The Company currently has three standing committees of the Board of Directors which include the Executive, Audit and Compensation Committees. The members of the committees are identified in the following table.

	Executive Committee	Audit Committee	Compensation Committee
Richard J. Berman	X	X	Chair
Evan Binn		X	X
Robert S. Falcone		Chair	
Bruce R. Galloway	Chair		
Donald Perlyn			X
Martin R. Wade, III	X		

Executive Committee

The Executive Committee may exercise certain authority of the Board between Board meetings as noted in its charter attached to the 2004 Annual Meeting proxy. The principal restrictions on the Executive Committees authority are (a) to the extent that the Board has delegated authority to another committee or to other persons, (b) as limited by California law, and (c) the Executive Committee is prohibited from authorizing the sale of all or substantially all of the Company’s assets. The Executive Committee held one meeting in the 2005 fiscal year and for the fiscal year ending June 30, 2006 the Executive Committee has held two meetings through December 31, 2005.

Audit Committee

The Audit Committee and the Board have ultimate authority and responsibility to select, evaluate and, when appropriate, replace the Company's independent registered public accounting firm. The Audit Committee recommends for approval by the Board of Directors an independent firm of certified public accountants whose duty it is to audit the financial statements of the Company for the fiscal year in which they are appointed. The Audit Committee monitors the activities of the Company's external auditors, including the audit scope, the external audit fees, auditor independence matters and the extent to which the independent registered public accounting firm may be retained to perform advisory services. The Audit Committee also reviews the results of the external audit work to assess the adequacy and appropriateness of the Company's financial and accounting controls. The Audit Committee reviews changes in accounting standards that impact the financial statements and discusses with management major events, including legal matters and tax audits, which may have significant financial impact or are the subject of discussions with the independent registered public accounting firm. In addition, the Audit Committee oversees the Company's internal compliance programs. The composition of the Audit Committee, the attributes of its members and the responsibilities of the Audit Committee are intended to be in accord with Securities and Exchange Commission rules with regard to corporate audit committees. The Audit Committee held seven meetings during the 2005 fiscal year. For the fiscal year ending June 30, 2006, the Audit Committee held three meetings through December 31, 2005.

Compensation Committee

The Compensation Committee administers the Company's stock option plans, including the review and grant of stock options to officers and other employees under the Company's stock option plans. The Compensation Committee also reviews and approves various other Company compensation policies and matters, and reviews and approves salaries and other matters relating to compensation of the executive officers of the Company. The Compensation Committee held two meetings during the 2005 fiscal year and for the fiscal year ending June 30, 2006, the Compensation Committee held two meetings through December 31, 2005.

Nomination and Shareholder Communication Processes

Currently the Board of Directors functions as the Company's nominating committee. The Board performs the functions typical of a nominating committee, including the identification, recruitment and selection of nominees for election as directors of the Company. Four of the six members of the Board (Messrs. Falcone, Berman, Binn & Perlyn) are "independent" as that term is defined by the NASDAQ Stock Market listing standards and participate in the consideration of director nominees. The nominees for election as directors at this annual meeting were unanimously recommended by the Board. The Board believes that a nominating committee separate from itself is not necessary at this time, given the size of the Company and the Board, to ensure that candidates are appropriately evaluated and selected and that an additional committee of the Board would not add to the effectiveness of the evaluation and nomination process.

The Board's process for recruiting and selecting nominees is for Board members to attempt to identify individuals who are thought to have the business background and experience, industry specific knowledge and general reputation and expertise that would allow them to contribute as effective directors to the Company's governance and who are willing to serve as directors of a public company. To date, the Company has not engaged any third party to assist in identifying or evaluating potential nominees. After a possible candidate is identified, the individual meets with various members of the Board and is sounded out concerning their possible interest and willingness to serve, and Board members discuss amongst themselves the individual's potential to be an effective Board member.

To date, no shareholder has presented any candidate for consideration as a Board member and the Company does not have a specific policy on shareholder-recommended director candidates. However, the Board believes its process for evaluation of nominees proposed by shareholders would be no different from the process of evaluating any other candidate. In evaluating candidates, the Board will require that candidates possess, at a minimum, a desire to serve on

the Company's Board, an ability to contribute to the effectiveness of the Board, an understanding of the function of the Board of a public company and relevant knowledge and experience. In addition, while not required of any one candidate, the Board would consider favorably experience, education, training or other expertise in business or financial matters and prior experience serving on boards of other public companies. In evaluating any candidate for director nominee, the Board will also evaluate the contribution of the proposed nominee toward compliance with the NASDAQ Stock Market listing standards.

Although the Company has not to date developed formal processes by which shareholders may communicate directly to directors, it believes that the informal process, in which any communication addressed to the Board at the Company's offices at 100 Rowland Way, Suite 300, Novato, CA 94945 in care of the Chairman of the Board, President or other corporate officer is required to be forwarded to the entire Board, has served the Board's and its shareholders' needs. There is no screening process, and all shareholder communications which are received by officers for the Board's attention are forwarded to the Board. In view of recently adopted Securities and Exchange Commission ("SEC") disclosure requirements relating to this issue, the Board may consider development of more specific procedures. Until any other procedures are developed, any communications to the Board should be sent to it in care of the Chairman of the Board.

Remuneration of Members of the Board of Directors

In addition to reasonable expenses incurred in the performance of their duties as directors, including participation on the Board of Directors and its committees, IMSI compensates its non-management directors according to the following schedule which became effective April 1, 2004:

- An annual retainer for each non-management director in the amount of \$10,000.
- An additional annual retainer for the Chairman of the Audit Committee in the amount of \$2,500.
- An additional annual retainer for the Chairman of the Executive Committee in the amount of \$1,500.
- An additional annual retainer for the Chairman of the Compensation Committee in the amount of \$1,500.
- A \$1,000 payment for each non-management director per Board of Directors meeting attended.
- A \$1,000 payment for each non-management director per Committee meeting of the Board of Directors attended.

Effective January 31, 2005, the Board of Directors, in addition to the cash compensation detailed above, approved the modification of the compensation plan to grant options to purchase the common stock of the Company as follows:

- An annual grant of 50,000 common stock options for each non-management director.
- An additional annual grant of 25,000 common stock options for the Chairman of the Board of Directors.
- An additional annual grant of 25,000 common stock options for the Chairman of the Audit Committee.
- An additional annual grant of 25,000 common stock options for the Chairman of the Executive Committee.
- An additional annual grant of 25,000 common stock options for the Chairman of the Compensation Committee.

All of such options have a vesting requirement over a period of one year from date of grant which shall be the first day of the month after which the director accepts such position with 25% of such options to vest as of the last day of each three month period elapsing after the date of commencement of the director's term. The exercise price of such options shall be the market price of the Company's common stock on the date of grant of the options.

The following table details the compensation received by our directors for their service on the Board or its committees during the 2005 fiscal year and during the 2006 fiscal year through December 31, 2005.

Name	Amount FY 05	Amount FY 06 (through December 31, 2005)
Richard J. Berman	\$ 18,000	\$ 14,000
Evan Binn	\$ 18,000	\$ 15,000
Robert S. Falcone	\$ 18,500	\$ 18,000
Bruce R. Galloway (1)	\$ 20,000	\$ 13,500
Robert Mayer (3)	\$ --	\$ --
Donald Perlyn	\$ 13,000	\$ 11,000
Martin R. Wade, III (2)	\$ --	\$ --
Total	\$ 87,500	\$ 71,500

(1) Bruce Galloway also received consulting compensation noted under Certain Relationships and Related Transactions.

(2) Martin Wade's compensation was as Chief Executive Officer and is shown below under Management.

(3) Robert Mayer's compensation was as Executive Vice President and is shown below under Management. He ceased to serve on the Board of Directors effective the start of business of October 20, 2005.

The following table details the options received by our directors for their service on the Board or its committees during 2005 fiscal year and during 2006 fiscal year through December 31, 2005.

Name	Amount FY 05	Amount FY 06 (through December 31, 2005)
Richard J. Berman	75,000	75,000
Evan Binn	50,000	50,000
Robert S. Falcone	75,000	75,000
Bruce R. Galloway	100,000	100,000
Robert Mayer (2)	--	--
Donald Perlyn	50,000	50,000
Martin R. Wade, III (1)	--	--
Total	350,000	350,000

(1) Martin Wade's compensation was as Chief Executive Officer and is shown below under Management.

(2) Robert Mayer's compensation was as Executive Vice President and is shown below under Management. He ceased to serve on the Board of Directors effective the start of business of October 20, 2005.

The following table outlines the outstanding warrants held at December 31, 2005 by each Board member who has served as a board member during the 2006 fiscal year. None of the persons listed below has exercised any warrants since the grant date.

Name of Holder	Issue Date	Expiration Date	Number of Warrants	Exercise Price
Richard J. Berman	04/04/02	1 yr after termination	250,000	\$0.81
Evan Binn	04/04/02	1 yr after termination	50,000	\$0.81
Robert S. Falcone	04/04/02	1 yr after termination	250,000	\$0.81
Bruce R. Galloway	04/04/02	3 yrs after termination	500,000	\$0.81
Donald Perlyn	04/04/02	1 yr after termination	50,000	\$0.81
Robert Mayer	04/04/02	1 yr after termination	250,000	\$0.81

Martin R. Wade, III	07/03/03	07/02/08	46,667	\$0.75
Total Outstanding			1,396,667	

Except as described in “Executive Compensation” below with regard to Mr. Wade’s services as Chief Executive Officer and in “Certain Relationships and Related Transactions” regarding a consulting agreement with Mr. Galloway, no director is a party to any other arrangements pursuant to which such director was compensated by IMSI during the fiscal year ended on June 30, 2005 or through January 1, 2006.

PROPOSAL TWO: MERGER WITH ACCESSMEDIA NETWORKS, INC.

THE MERGER

This section of this document describes the principal aspects of the proposed merger whereby AccessMedia Network, Inc. (“AccessMedia”) will become a wholly-owned subsidiary of IMSI (the “Merger”). While IMSI believes that this description covers the material terms of the Merger and the related transactions, this summary may not contain all of the information that is important to IMSI shareholders. You can obtain a more complete understanding of the Merger by reading the Agreement and Plan of Merger, dated as of December 16, 2005, as amended as of March 24, 2006 (the “Merger Agreement”), by and among IMSI, AccessMedia, ACCM Acquisition Corp., a wholly-owned subsidiary of IMSI, and the shareholders of AccessMedia, a copy of which is attached to this document as Annex A. You are encouraged to read the Merger Agreement and the other annexes to this document carefully and in their entirety.

The Companies

International Microcomputer Software, Inc.

100 Rowland Way, Suite 300
Novato, CA 94945
(415) 878-4000

International Microcomputer Software, Inc. (“IMSI” or the “Company”) has historically operated as a software company. IMSI, prior to the Merger, has operated in two business segments: (i) computer aided design and precision engineering; and (ii) house plans and architectural drawings.

Headquartered in Novato, California, IMSI was incorporated in California in November 1982. Over the following 16 years, IMSI grew to become a leading developer and publisher of productivity software in the precision design, graphic design, and other related business applications fields. IMSI acquired TurboCAD, its flagship product for computer aided design, in 1985, and developed and acquired numerous products and product categories over the years. By the end of 1998, IMSI developed, marketed and distributed our products worldwide, primarily through the retail channel.

In 1998, IMSI acquired ArtToday.com (“ArtToday”), an Internet provider of clipart, photos and other graphics content, as part of its strategy to transition from the retail channel to Internet based product distribution and to migrate its core products and content in the design and graphics categories to the Internet. In June 2003, IMSI sold ArtToday, its wholly-owned subsidiary based in Arizona, to Jupitermedia Corporation (“JupiterMedia”) for a combination of cash, restricted stock and two-year earn-outs.

The sale of ArtToday to Jupitermedia provided IMSI with significant capital allowing us to accelerate the implementation of our strategy of strengthening and expanding our core businesses of precision design and consumer software. IMSI’s focus is to acquire and develop businesses and product lines, which have significant revenue and cost synergies with its existing product lines as well as which utilize the Internet as a primary means of distribution. To that end IMSI has since completed several acquisitions and one divestiture aimed at growing our revenues and strengthening our financial results.

As part of our focus to acquire product lines which utilized the Internet as a primary means of distribution, in April 2004 IMSI completed the acquisition of all the outstanding stock of Aladdin Systems, Inc. (“Aladdin”), a developer and publisher of utility software solutions in the areas of information access, removal, recovery, security and distribution of information and data for the Windows, Linux and Macintosh platforms. IMSI purchased Aladdin for a combination of cash, stock and notes from its parent company, Aladdin Systems Holdings, Inc. and subsequently changed the company’s name to Allume Systems, Inc (“Allume”). With over 50% of its sales being generated via the Internet, Allume broadened IMSI’s reach into this key distribution channel. On July 1, 2005, IMSI sold the issued and outstanding

capital stock of Allume, Inc. to Smith Micro Software, Inc. for \$11 million cash and 397,547 unregistered shares of its common stock, having a market value (based on a ten day trading average ended on June 29, 2005) of \$1,750,000. A portion of the purchase price was deposited in an indemnity escrow to secure certain representations and warranties of IMSI. As a result of this sale, IMSI categorized the operations of this subsidiary as discontinued and, in the quarter ending December 31, 2005, recorded the results of the sale of Allume assets as a loss of approximately \$474,000 but is subject to change based upon the release of the escrowed consideration. IMSI sold all Smith Micro stock received from the sale and recorded a realized gain of \$923,000 on the sale of securities.

Following the sale of Allume, the acquisition of AccessMedia accelerates IMSI's transformation from a software company to an Internet media company.

As of December 31, 2005, IMSI had 51 full time employees. All employees are located in the United States with the exception of one employee in Germany. References in this document to "IMSI" or the "Company" refer to International Microcomputer Software, Inc. and its subsidiaries. IMSI's headquarters are located at 100 Rowland Way, Suite 300, Novato, CA 94945 and IMSI's telephone number is (415) 878-4000. Additional information about IMSI is available on IMSI's website at www.imsisoft.com, which does not constitute a part of this document.

AccessMedia Networks, Inc.

9201 Oakdale Avenue, Suite 200
Chatsworth, CA 91311
(323) 988-0754

AccessMedia is a platform for delivering real-time and interactive media over the Internet. AccessMedia delivers media content through its unique "virtual set top box" technology. Coupled with its innovative marketing skills, AccessMedia is positioned to become a leading Internet-based media network. The AccessMedia virtual set top box technology has been in development over the past five years, with over 100,000 man hours of time invested.

AccessMedia's Internet-based multi-channel strategy allows the delivery of content and entertainment as viewers increasingly demand -- what, where and when they want. AccessMedia's unique virtual set top box allows viewers to readily organize and access the growing volumes of high quality content, utilizing broad based search capabilities. These capabilities span AccessMedia's proprietary media library, media under license, and media readily available on the Internet. AccessMedia provides access to a wide variety of content including news, sports, movies and adult content.

AccessMedia takes advantage of the convergence of broadband, technology, and content, offering crisp signals through the virtual set top box technology, which equates to an experience similar to cable television. AccessMedia's virtual set top box combines the immediacy and interactivity of the Internet, in a format as simple to use as television. A viewer can customize his view to accommodate his specific tastes. Importantly, a viewer chooses his environment - one where only relevant and interesting advertising is selected. Further, the interactive nature of online media delivery allows a viewer to give real-time feedback on a variety of topics and immediately change his view to best suit his preferences.

AccessMedia's executive office is located at 9201 Oakdale Avenue, Suite 200, Chatsworth, CA 91311, and its telephone number is (323) 988-0754. Audited AccessMedia financial statements for the periods ending December 31, 2005 and pro forma combined financials are attached hereto as Annex F. For additional information about AccessMedia, please visit the company's website at www.accessmedia.tv, which does not constitute part of this document.

ACCESSMEDIA'S MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of AccessMedia's financial condition and results of operations should be read in conjunction with "Selected Financial Data" and AccessMedia's financial statements and related notes appearing elsewhere in this proxy statement. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. The actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors set forth under elsewhere in this proxy statement.

Overview

AccessMedia Networks, Inc. is involved in an Internet-based multi-channel strategy that allows the delivery of content and entertainment on demand and enables end-users to readily organize and access significant volumes of quality content, utilizing its broad-based search capabilities. These capabilities span AccessMedia's proprietary media library, media under license, and media readily available on the Internet. AccessMedia's revenues are primarily derived from the sale of its downloadable software to individuals, the sale of advertising space on its website, and the additional up-sells of merchandise, subscriptions, and media downloads to purchase. AccessMedia was incorporated on January 9, 2002, under the laws of the State of Delaware.

AccessMedia was a development stage company from inception through Q4 2004. During this period AccessMedia did not have significant sales and its operating activities were related primarily to the design and development of its products and services, building its corporate infrastructure, establishing relationships with suppliers and customers and raising capital.

Recent events

In January, 2005, the sole stockholder of AccessMedia sold 100% of his shares in AccessMedia to Broadcaster, LLC.

In May, 2005, AccessMedia acquired 100% of the outstanding stock of Media Zone, Ltd. ("MZ") and its wholly-owned subsidiary, Value Investments, Inc. ("VI") in a tax-free exchange for 450 shares of AccessMedia's common stock. MZ and VI develop software programs for delivering real-time interactive media over the Internet. AccessMedia acquired MZ to expand its Internet media technology.

In July, 2005, AccessMedia acquired 100% of the outstanding stock of two additional corporations, PeopleCaster, Inc. ("PC") and MyVod, Inc. ("MV"), in tax-free exchanges for 200 shares each of AccessMedia's common stock. PC and MV own technology licenses for Internet programs relating to advertising and media content manipulation. AccessMedia acquired PC and MV to enhance its Internet media delivery systems.

In August, 2005, AccessMedia announced plans to merge with International Microcomputer Software, Inc. ("IMSI"), a public company traded on the Over the Counter Bulletin Board. On December 16, 2005, AccessMedia, its stockholders, ACCM Acquisition Corp., a Delaware corporation and IMSI's subsidiary ("Merger Sub"), and IMSI entered into an agreement and plan of merger ("Agreement"), under which Merger Sub will be merged with and into AccessMedia, with AccessMedia continuing after the merger as the surviving corporation and wholly-owned subsidiary.

Under the Agreement, IMSI will issue 29 million shares of its common stock to AccessMedia's stockholders at the closing of this transaction, representing approximately 49.1% of IMSI's outstanding stock at such time. Following the closing, IMSI may issue up to 35 million additional shares of its common stock to AccessMedia's stockholders if AccessMedia achieves certain revenue goals prior to December 31, 2008 (subject to certain extensions as provided in the Agreement). The closing of the transaction is anticipated to occur in the second calendar quarter of 2006. As part of the closing, IMSI will change its name to Broadcaster, Inc.

The Agreement has been approved by both AccessMedia's and IMSI's Boards of Directors, and the transactions contemplated thereby are subject to customary closing conditions.

Concurrently with the execution of the Agreement, AccessMedia entered into a joint operating agreement with IMSI, under which IMSI agreed to loan AccessMedia up to \$3.0 million prior to the closing of the merger pursuant to a joint operating plan and an operating budget to be delivered to a joint operating committee comprised of representatives of AccessMedia and IMSI. In addition, IMSI agreed to fund up to an additional \$7.0 million of net working capital needs of the surviving entity if certain operating milestones are achieved, as outlined in the joint operating agreement. AccessMedia has not yet requested funding under this arrangement.

History of Losses

AccessMedia has incurred significant net losses and negative cash flows from operations since its inception. As of December 31, 2005, AccessMedia had an accumulated deficit of \$3.2 million. Although its revenue has increased on a quarterly basis during 2005 AccessMedia has not achieved profitability and cannot be certain that it will be able to sustain these growth rates or realize sufficient revenue to achieve profitability. AccessMedia expects to continue to incur significantly greater operating expenses. As a result, AccessMedia expects to incur significant losses for the foreseeable future and will need to generate significantly higher revenue in order to achieve profitability. If AccessMedia achieves profitability, AccessMedia may not be able to sustain it.

AccessMedia had 26 full-time employees as of December 31, 2005. AccessMedia intends to hire a significant number of employees in the future. This expansion places significant demands on its management and operational resources. To manage this rapid growth, AccessMedia must invest in scalable operational systems, procedures and controls. AccessMedia must also be able to recruit qualified candidates to manage its expanding operations. AccessMedia expects future expansion to continue to challenge its ability to hire, train, manage and retain its employees. Additional personnel will increase its operating expenses in the foreseeable future.

Limited Operating History

AccessMedia has a limited operating history that makes it difficult to forecast its future operating results. AccessMedia believes that period-to-period comparisons of its operating results should not be relied upon as predictive of future performance. Its prospects must be considered in light of the risks, expenses and difficulties encountered by companies at an early stage of development, particularly companies in new and rapidly evolving markets, such as electronic commerce and Internet software. AccessMedia may not be successful in addressing these risks and difficulties. Although AccessMedia has experienced significant growth in revenue in recent periods, AccessMedia does not believe that prior growth rates are sustainable or indicative of its future operating results.

Results of Operations

AccessMedia's results of operations for the years ended December 31, 2004 and 2005 in dollars and as a percentage of revenue follow.

	Years Ended December 31,			
	In Dollars (in thousands)		As a Percentage of Revenue	
	2005	2004	2005	2004
Revenue	\$ 1,688	\$ 102	100.0%	100.0%
Costs and expenses:				
Cost of revenue	1,398	61	82.8%	59.8%
Sales and marketing	1,278	12	75.7%	11.8%
General and administrative	1,989	262	117.8%	256.9%
Total costs and expenses	4,665	335	276.4%	328.4%
Loss from operations	(2,977)	(233)	-176.4%	-228.4%
Interest expense	55	16	3.3%	15.7%
Income tax provision	1		%	%
Net loss	\$ (3,033)	\$ (249)	-179.7%	-244.1%

Overall, AccessMedia's statement of operations reflect a business which is growing but whose products and processes are undergoing test and development work which currently exceeds revenue. AccessMedia expects that the revenue growth trend will continue and surpass the expected slower-growing expense levels. AccessMedia believes that because of the limited base of activity in 2004, quantitative rates of change calculations for various financial lines are not useful.

Revenue

Revenue includes software sales, internet media advertising sales and the sale of text-based internet links.

AccessMedia records revenue related to the sale of software when the customer downloads the software via the Internet and a payment is collected. Sales of subscription products are recognized ratably over the period the services are rendered.

AccessMedia recognizes revenue related to the display of advertisements on its Internet properties as impressions (the number of times that an advertisement appears in pages viewed by users) are delivered, as long as no significant obligations remain at the end of the period. To the extent that significant obligations remain at the end of the period, AccessMedia defers recognition of the corresponding revenue until the remaining guaranteed amounts are achieved.

AccessMedia generates revenue from the display of text-based links to the websites of its advertisers. These links are placed on AccessMedia's Internet properties as well as on the websites of third party entities who have integrated AccessMedia's sponsored search offerings into their websites. AccessMedia recognizes revenue from these arrangements as click-throughs (the number of times a user clicks on an advertiser's listing) occur.

The growth in reported revenue is due to an increase in testing and prototype programs for selling software, advertising and text-based links.

Cost of revenue

Cost of revenue consists of costs related to the products and services AccessMedia provides to customers. These costs include materials, salaries and related expenses for product support personnel, depreciation and maintenance of equipment used in providing services to customers and a portion of facilities expenses. The cost of revenue increased as a function of increasing activity over the periods and as result of amortization of assets acquired during 2005. AccessMedia expects to acquire more media content. AccessMedia's operating margins are negative and it expects them to become positive only after a full product launch, when the costs of supporting the products may be matched or exceeded by revenue. AccessMedia also expects its product offerings to expand and the mixture of sales to change. Because of its limited operating history, changes in revenue mix, recent exit from the development stage and evolving business model, AccessMedia believes that analysis of historical cost of revenue as a percentage of revenue is not meaningful. AccessMedia anticipates that its total cost of revenue will increase in absolute dollars in the future.

Sales and marketing

Sales and marketing expense consists primarily of salaries and related expenses for sales, support and marketing personnel, commissions, costs and expenses for customer acquisition programs and referrals, a portion of facilities expenses and depreciation and amortization of equipment. AccessMedia's expense levels have increased because of staffing and costs involved in testing and prototyping programs for selling its software, advertising and text-based links. AccessMedia anticipates that sales and marketing expense will continue to increase in absolute dollars as AccessMedia adds sales and marketing personnel and increases its customer acquisition activities.

General and administrative

General and administrative expense consists primarily of salaries and related expenses for administrative, finance, legal, human resources and executive personnel, fees for professional services and costs of accounting and internal control systems to support its operations. Expenses have increased primarily due to the addition of headcount in management and administration to support the increasing activity levels and as a result of amortization of assets acquired during 2005. AccessMedia anticipates that general and administrative expense will continue to increase in absolute dollars as AccessMedia builds its management team and hires additional administrative personnel and incurs increased costs such as professional fees. AccessMedia expects to secure a number of services from a related party at a market rate.

Interest expense

Interest expense is related to interest incurred on borrowings to fund operations. This has increased as AccessMedia has funded higher activity levels through debt.

Income taxes

From inception through December 31, 2005, AccessMedia incurred net losses for federal and state tax purposes and has not recognized any significant tax provision or benefit. As of December 31, 2005, AccessMedia had approximately \$3.5 million of federal and state net operating loss carryforwards to offset future taxable income. The federal and state tax net operating loss carryforwards are available to reduce future taxable income and expire at various dates from 2023 through 2025. Because of its limited operating history, AccessMedia's losses incurred to date and the difficulty in accurately forecasting its future results, AccessMedia's management does not believe that the realization of the related deferred income tax asset meets the criteria required by generally accepted accounting principles. Therefore, AccessMedia has recorded a 100% valuation allowance against the deferred income tax asset. See note B of the notes to our consolidated financial statements. Significant future changes in AccessMedia's share ownership, as defined in the Tax Reform Act of 1986 and similar state provisions, may restrict the utilization of these carryforwards.

Fluctuations in operating results

AccessMedia's results of operations could vary significantly over time. AccessMedia expects to incur significant sales and marketing expenses to promote its products and services. Therefore, AccessMedia's quarterly operating results are likely to be particularly affected by the number of customers purchasing its products and utilizing its services during any quarter as well as sales and marketing, administrative and other expenses for a particular period. If revenue falls below its expectations, AccessMedia will not be able to reduce its spending rapidly in response to the shortfall. AccessMedia anticipates that its product launches will be complex and in some cases lengthy. Therefore, the timing of future revenue could be difficult to predict, making it very difficult to predict revenue between quarters, and its operating results may vary significantly. Other factors that could affect its quarterly operating results include those described below and elsewhere in this proxy statement:

- AccessMedia's ability to attract and retain advertisers and customers;
- AccessMedia's ability to attract and retain a large number of users;
- Introduction of new services or products by AccessMedia or by its competitors;
- Timing and uncertainty of advertising sales cycles;
- Economic and business cycle;
- Level of Internet usage and broadband usage in particular;
- AccessMedia's ability to attract, integrate and retain qualified personnel;
- Technical difficulties or system downtime affecting the Internet generally or the operation of AccessMedia's systems;
- Amount and timing of operating costs.

Liquidity and Capital Resources

Since inception, AccessMedia has funded its operations primarily through debt and customer revenue. As of December 31, 2005, AccessMedia had outstanding borrowings under promissory notes of \$1.8 million. AccessMedia's primary source of liquidity as of December 31, 2005 was its cash and cash equivalents balance of \$175,000.

Cash used in operating activities was \$223,000 in 2004 and \$469,000 in 2005. The cash used during these periods was primarily attributable to net losses and increases in operating assets partially offset by non-cash charges, primarily amortization, and increases in operating liabilities.

Investments in property and equipment and deferred development costs were \$24,000 in 2004 and \$243,000 in 2005.

Cash provided by financing activities was \$675,000 in 2004 and \$200,000 in 2005 borrowings under promissory notes.

As of December 31, 2005, AccessMedia did not have any material commitments for capital expenditures or leases.

AccessMedia currently anticipates that the net proceeds from operations, together with its available cash resources and financing options, will be sufficient to meet its presently anticipated working capital, capital expenditure and business expansion requirements for at least the next 12 months. However, AccessMedia may need to raise additional funds within the next 12 months to support expansion, develop new or enhanced services, respond to competitive pressures, acquire complementary businesses or technologies or take advantage of unanticipated opportunities. AccessMedia's future liquidity and capital requirements will depend upon numerous factors, including the success of its existing and new service offerings and competing technological and market developments. AccessMedia may be required to raise additional funds through public or private financing, strategic relationships or other arrangements. There can be no assurance that additional funding, if needed, will be available on terms acceptable to AccessMedia, or at all. Its past borrowings were incurred with a related party and AccessMedia believes the transaction reflects a market rate.

Acquisition activity added \$5.8 million and \$8.7 million in media content and intangible assets, net of amortization, as of December 31, 2005. These assets were acquired primarily by the issuance of capital stock.

Market and Currency Risk

Financial instruments that potentially subject AccessMedia to credit risk consist primarily of cash. AccessMedia maintains its cash accounts with a high quality financial institution. As of December 31, 2005 and 2004, AccessMedia had cash balances of approximately \$75,000 and \$218,000, respectively, in excess of the Federal Deposit Insurance Corporation Limit of \$100,000 per institutions. However, AccessMedia does not anticipate non-performance by the counter-parties.

AccessMedia develops and markets its services primarily in the United States. Therefore, AccessMedia currently has no significant exposure to foreign currency exchange rates or weak economic conditions in international markets.

Recent Accounting Pronouncements

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets-An Amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions" ("SFAS 153"). SFAS 153 eliminates the exception from fair value measurement for nonmonetary exchanges of similar productive assets in paragraph 21(b) of APB Opinion No. 29, "Accounting for Nonmonetary Transactions," and replaces it with an exception for exchanges that do not have commercial substance. SFAS 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS 153 is effective for the fiscal periods beginning after June 15, 2005. AccessMedia is currently evaluating the effect that the adoption of SFAS 153 will have on its consolidated results of operations and financial condition, but does not expect it to have a material impact.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20, Accounting Changes" ("SFAS 154"), and FASB Statement No. 3, "Reporting Accounting Changes in Interim Financial Statements" ("FASB 3"). The new statement changes the requirements for the accounting for and reporting of a change in accounting principle. This Statement applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. When a pronouncement includes specific transition provisions, those provisions should be followed. This statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005.

Critical Accounting Policies

In accordance with SEC guidance, those material accounting policies that AccessMedia believes are the most critical to an investor's understanding of its financial results and condition have been expanded and are discussed below. Certain of these policies are particularly important to the portrayal of its financial position and results of operations and require the application of significant judgment by its management to determine the appropriate assumptions to be used in the determination of certain estimates.

Revenue Recognition

AccessMedia records revenue related to the sale of software when the customer downloads the software via the Internet and a payment is collected. Sales of subscription products are recognized ratably over the period the services are rendered.

AccessMedia recognizes revenue related to the display of advertisements on its Internet properties as impressions (the number of times that an advertisement appears in pages viewed by users) are delivered, as long as no significant obligations remain at the end of the period. To the extent that significant obligations remain at the end of the period, the Company defers recognition of the corresponding revenue until the remaining guaranteed amounts are achieved.

AccessMedia generates revenue from the display of text-based links to the websites of its advertisers. These links are placed on AccessMedia's Internet properties as well as on the websites of third party entities who have integrated AccessMedia's sponsored search offerings into their websites. AccessMedia recognizes revenue from these arrangements as click-throughs (the number of times a user clicks on an advertiser's listing) occur.

Impairment

Property, equipment, intangible and certain other long-lived assets are amortized over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenues. AccessMedia accounts for the impairment and disposition of long-lived assets in accordance with SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets. In accordance with SFAS 144, long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Management of AccessMedia Networks, Inc.

Nolan Quan: Mr. Quan has thirty years of business experience including twenty years of experience developing new businesses. Mr. Quan co-founded a series of successful Internet related companies which range from Internet infrastructure and service companies to entertainment portal companies. These companies include Alchemy Communications, Inc. a data center company (founded in 1995), LongView Media, Inc. an Internet advertising agency (founded in 1997), NetBroadcaster, Inc. an advertiser based Internet media company (founded in 1998) and AccessMedia Networks, Inc. (founded in 2002). Mr. Quan has also held the position of: President of Metropolis Pictures, a film production and distribution company whose list of clients included HBO, Showtime, Viewer's Choice, DirecTV, Universal Pictures and Orion. Mr. Quan has also held financial and operational positions at Touche Ross & Company, Getty Oil, ESPN, Mattel Electronics and Magnum Entertainment. Mr. Quan has a B.S. in Computer Science Engineering and an MBA from the University of California at Los Angeles.

Sanger Powell Robinson II: Mr. Robinson is a founder and CEO of NetBroadcaster.com, Inc, an entertainment portal that has ranked amongst the eight most visited in the world. Mr. Robinson has been important in the development of the AccessMedia software and advises AccessMedia Networks on its marketing strategies and developing strategic relationships with online traffic aggregators and marketing companies. Before joining AccessMedia, he attended Boston University and worked for many years in the music industry.

Robert Gould: Robert Gould served as a marketing executive for Alchemy Communications, a Data Center company, and as president of Internet Fuel, an advertising agency. Mr. Gould has been involved in Internet marketing for the past ten years. Mr. Gould earned his Bachelors Degree in Communications from Boston University.

Bruce K. Muhlfeld: Bruce Muhlfeld's substantial business experience spans over eighteen years. During this time, he has held key sales management positions at such well-established and successful companies as IBM, Prime Cellular and The QVC Network. At The QVC Network, Mr. Muhlfeld played a significant role in the initial distribution of the cable-shopping network to cable companies throughout the country, contributing to The QVC Network's significant presence today. Mr. Muhlfeld also owned and operated The First Position; a consulting company that specialized in the development of sports medicine institutes throughout the United States and Europe. He has a B.S. in Marketing from the University of Oklahoma.

Kathryn Felice: Kathryn Felice has served as AccessMedia's General Counsel since May 2005. Before joining AccessMedia, Ms. Felice practiced commercial litigation in San Diego, California, representing various technology companies and venture capital groups. Immediately prior, Ms. Felice served as law clerk to the Honorable Louisa S. Porter in the United States District Court for the Southern District of California. During law school, Ms. Felice was a judicial extern to Federal District Judge Thomas J. Whelan; served on The San Diego Law Review, was a contributing editor for The Journal of Contemporary Legal Issues, and a member of the National Moot Court Tax Team. Prior to attending law school, Ms. Felice served as a director in the West Coast Region of Kaplan Educational Centers, a wholly owned subsidiary of the Washington Post. Ms. Felice earned her Bachelor of Science degree from the University of California at Los Angeles and her law degree from the University of San Diego School of Law. AccessMedia intends to designate Ms. Felice as its nominee on the IMSI Board of Directors.

ACCM Acquisition Corp.

ACCM Acquisition Corp. is a Delaware corporation and a wholly-owned subsidiary of IMSI. ACCM Acquisition Corp. was organized solely for the purpose of entering into the Merger Agreement with AccessMedia and completing the Merger. It has not conducted any business operations and will not do so prior to the completion of the Merger. If the Merger is completed, ACCM Acquisition Corp. will cease to exist following its merger with and into AccessMedia.

Background of the Merger

In late 2004, Martin Wade, Chief Executive Officer of IMSI, and Bruce Galloway, Chairman of the Board of Directors of IMSI, began discussing with Michael Gardner, Chairman and Chief Executive Officer of Baytree Capital Associates LLC ("Baytree"), a financial advisor to IMSI, various strategies to enhance IMSI shareholder value. In particular, they discussed the migration of IMSI from a traditional or packaged software company to offering downloadable media over the Internet. Messrs. Wade, Galloway and Gardner agreed that the growth and reach of the Internet coupled with the predictability of license revenues should lead to enhanced IMSI shareholder value.

On April 7, 2005, Mr. Gardner held a meeting in Las Vegas where he introduced Messrs. Wade and Galloway to Nolan Quan, a director of AccessMedia. Mr. Quan, an Internet entrepreneur, had met Mr. Gardner in 1998 when Mr. Quan was supporting the development and marketing activities for a public company in which Mr. Gardner was a large shareholder. At the meeting, Mr. Quan presented the AccessMedia technology indicating that he believed the market for an Internet-based media network, although still immature, would develop and the widespread adoption of

broadband might position AccessMedia to become one of the leading Internet media networks. All parties agreed to further explore the possibility of a strategic combination and entered into mutual non-disclosure agreements.

Over the following week, Messrs. Wade, Quan and Gardner conducted preliminary due diligence and began discussing the broad terms of a potential strategic transaction. Based on each party's mutual satisfaction with preliminary due diligence and the broad transaction terms, all parties agreed to begin negotiation of a letter of intent.

During the period from mid-April to mid-May 2005, the parties continued their due diligence and negotiated the terms of a letter of intent.

On May 13, 2005, a letter of intent was signed by all parties.

On May 23, 2005, representatives from IMSI, AccessMedia, Baytree, Silicon Valley Law Group and Morgan, Lewis & Bockius LLP met at the offices of Morgan, Lewis & Bockius LLP in Palo Alto, California to negotiate and draft the definitive agreements. During the course of the following week, all parties negotiated the principal terms of the definitive agreements including a merger agreement and a joint operating agreement, which was intended to govern the operations of AccessMedia until the closing of the Merger.

At a regularly scheduled meeting on June 13, 2005, Mr. Wade updated the Board of Directors on his discussions with AccessMedia, and discussed the business strategy which would include an Internet-based licensed media model in lieu of IMSI's current businesses. The IMSI Board of Directors continued its evaluation of potential strategic alternatives, including an evaluation of the strategy presented by Mr. Wade, as well as continued operation under IMSI's existing business plans.

During the period from early June to early August 2005, all parties worked to finalize due diligence and the documentation related to the Merger. During this period, Messrs. Wade and Quan had various meetings and discussions regarding the rationale for a possible business combination transaction between IMSI and AccessMedia, including the strategic ramifications and potential financial benefits of such a transaction. In addition, representatives of IMSI and AccessMedia, including representatives of their respective advisors, engaged in periodic discussions regarding the feasibility, possible terms and timing of, and the process involved with, a possible business combination transaction.

A new letter of intent was signed by all parties on July 27, 2005 reflecting the terms of the transaction that had been discussed between the parties.

From late July through early August, 2005, representatives of IMSI and representatives of Morgan, Lewis & Bockius LLP and Baytree continued discussions with representatives of AccessMedia to address due diligence issues and negotiate terms and conditions of the potential transaction.

On August 5, 2005, the IMSI Board of Directors held a meeting to review the primary strategic, financial and legal considerations concerning the proposed Merger of IMSI and AccessMedia, the advisability of the proposed transaction and the fairness of the Merger consideration. At the Board meeting, all but one of the IMSI directors were present in addition to Mr. Gardner, representatives from Morgan, Lewis & Bockius LLP, counsel to IMSI, and Sean Deson, Managing Director of Deson & Co. During this meeting, Mr. Wade reported on the status of negotiations with AccessMedia and discussed the results of financial, legal and other due diligence of the business, operations and prospects of AccessMedia. Additionally, Mr. Gardner spoke to his historical relationship with AccessMedia and its principals. Representatives of Morgan Lewis & Bockius LLP reviewed with the IMSI Board of Directors its legal obligations, including fiduciary duties, and summarized the material terms and conditions of the most recent drafts of the definitive agreements. Mr. Deson then presented financial analyses with respect to the proposed strategic business combination with AccessMedia. Following this presentation, Deson & Co. delivered its oral opinion to the effect that, based upon and subject to certain assumptions made, matters considered and limitations set forth in its opinion, the Merger consideration to be issued pursuant to the merger agreement was fair, from a financial point of view, to IMSI. This opinion of Deson & Co. was confirmed in a letter dated August 5, 2005. The IMSI Board of Directors asked questions and discussed with members of IMSI's management and the Board's financial and legal advisors the relative

merits and the legal issues surrounding the proposed transaction with AccessMedia. Messrs. Gardner and Deson were excused from the meeting and such discussion of the Board continued with counsel to IMSI.

Following the presentations and further discussions among members of the IMSI Board of Directors, certain members of IMSI's management and IMSI's financial and legal advisors, the IMSI Board of Directors, with one director dissenting and one director absent, determined the merger agreement, and the transactions contemplated thereby, were advisable, fair and in the best interest of IMSI and its shareholders, adopted and approved the merger agreement and the transactions contemplated thereby, and authorized certain officers to make any necessary or appropriate changes to the merger agreement.

Following the approvals of the Merger and related transactions by the respective boards of directors of IMSI and AccessMedia, representatives of IMSI and AccessMedia finalized the definitive merger agreement on August 8, 2005 and then issued a joint press release announcing its execution.

After signing the definitive merger agreement, each party worked to satisfy its conditions to closing. Beginning in September, the parties discussed the possible restructuring of the merger agreement (i) to provide more certainty regarding the tax treatment of the Merger and (ii) to increase the Merger consideration to be paid at the closing of the merger while reducing the aggregate Merger consideration potentially earned by the former AccessMedia shareholders upon the achievement of certain revenue milestones.

On October 20, 2005, the IMSI Board of Directors held a meeting to review a new merger agreement, the primary strategic, financial and legal considerations concerning the proposed changes, the advisability of the proposed changes and the fairness of the revised Merger consideration. At the Board meeting, all directors of IMSI were present in addition to Messrs. Gardner and Deson, as well as representatives from Morgan, Lewis & Bockius LLP. During this meeting, Mr. Wade reported on the status of negotiations of the proposed changes to the transaction with AccessMedia. Mr. Gardner and representatives of Morgan, Lewis & Bockius LLP spoke to their views of the proposed changes. Mr. Deson then presented financial analyses with respect to the proposed strategic business combination with AccessMedia. Following this presentation, Deson & Co. delivered its oral opinion to the effect that, based upon and subject to certain assumptions made, matters considered and limitations set forth in its opinion, the Merger consideration to be issued pursuant to the new merger agreement is fair, from a financial point of view, to IMSI. This opinion of Deson & Co. was confirmed in a letter dated October 20, 2005. The IMSI Board of Directors asked questions and discussed with members of IMSI's management and the Board's financial and legal advisors the relative merits and the legal issues surrounding the proposed changes to the transaction with AccessMedia. Mr. Bob Mayer resigned as director as of the start of business on October 20, 2005.

Following the presentations and further discussions among members of the IMSI Board of Directors, certain members of IMSI's management and IMSI's financial and legal advisors, the IMSI Board of Directors unanimously determined the new merger agreement, and the transactions contemplated thereby, were advisable, fair and in the best interest of IMSI and its shareholders, and adopted and approved the new merger agreement and the transactions contemplated thereby.

Following the approvals of the Merger and related transactions by the respective boards of directors of IMSI and AccessMedia, representatives of IMSI and AccessMedia finalized the definitive Merger Agreement, on December 16, 2005, and then issued a joint press release announcing its execution. The parties amended the Merger Agreement on March 24, 2006.

Recommendations of the IMSI Board of Directors

After careful consideration, at a meeting held on October 20, 2005, the IMSI Board of Directors:

- determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are advisable;

determined that it is advisable and in the best interests of IMSI and its shareholders that IMSI enter into the Merger Agreement and consummate the Merger;

- determined that the Merger Agreement is fair to IMSI and its shareholders;
- approved the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement; and
- determined to recommend that the shareholders of IMSI adopt the Merger Agreement.

THE IMSI BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS OF IMSI VOTE “FOR” ADOPTION OF THE MERGER AGREEMENT AND APPROVAL OF THE MERGER AND FOR THE IMSI ADJOURNMENT PROPOSAL.

In considering the recommendation of the IMSI Board of Directors with respect to the Merger Agreement, you should be aware that certain directors and executive officers of IMSI have interests in the Merger that are different from, or are in addition to, the interests of IMSI shareholders. Please see the Section entitled “The Merger - Interests of IMSI Directors and Executive Officers in the Merger” beginning on page 34 of this document.

IMSI’s Reasons for the Merger

The IMSI Board of Directors has determined that the Merger Agreement, the Merger and the other transactions contemplated by the Merger Agreement are advisable, that it is in the best interests of IMSI and its shareholders that IMSI enter into the Merger Agreement and consummate the Merger, and that the Merger Agreement is fair to IMSI and its shareholders.

In reaching its decision to approve the Merger Agreement and to recommend that IMSI shareholders vote to adopt the Merger Agreement and approve the Merger, our Board of Directors considered a number of factors, including the following material factors:

- expected growth in Internet-based media;
- advanced technologies at AccessMedia;
- Internet media management team at AccessMedia;
- potential market reach, growth and operating margins of AccessMedia;
- high desirability of a recurring and adaptable revenue model;
- likelihood of attracting public market and strategic attention;
- favorable early performance metrics achieved by AccessMedia;
- historical information concerning IMSI’s businesses, financial performance and condition, operations, technology, management and competitive position;
- the availability, strategic viability and economic terms of possible alternatives to the transaction with AccessMedia;
- the belief that the terms of the Merger Agreement, including the parties’ representations, warranties and covenants, and the conditions to the parties’ respective obligations, are reasonable;

- the analyses prepared by Deson & Co. presented to the IMSI Board of Directors, and the oral opinion of Deson & Co., subsequently confirmed in writing, that as of October 20, 2005, and based upon and subject to certain assumptions made, matters considered and limitations set forth in Deson & Co.'s opinion (the full text of which is attached as Annex D to this document), the Merger consideration to be paid to AccessMedia shareholders pursuant to the Merger Agreement was fair to IMSI shareholders, from a financial point of view, as described more fully under "The Merger - Opinion of Deson & Co." beginning on page 29 of this document;
- our Board's familiarity with, and presentations by our management and financial advisor regarding, our business, operations, financial condition, business strategy and prospects (as well as the risks involved in achieving those prospects), the nature of the business in which we compete, and general industry, economic and market conditions, both on a historical and on a prospective basis;
- the fact that the Merger consideration is all stock and has a considerable earn-out component;
- the interest of certain IMSI executive officers and directors in the Merger, as described more fully under "the Merger - Interests of IMSI Directors and Executive Officers in the Merger" beginning on page 34 of this document; and
- our Board's belief that the Merger likely would be completed on a timely basis.

Our Board of Directors also considered a number of potentially negative factors in its deliberations concerning the Merger. The potentially negative factors considered by the Board included the following:

- the early nature of the AccessMedia business;
- the online business is rapidly developing and fiercely competitive;
- entering into Internet media exposes us to management and operational issues with which our current management has only modest experience;
- large traditional media companies will enter the online media business over time and may have greater resources and more comprehensive offerings;
- the risks and uncertainties of not pursuing other options more in line with our traditional software business and diverting management attention from these businesses;
- the risk of the public announcement of the Merger and that our stock price may decline;
- the risk that a large number of IMSI shareholders would exercise their appraisal rights potentially resulting in an obligation of IMSI to pay such shareholders the fair value of their IMSI common stock in cash which could deplete IMSI's cash reserves;
- the risk that the Merger might not be completed in a timely manner or at all;

- the negative impact of any customer or supplier disappointment or confusion after announcement of the Merger;
- the possibility of management and employee disruption associated with the Merger;
- the interests of certain IMSI executive officers and directors in the Merger described under “The Merger - Interests of IMSI Directors and Executive Officers in the Merger” beginning on page 34 of this document;
- the termination fee payable by IMSI in certain circumstances; and
- the possibility that the parties may not be able to obtain all of the approvals necessary to consummate the Merger.

After considering the risks, the IMSI Board of Directors concluded that the potential benefits of the Merger outweighed these risks.

The foregoing discussion, information and factors considered by our Board of Directors is not intended to be exhaustive but is believed to include all material factors considered by the Board of Directors. In view of the wide variety of factors considered by our Board of Directors, as well as the complexity of these matters, the IMSI Board of Directors did not find it practical to quantify or otherwise assign relative weight to the specific factors considered. In addition, the Board did not reach any specific conclusions on each factor considered, or any aspect of any particular factor, and individual members of the IMSI Board of Directors may have given different weights to different factors. In making its determinations and recommendations, the IMSI Board of Directors as a whole viewed its determinations and recommendations based on the totality of the information presented to and considered by it. However, after taking into account all of the factors set forth above, the IMSI Board of Directors unanimously determined that the Merger Agreement and the Merger were fair to, and in the best interests of IMSI and its shareholders and that IMSI should proceed with the Merger.

Opinion of Deson & Co.

The IMSI Board of Directors retained Deson & Co. to render an opinion to the Board with respect to the Merger. Deson & Co. rendered its oral opinion, which was subsequently confirmed in writing, to the Board of Directors of IMSI that, as of the date of the written fairness opinion, and subject to and based on the assumptions made, procedures followed, matters considered and limitations of the review undertaken in such opinion, the Merger consideration to be paid to AccessMedia shareholders was fair, from a financial point of view, to IMSI.

The full text of the written opinion of Deson & Co., dated October 20, 2005, which sets forth the assumptions made, matters considered and limitations on the opinion and on the review undertaken in connection with the opinion, is attached as Annex D to, and is incorporated by reference in, this document. The opinion of Deson & Co. does not constitute a recommendation as to how any holder of shares of IMSI common stock should vote in connection with the Merger Agreement or any other matter related thereto. You should carefully read the opinion in its entirety.

In arriving at its opinion, Deson & Co., among other things:

- reviewed the draft of the merger agreement dated August 3, 2005, the draft of the Merger Agreement dated October 19, 2005 and drafts of selected other documents related to the Merger;
- participated in discussions and negotiations among representatives of IMSI, AccessMedia and AccessMedia' majority owners and their respective financial and legal advisors;
- reviewed certain publicly available and internal financial information and other operating data concerning IMSI and AccessMedia prepared by executives of each party;
- analyzed certain financial projections of IMSI and AccessMedia prepared by the executives of each party;
- discussed the past and current operations, financial condition and prospects for both IMSI and AccessMedia with senior executives of each party;

compared the expected financial performance of AccessMedia with that of certain other comparable publicly-traded companies;

- reviewed the financial terms and other terms, to the extent publicly available of precedent acquisition transactions of companies comparable to AccessMedia;

- assessed AccessMedia's value using discounted cash flow analysis of projected future cash flows;
- analyzed the expected accretion/dilution to IMSI of AccessMedia based upon the information provided by executives of each party;
- assessed the expected relative contribution of IMSI and AccessMedia based upon information provided by executives of each party; and
- performed such other analysis and considered such other factors as Deson & Co. deemed appropriate.

In connection with its review, Deson & Co. has relied upon the accuracy and completeness of the foregoing financial and other information, and Deson & Co. has not assumed any responsibility for any independent verification of such information.

Deson & Co. has not conducted physical inspections of the properties or facilities of each of IMSI and AccessMedia, and has not made any comprehensive evaluations or appraisals of the assets or liabilities of each of IMSI and AccessMedia, nor have any such valuations or appraisals been provided to Deson & Co. Without limiting the generality of the foregoing, Deson & Co. has undertaken no independent analysis of any owned or leased real estate, or any pending or threatened litigation, possible unasserted claims or other contingent liabilities, to which IMSI or AccessMedia or any of their respective affiliates are a party or may be subject, and Deson & Co.'s opinion makes no assumption concerning and therefore does not consider the possible assertion of claims, outcomes or damages arising out of any such matters.

Deson & Co. has assumed, in reliance upon the assurances of the management of IMSI and AccessMedia, that the information provided to it has been prepared on a reasonable basis in accordance with industry practice, and, with respect to financial planning data and other business outlook information, reflects the best currently available estimates and judgment of the management of each party, and that the management of each party is not aware of any information or facts that would make the information provided to Deson & Co. incomplete or misleading.

Deson & Co.'s opinion is necessarily based on the economic, market and other conditions in effect on, and the information made available to it, as of the date hereof. In arriving at its opinion, Deson & Co. has assumed that all the necessary regulatory approvals and consents required for the merger will be obtained in a manner that will not change the purchase price for AccessMedia. Deson & Co. has assumed that the final form of the Merger Agreement will be substantially similar to the draft reviewed by us, without modification of material terms or conditions.

The summary set forth below does not purport to be a complete description of the analyses performed by Deson & Co., but describes, in summary form, the material elements of the presentation that Deson & Co. made to IMSI's Board of Directors on August 4, 2005, and on October 20, 2005, in connection with Deson & Co.'s fairness opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Deson & Co. considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor considered by it. With respect to the analysis of selected public companies and the analysis of selected precedent transactions summarized below, no company or transaction used as a comparison is either identical or directly comparable to AccessMedia or to the Merger. The analyses described below must be considered as a whole, and considering portions of these analyses, without considering all of them, would create an incomplete view of the process underlying Deson & Co.'s analyses and opinion.

Analysis of Comparable Public Companies. Deson & Co. compared selected financial information for IMSI and AccessMedia with corresponding financial information of selected publicly held companies in the Internet media and

advertising industry. Deson & Co. selected these companies for comparison because they have technologies, operations or strategies in certain respects comparable to AccessMedia. These companies include the following:

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CNET Networks, Inc.
 RealNetworks, Inc.
 IAC/Interactive Corp.
 Viewpoint Corp.
 Aptimus, Inc.
 OpenTV Corp.

Deson & Co. reviewed the total enterprise value of the selected comparable companies as a multiple of revenues, gross profit and operating income, and the market value of the selected comparable companies as a multiple of net income for the latest twelve months ending September 30, 2005 and for the estimated fiscal year 2005 and 2006. Financial data for the selected comparable companies was based on the publicly available information available at the time of the announcement of the transaction. Deson & Co. compared the multiples derived from the selected comparable companies with corresponding multiples for AccessMedia based on the consideration to be paid to AccessMedia shareholders. This analysis indicated the following implied high, mean, and low multiples for the selected comparable companies and the implied multiples for the consideration to be paid to AccessMedia shareholders and the resulting AccessMedia per share valuation based upon AccessMedia's projected 2006 financial information, and 29,000,000 and 35,000,000 shares issued as consideration (the high and the low number of shares to be issued prior to and after achieving the first performance metric), and IMSI's share price of \$1.01.

	Comparable Companies			Multiple of 2006 AM Financial Projections		Average AM Per Share Value		
	Average	High	Low	29,000,000	36,000,000	29,000,000	36,000,000	
Enterprise Value								
Net Revenues (LTM 9/30/05)	3.1	6.3	2.4 x	1.3	1.7	\$2.31	\$1.86	
Gross Profit (LTM 9/30/05)	5.4	12.1	4.3 x	3.1	3.9	\$1.71	\$1.38	
Operating Income (LTM 9/30/05)	12.4	12.4	12.4 x	7.7	9.7	\$1.59	\$1.28	
<i>Net Revenues (FYE 2005)</i>	<i>2.7</i>	<i>5.6</i>	<i>2.3 x</i>	<i>1.3</i>	<i>1.7</i>	<i>\$1.99</i>	<i>\$1.60</i>	
Equity Value								
Net Income (LTM 9/30/05)	22.3	29.1	15.5 x	13.5	16.8	\$1.67	\$1.34	

Analysis of Selected Precedent Transactions. Deson & Co. reviewed the implied enterprise values in the selected merger and acquisition transactions in the Internet media and advertising industries announced since 2003. Deson & Co. selected these transactions for comparison because they related to acquisitions of companies that have technologies, operations or strategies in certain respects comparable to AccessMedia. These transactions include:

Acquirer	Target	Date
Great Hill	IGN	5/2/03
Partners	Entertainment	
MarketWatch	Pinnacor	7/22/03
Viacom	SportsLine	8/1/04
RealNetworks	Listen.com	4/21/03
IAC/Interactive	LendingTree	5/2/03
IAC/Interactive	Ask Jeeves	3/18/05
News Corp.	Intermix Media	7/18/05
News Corp.	IGN	9/8/05
	Entertainment	

Deson & Co. reviewed the selected transactions and determined enterprise value as a multiple of the target's latest twelve months revenues, gross profit, EBITDA, operating income, and assets, and equity value as a multiple of the target's latest twelve months net income and book value. Multiples for the selected transactions were based on publicly available information available at the time of the announcement of the transaction. Deson & Co. then compared the implied multiples derived from the selected transactions with corresponding multiples for AccessMedia projected 2006 financial information. This analysis indicated the following implied high, mean, and low multiples for the selected precedent transactions and the implied multiples for the consideration to be paid to AccessMedia shareholders and the resulting AccessMedia per share valuation based upon AccessMedia's projected 2006 financial information, and 29,000,000 and 35,000,000 shares issued as consideration (the high and the low number of shares to be issued prior to and after achieving the first performance metric), and IMSI's share price of \$1.01.

	Precedent Transactions			Multiple of 2006 AM Financial Projections		Average AM Per Share Value	
	Average	High	Low	29,000,000	36,000,000	29,000,000	36,000,000
Enterprise Value							
Revenues	7.3	18.7	1.5 x	1.3	1.7	\$5.32	\$4.29
Gross Profit	8.3	23.1	2.3 x	3.1	3.9	\$2.60	\$2.09
Operating Income	76.0	180.8	8.1 x	7.7	9.7	\$9.43	\$7.59
Recent Deals							
Revenues (Recent Deals)	9.2			1.3	1.7	\$6.70	\$5.40
Gross Profit (Recent Deals)	14.1			3.1	3.9	\$4.38	\$3.53
Operating Income (Recent Deals)	106.9			7.7	9.7	\$13.23	\$10.66
Equity Value							
Net Income (Loss)	64.0	128.4	8.2 x	13.5	16.8	\$4.79	\$3.86
Net Income (Recent Deals)	82.6			13.5	16.8	\$6.18	\$4.98

Discounted Cash Flow Analysis. Deson & Co. performed a discounted cash flow analysis based on the stand-alone net present values of the cash flows of AccessMedia. Deson & Co. derived the implied reference ranges by applying a range of operating income terminal value multiples of 15.0x to 35.0x and revenue terminal value multiples of 4.0x to 6.0x and discount rates of 20.0% to 40.0%. The operating income and revenue terminal value multiples are consistent with other selected comparable public companies and precedent transactions. The discount rates used in the discounted cash flow analyses are discount rates that in the professional judgment of Deson & Co. are appropriate for use in connection with earlier stage companies such as AccessMedia. The implied per share price range referenced below is the price per share indicated by dividing the various equity values derived by the number of shares that would be issued to AccessMedia pursuant to the Merger and the achievement of the revenues underlying the cash flow projections. The following sets forth the range of per share values based upon the above assumptions and AccessMedia's cash flow projections.

		Revenue Multiple				
Per Share in \$		4.0	4.5	5.0	5.5	6.0
		20%	2.86	3.18	3.50	3.82
Discount Rate	25%	2.53	2.82	3.10	3.38	3.66
	30%	2.26	2.51	2.76	3.01	3.26
	35%	2.02	2.24	2.47	2.69	2.91
	40%	1.81	2.01	2.21	2.42	2.62

		EBIT Multiple				
Per Share in \$		15	20	25	30	35
		20%	2.37	3.06	3.75	4.44
Discount Rate	25%	2.10	2.71	3.32	3.93	4.54
	30%	1.87	2.42	2.96	3.50	4.04
	35%	1.68	2.16	2.65	3.13	3.61

40% 1.51 1.94 2.38 2.81 3.24

EPS Accretion/Dilution Analysis. Deson & Co. performed pro forma analyses of the financial impact of the Merger using estimates prepared by IMSI for the year ended 2006 and using operating margin estimates prepared by AccessMedia applied to the various revenue Performance Levels. The following sets forth the dilution or accretion at each Performance Level both pre and post the issuance of the related Performance Level shares.

Performance Levels - AM					
Revenues	\$20,000,000	\$40,000,000	\$55,000,000	\$80,000,000	\$100,000,000
Beginning Shares					
Issued	29,000,000	36,000,000	43,000,000	50,000,000	57,000,000
				140 to	
Accretion/(Dilution)	0 to 10%	60 to 70%	90 to 100%	150%	165 to 180%
Ending Shares					
Issued	36,000,000	43,000,000	50,000,000	57,000,000	64,000,000
				120 to	
Accretion/(Dilution)	0 to -10%	45 to 55%	75 to 85%	130%	145 to 160%

In general, the dilution or accretion would be:

- Modestly dilutive in 2006 based upon AccessMedia's projections; and
- Other than at the first Performance Level, modestly accretive to very accretive at the various Performance Levels.

Relative Contribution Analysis. Deson & Co. reviewed the contributions of IMSI for the year ended 2006 and using operating margin estimates prepared by AccessMedia applied to the various revenue Performance Levels. The following sets forth the contribution of IMSI and AccessMedia of revenues, gross profit and operating income to the relative ownership of IMSI and AccessMedia at each Performance Level both pre and post the issuance of the related Performance Level shares.

Performance Levels - AM					
Revenues	\$20,000,000	\$40,000,000	\$55,000,000	\$80,000,000	\$100,000,000
AM Contribution %					
Revenues	45 to 50%	60 to 65%	70 to 75%	75 to 80%	80 to 85%
Gross Profit	35 to 40%	50 to 55%	60 to 65%	65 to 70%	70 to 75%
EBIT	60 to 65%	80 to 85%	85 to 90%	85 to 90%	90 to 95%
Shares - Beginning	29,000,000	36,000,000	43,000,000	50,000,000	57,000,000
AM Ownership %	49%	55%	59%	63%	66%
Shares - End	36,000,000	43,000,000	50,000,000	57,000,000	64,000,000
AM Ownership %	55%	59%	63%	66%	68%

In general, the contribution of AccessMedia would be:

- Approximately what its ownership percentage is in 2006 based upon AM's and IMSI's projections;

Other than at the first Performance Level, AccessMedia contributes more than its relative ownership at the various Performance Levels; and

- The achievement of each Performance Level is more beneficial to IMSI shareholders on a per share basis.

Miscellaneous. Under the terms of its engagement IMSI has agreed to pay Deson & Co., independent of the outcome of the Merger, a fee of \$100,000 for services delivered in connection with rendering the Fairness Opinion. In addition, IMSI has agreed to reimburse Deson & Co. for its reasonable expenses, including fees and disbursements of counsel, and to indemnify Deson & Co. and related parties against liabilities, including liabilities under federal securities laws, relating to, or arising out of, its engagement. Over the past two years, IMSI has not paid to Deson & Co. any other fees for banking and related services.

IMSI selected Deson & Co. as its financial advisor in connection with the Fairness Opinion because Deson & Co. is intimately familiar with the details of the transaction and its focus on technology-based companies. As part of its investment banking business, it regularly considers the valuation of businesses and their securities in connection with mergers and acquisitions, private placements and investments.

In the ordinary course of business, Deson & Co. and its affiliates may actively trade in the securities of IMSI for their own accounts and the accounts of their customers and, accordingly, may at any time hold a long or short position in those securities.

Interests of Deson & Co. in the Merger

Deson & Co. and Sean Deson, CEO of Deson & Co., regularly conducts business with Baytree Capital Associates, LLC (“Baytree”) and Michael Gardner, Chairman and CEO of Baytree. As a result of Mr. Gardner’s current ownership in AccessMedia and pursuant to various agreements related to the Merger, Baytree and Mr. Gardner will be significant shareholders of IMSI. Deson & Co. or Mr. Deson may receive compensation from Baytree or Mr. Gardner related to the merger in addition to compensation received from IMSI. While Mr. Deson does not personally own shares of IMSI, Mr. Deson is the Managing Member of Treeline Management LLC, the General Partner of Treeline Investment Partners LP, which is an IMSI shareholder. Deson & Co. and its affiliates may actively trade in the securities of IMSI for their own account and the accounts of their customers and, accordingly, may at any time hold long or short positions in those securities.

Interests of Baytree in the Merger

Under the terms of its engagement, IMSI has agreed to pay Baytree, as a result of the Merger, a fee of 5% of the aggregate value of the closing consideration to be paid to the former AccessMedia shareholders, payable in IMSI shares, for services delivered in connection with the Merger, which totals 1.45 million shares of IMSI common stock (before giving effect to the reverse one-for-two stock split). IMSI has agreed to reimburse Baytree for its reasonable expenses, including fees and disbursements of counsel, and to indemnify Baytree and related parties against liabilities, including liabilities under federal securities laws, relating to, or arising out of, its engagement. In addition, IMSI has agreed to pay to Baytree 1.0 million shares of IMSI common stock (before giving effect to the reverse one-for-two stock split) for ongoing consulting services to be rendered through June 30, 2008. Over the past two years, IMSI has not paid to Baytree any other fees for banking and related services.

Mr. Gardner is a shareholder of AccessMedia and therefore has certain interests in the Merger separate and apart from Baytree’s interest as IMSI’s financial advisor. Baytree and its affiliates may actively trade in the securities of IMSI for their own account and, accordingly, may at any time hold long or short positions in those securities.

The IMSI Board of Directors was aware of and considered these interests when it approved the Merger.

Interests of IMSI Directors and Executive Officers in the Merger

Certain executive officers of IMSI and certain members of the IMSI Board of Directors may be deemed to have interests in the merger that are different from or in addition to the interests of IMSI shareholders generally. The IMSI Board of Directors was aware of these interests and considered them, among other matters, in approving the Merger

Agreement and the merger. Described below are the interests of executive officers of IMSI's management and certain members of the IMSI Board of Directors.

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- Pursuant to an agreement to be entered into in connection with the Merger, Martin R. Wade, III, Chief Executive Officer of IMSI will be granted options to purchase 3.75 million shares of IMSI common stock (prior to giving effect to the proposed stock split) of which 100,000 shares vest upon completion of the transaction and 3.65 million shares vest upon AccessMedia's achievement of certain revenue milestones.
- IMSI has entered into an employment agreement with Robert O'Callahan, IMSI's Chief Financial Officer, pursuant to which Mr. O'Callahan will be entitled to a bonus in the amount of \$25,000 upon effectiveness of the Proxy Statement and an additional \$100,000 upon the closing of the Merger.

In the event any of the payments made to Messrs. Wade or O'Callahan would constitute a parachute payment as defined in section 280G of the Internal Revenue Code (the "Code") and would subject Messrs. Wade or O'Callahan to an excise tax under the Code, then Messrs. Wade or O'Callahan are not contractually entitled to receive an additional payment which, when reduced by all taxes thereon, would provide them with sufficient cash to pay the amount of the excise tax owed on all such compensation.

Golden Parachute Payments

The acceleration of the vesting of stock options and share right awards in connection with the merger, together with any other payment contingent upon or made to an officer in connection with the Merger, such as severance benefits upon his or her subsequent termination of employment, may result in an "excess parachute payments" as defined in Section 280G of the Code. Excess parachute payments are not deductible in accordance with Section 280G. As a result, IMSI will not be entitled to a tax deduction for any amounts determined to be excess parachute payments. The amount of the lost deduction will depend on the value of the shares as a result of the Merger, the number of option shares or share right awards which vest on an accelerated basis in connection with the Merger, and the portion of any other payments or benefits deemed to be an excess parachute payment.

Accounting Treatment of the Merger

IMSI intends to account for the Merger as a "purchase" of AccessMedia by IMSI for financial reporting and accounting purposes, in accordance with accounting principles generally accepted in the United States. The purchase accounting transaction will result in a purchase price in excess of net tangible and intangible assets acquired. The purchase price is expected to be approximately \$32 million. IMSI expects that the final purchase price will be determined after the completion of the Merger. The allocation of the purchase price among net tangible assets acquired, goodwill and other intangibles will be determined after the completion of the merger. Amortizable intangible assets, currently estimated at \$15.5 million, will generally be amortized over the estimated useful lives with initial estimates ranging from 10 to 30 years, resulting in an estimated accounting charge for amortization attributable to these items of approximately \$780,000 million on an annual basis for the first ten years. Goodwill resulting from the business combination will not be amortized but instead will be tested for impairment at least annually (more frequently if certain indicators are present). The amount of the estimated purchase price allocated to goodwill, which is based on certain assumptions, is estimated to be approximately \$25.9 million.

If IMSI management should change the assumptions used in the allocation of the purchase price or the remaining estimated lives of the intangible assets, amounts allocated to intangible assets with definite lives may increase significantly or estimated lives may decrease significantly, which could result in a material increase in amortization of intangible assets. In addition, if IMSI management determines that the value of goodwill has become impaired, the combined company will incur an accounting charge for the amount of impairment during the fiscal quarter in which the determination is made. The amounts listed in the above paragraph are only preliminary estimates, however, actual amounts may differ from these estimates.

Appraisal Rights

If the Merger is completed, any holder of IMSI common stock as of the record date for determining shareholders entitled to vote on the Merger may, by complying with the provisions of California law, as applicable, require IMSI to purchase such holder's shares at their fair market value. The fair market value will be determined as of the date immediately prior to the first announcement of the terms of the proposed Merger, excluding any appreciation or depreciation as a consequence of the proposed Merger. The fair market value of shares of IMSI common stock may be more or less than the value of IMSI common stock to be held by other IMSI shareholders immediately after the Merger. IMSI shareholders who are considering asserting and exercising dissenters' rights should consult their legal advisors.

Appraisal under California law requires strict compliance with the procedures set forth in Chapter 13 of the California General Corporation Law. Failure to follow any of these procedures may result in a termination or waiver of dissenters' rights under California law. The applicable provisions of California law are summarized below. IMSI shareholders who choose to exercise dissenters' rights under California law must fully comply with the requirements of Chapter 13 of the California General Corporation Law.

Under the California General Corporation Law, an IMSI shareholder may be entitled to dissenters' rights with respect to his IMSI shares if such shares:

- were outstanding on the date of the vote to approve the Merger; and
- were not voted in favor of the Merger.

Within 10 days of approval of the Merger by IMSI shareholders, each shareholder who is entitled to dissenters' rights shall receive a notice of such approval and a statement of the price determined by IMSI to represent the fair market value of its capital stock. The notice will also describe the rights to which such shareholders are entitled and shall be accompanied by a copy of Chapter 13 of the California General Corporation Law (attached as Annex E to this Information Statement). Within 30 days of the date of the mailing of such notice, IMSI shareholders must assert their dissenters' rights by delivering a written demand to IMSI or its transfer agent. The written demand must set forth the number and class of shares that such shareholder desires to be repurchased and include a statement as to what such shareholder claims to be the true fair market value of such shares. The statement of fair market value will constitute an offer by such shareholder to sell his shares at the price indicated therein.

If the shareholder and IMSI agree upon the fair market value and the shares held by such IMSI shareholder qualify as dissenting shares, the IMSI shareholder will be entitled to the agreed upon price plus the legal rate of interest on judgments from the date of such agreement. If the shareholder and IMSI are unable to agree upon the fair market value of the shares or whether the shares qualify as dissenting shares, the shareholder may file a complaint in California Superior Court seeking a determination by the court of the fair market value of the shares and/or whether the shares qualify as dissenting shares. The complaint must be filed within six months of the date on which the notice of the approval of the Merger was mailed to IMSI shareholders.

After determining which shareholders are entitled to appraisal, the court will appraise the shares, determining their fair value exclusive of any element of value arising from the accomplishment or expectation of the Merger, together with a fair rate of interest, if any, to be paid upon the amount determined to be the fair value. The court will then direct payment of the fair value of the shares, together with interest, if any, to the dissenting shareholders. Any cash dividends declared and paid by upon the dissenting shares after the date of approval of the Merger by IMSI shareholders shall be credited against the total amount to be paid to the dissenting shareholders. The costs of proceedings may be determined by the court and shared by the parties as the court deems fit.

THE FOREGOING SUMMARY DOES NOT PURPORT TO BE A COMPLETE STATEMENT OF THE PROVISIONS OF CHAPTER 13 OF THE CALIFORNIA GENERAL CORPORATION LAW AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH CHAPTER, A COPY OF WHICH IS ATTACHED HERETO AS ANNEX E. IMSI SHAREHOLDERS WHO WISH TO EXERCISE DISSENTERS' RIGHTS SHOULD CONSULT THEIR LEGAL AND TAX ADVISORS.

Regulatory Approvals

No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local governmental authority on the part of IMSI is required in connection with the consummation of the transactions contemplated by the Merger Agreement, except for such filings as are required pursuant to applicable federal and state securities laws and blue sky laws, which filings will be effected within the required

statutory period.

Material United States Tax Consequences of the AccessMedia Acquisition

The following discussion is based upon the Internal Revenue Code of 1986, as amended, or the Code, the regulations promulgated under the Code, and existing administrative interpretations and court decisions, all of which are subject to change, possibly with retroactive effect. Any such change could affect the continuing validity of the following discussion.

The merger of ACCM Acquisition Corp. (“ACCM”) into AccessMedia, and any subsequent merger of AccessMedia into IMSI, are intended to qualify under Sections 368 and 332 respectively of the Internal Revenue Code, in which case: (i) no gain or loss will be recognized by IMSI, ACCM, AccessMedia, or the IMSI shareholders, and (ii) the basis and holding period of the IMSI shareholders in their IMSI common stock will remain unchanged. If it were determined that the transactions did not qualify under Sections 368 or 332, no taxable gain or loss should be recognized by IMSI, ACCM, or the IMSI shareholders. Neither IMSI nor AccessMedia contemplates obtaining a tax opinion or requesting a ruling from the IRS in connection with the merger. Accordingly, IMSI shareholders are urged to consult their own tax advisors as to the tax consequences as a result of the Merger, including the applicable federal, state, local and foreign tax consequences.

This discussion does not address all aspects of U.S. federal income taxation that may be important to you in light of your particular circumstances or if you are subject to special rules. Moreover, the discussion does not address any non-income tax or any foreign, state or local tax consequences of the acquisition.

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, IMSI STOCKHOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS INFORMATION STATEMENT IS NOT INTENDED OR WRITTEN BY US TO BE RELIED UPON, AND CANNOT BE RELIED UPON BY IMSI SHAREHOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON IMSI SHAREHOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) IMSI SHAREHOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

SUMMARY SELECTED HISTORICAL FINANCIAL DATA FOR IMSI

The following table sets forth selected historical financial data for IMSI. The following data at and for the years ended June 30, 2005 and 2004, have been derived from IMSI's consolidated financial statements and the data at and for the six month period ended December 31, 2005 have been derived from IMSI's unaudited consolidated financial statements. IMSI's selected unaudited interim financial data included in this proxy statement were derived from its books and records and, in the opinion of IMSI management, contains all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of its financial position and results of operations at and for such periods. The results of operations for any interim period are not necessarily indicative of the results of operations to be expected for the full year.

You should read the following information together with IMSI's consolidated financial statements, the notes related thereto and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in IMSI's annual reports on Form 10-KSB, Form 10-QSB and other financial information included in IMSI's filings with the SEC, which is incorporated by reference in this proxy statement. See "Where You Can Find More Information" beginning on page 79 and "Incorporation of Certain Documents by Reference" beginning on page 79.

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Six Months Ended December 31, 2005	Year Ended June 30, 2005 2004	
REVENUES			
Software	\$4,451	\$9,527	\$8,831
Internet	3,233	4,347	1,186
Total net revenues	7,684	13,874	10,017
COSTS AND EXPENSES			
Product costs	2,783	4,881	3,650
Sales and marketing	3,189	6,465	4,428
General and administrative	2,754	4,857	3,677
Research and development	988	1,696	2,039
Total costs and expenses	9,714	17,899	13,794
Operating loss	(2,030)	(4,025)	(3,777)
Interest and other, net	(52)	(91)	65
Realized / unrealized gain (loss) on marketable securities	765	(42)	2,567
Loss on disposal of fixed assets	-	-	(13)
Gain on sale of product line	-	53	59
Gain on extinguishment of debt	-	-	76
(Loss) income from discontinued operations, net of income tax	-	341	(293)
Gain (loss) from the sale of discontinued operations, net of income tax	(474)	2,035	2,000
Income tax provision	(39)	(25)	(38)

Net (loss) income	(\$1,830)	(\$1,754)	\$646
Net (loss) income per share - basic and diluted	(\$0.06)	(\$0.06)	\$0.03
Number of shares used in computing net earnings (loss) per share - basic and diluted	29,755	27,694	23,838

CONSOLIDATED BALANCE SHEET DATA
(In thousands)

	December 31, 2005	June 30, 2005
Cash and cash equivalents and short term investments in marketable securities	\$9,849	\$5,061
Working capital	9,525	13,428
Total assets	21,803	26,415
Total long term liabilities	173	230
Accumulated deficit	(27,161)	(25,331)
Total shareholders' equity	\$17,771	\$18,230

SUMMARY SELECTED HISTORICAL FINANCIAL DATA FOR ACCESSMEDIA

The following table sets forth selected historical financial data for AccessMedia. The following data at and for the years ended December 31, 2005 and 2004, have been derived from AccessMedia's audited consolidated financial statements. AccessMedia's selected unaudited interim financial data included in this proxy statement were derived from its books and records and, in the opinion of AccessMedia management, contains all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of its financial position and results of operations at and for such periods. The results of operations for any interim period are not necessarily indicative of the results of operations to be expected for the full year.

You should read the following information together with AccessMedia's consolidated financial statements, and the notes related thereto. See "Where You Can Find More Information" beginning on page 79 and "Incorporation of Certain Documents by Reference" beginning on page 79.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands, except per share and share amounts)

	Year Ended December 31,	
	2005	2004
REVENUES		
Total net revenues	\$1,688	\$102
COSTS AND EXPENSES		
Product costs	1,398	61
Sales and marketing	1,278	12
General and administrative	1,989	262
Research and development	-	-
Total costs and expenses	4,665	335
Operating loss	(2,977)	(233)
Interest and other, net	55	16
Income tax provision	1	-
Net loss	(3,033)	(249)
Net loss per share - basic and diluted	(\$0.10)	(\$0.01)
Number of shares used in computing net loss per share - basic and diluted (1)	29,000	29,000

(1) The number of shares used in computing net earnings (loss) per share is the number of IMSI shares to be initially issued in the acquisition to stockholders of AccessMedia.

CONSOLIDATED BALANCE SHEET DATA
(In thousands)

	December 31,	
	2005	2004
Cash and cash equivalents	\$175	\$519
Working capital deficit	(2,976)	(309)
Total assets	14,978	919
Total long term liabilities	149	203
Accumulated deficit	(3,296)	(262)
Total shareholders' equity (deficit)	\$11,482	\$(261)

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**SUMMARY SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED
FINANCIAL DATA**

The following selected unaudited pro forma condensed combined consolidated financial data was prepared using the purchase method of accounting. The unaudited pro forma condensed combined consolidated statement of operations data combines the historical consolidated statements of operations data for IMSI and AccessMedia for the year ended June 30, 2005 and the six months ended December 31, 2005, giving effect to the proposed acquisition as if it had occurred at the beginning of the period. The unaudited pro forma condensed combined consolidated balance sheet data combines the historical consolidated balance sheets of IMSI and AccessMedia as of December 31, 2005, giving effect to the acquisition.

The selected unaudited pro forma condensed combined consolidated financial data is based on estimates and assumptions that are preliminary. The data are presented for informational purposes only and is not intended to represent or be indicative of the consolidated results of operations or financial condition of IMSI that would have been reported had the acquisition been completed as of the dates presented, and should not be taken as representative of future consolidated results of operations or financial condition of IMSI. Please also read the section in this proxy statement entitled "Special Note Regarding Forward-Looking Statements" beginning on page 78 for more information on the statements made in this section.

This selected unaudited pro forma condensed combined consolidated financial data should be read in conjunction with the summary selected historical consolidated financial data and the unaudited pro forma condensed combined consolidated financial statements and accompanying notes contained elsewhere in this proxy statement and the separate historical consolidated financial statements and accompanying notes of IMSI and AccessMedia incorporated by reference into this proxy statement. See the section entitled "Where You Can Find More Information" beginning on page 79 of this proxy statement and "Incorporation of Certain Documents by Reference" beginning on page 79 of this proxy statement.

	Unaudited Pro Forma Combined Condensed Statements of Operations	
	Twelve months ended June 30, 2005	Six months ended December 31, 2005
	(in thousands, except per share data)	
Net revenues	\$14,332	\$9,161
Loss from operations	(5,440)	(3,385)
Net loss	(3,216)	(3,222)
Basic net loss per share	(\$0.05)	(\$0.05)
Diluted net loss per share	(\$0.05)	(\$0.05)
Shares used to compute basic net loss per share	59,144	61,205
Shares used to compute basic and diluted net loss per share	59,144	61,205

**Unaudited
Pro Forma Combined
Condensed
Consolidated Balance
Sheet
As of
December 31, 2005
(in thousands)**

Balance Sheet Data:

Cash, cash equivalents and short-term investments	\$10,024
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Working capital	5,336
Total assets	63,571
Long-term liabilities	6,622
Total stockholders' equity	48,529

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Comparative Per Share Information

The following table presents comparative historical per share data regarding the net income loss, book value and cash dividends of IMSI and unaudited combined pro forma per share data after giving effect to the acquisition as a purchase of AccessMedia by IMSI assuming the acquisition had been completed on July 1, 2004. The following data assumes 29 million shares of IMSI common stock will be issued in exchange for all existing shares of AccessMedia common stock in connection with the acquisition. The data has been derived from and should be read in conjunction with the summary selected historical consolidated financial data and unaudited pro forma condensed combined consolidated financial statements contained elsewhere in this proxy statement, and the separate historical consolidated financial statements of IMSI and AccessMedia and the accompanying notes incorporated by reference into this proxy statement. The unaudited pro forma per share data is presented for informational purposes only and is not intended to represent or be indicative of the consolidated results of operations or financial condition of IMSI that would have been reported had the acquisition been completed as of the date presented, and should not be taken as representative of future consolidated results of operations or financial condition of IMSI.

	Net loss in thousands		
	Historical		
	(Twelve months ended June 30, 2005)		
	IMSI	AccessMedia (2)	Pro Forma Combined Company
Net loss:	(\$1,754)	(\$1,457)	(\$3,216)
Basic net loss per share	(\$0.06)	(\$0.05)	(\$0.05)
Diluted net loss per share	(\$0.06)	(\$0.05)	(\$0.05)
Book value per share at period end ⁽¹⁾	\$0.63	\$0.06	\$0.81
Cash dividends declared per share	\$0.00	\$0.00	\$0.00

	Net loss in thousands		
	Historical		
	(Six months ended December 31, 2005)		
	IMSI	AccessMedia (2)	Pro Forma Combined Company
Net income (loss):	(\$1,830)	(\$2,273)	(\$3,222)
Basic earnings (loss) per share	(\$0.06)	(\$0.07)	(\$0.05)
Diluted earnings (loss) per share	(\$0.06)	(\$0.07)	(\$0.05)
Book value per share at period end ⁽¹⁾	\$0.60	\$0.37	\$0.79
Cash dividends declared per share	\$0.00	\$0.00	\$0.00

(1) The historical book value per share of IMSI and AccessMedia common stock is computed by dividing common stockholders' equity at period end by the number of shares of common stock outstanding at the respective period end or, for AccessMedia, the number of IMSI shares to be issued in the acquisition. The pro forma net book value per share of the combined company's common stock is computed by dividing the pro forma common stockholders' equity by the pro forma number of shares of common stock outstanding at the respective period end, assuming the acquisition had been completed on that date.

(2) Includes MediaZone, Ltd. ("MZ"), Peoplecaster, Inc. ("PC") and MyVod, Inc. ("MV").

IMSI Market Price and Dividend Information

Our stock currently trades on the over the counter bulletin board (“OTCBB”). The following table sets forth the quarterly high and low sales prices of the common stock for fiscal 2006, 2005 and 2004, as quoted on the OTCBB. This information represents prices between dealers and does not include retail mark-ups, markdowns or commissions and may not represent actual transactions.

	High	Low
Fiscal Year 2004		
First Quarter ended Sept. 30, 2003	\$1.45	\$0.73
Second Quarter ended Dec.31, 2003	1.50	1.00
Third Quarter ended Mar. 31, 2004	1.77	1.10
Fourth Quarter ended June 30, 2004	\$1.72	\$1.11
Fiscal Year 2005		
First Quarter ended Sept. 30, 2004	\$1.30	\$.90
Second Quarter ended Dec.31, 2004	\$1.21	\$.73
Third Quarter ended Mar. 31, 2005	\$1.46	\$1.01
Fourth Quarter ended June 30, 2005	\$1.50	\$1.06
Fiscal Year 2006		
First Quarter ended Sept. 30, 2005	\$1.55	\$.90
Second Quarter ended Dec.31, 2006	\$1.19	\$.67
Third Quarter ended Mar. 31, 2006	\$1.34	\$.95

On [_____], the latest practicable trading day before the printing of this proxy statement/prospectus, the closing price per share of IMSI common stock was \$[_____].

You are urged to obtain current market quotations for IMSI common stock. No assurance can be given as to the future prices or markets for IMSI common stock.

IMSI has never paid any cash dividends on its stock.

AccessMedia Market Price and Dividend Information

AccessMedia is a privately held company. There is no established public market for any class or series of AccessMedia capital stock.

AccessMedia has never paid any cash dividends on its stock.

THE MERGER AGREEMENT

The following summary describes the material provisions of the Agreement and Plan of Merger, dated as of December 16, 2005, as amended as of March 24, 2006 (the "Merger Agreement"), by and among IMSI, AccessMedia, ACCM Acquisition Corp. ("ACCM"), a wholly-owned subsidiary of IMSI, and the shareholders of AccessMedia. This summary may not contain all of the information about the Merger Agreement that is important to you. The Merger Agreement is attached to this document as Annex A and is incorporated by reference into this document, and we encourage you to read it carefully in its entirety for a more complete understanding of the Merger Agreement, because it is the legal document that governs the Merger.

Generally

The Merger Agreement provides that at the closing of the Merger, ACCM will be merged with and into AccessMedia. Upon completion of the Merger, AccessMedia will continue as the surviving corporation and will be a wholly-owned subsidiary of IMSI.

Directors and Officers of the Surviving Corporation after the Merger

The directors and officers of IMSI will be the directors and officers of AccessMedia immediately prior to the effective time of the Merger.

Manner and Basis of Converting Shares of AccessMedia Common Stock into the Merger Consideration

Under the terms of the Merger Agreement, upon completion of the Merger, IMSI will issue 29,000,000 shares of Common Stock of IMSI (before giving effect to the reverse one-for-two stock split) to AccessMedia shareholders, representing approximately 49.1% of the outstanding shares of IMSI. Following the closing, IMSI may issue up to an additional 35,000,000 shares (before giving effect to the reverse one-for-two stock split) to AccessMedia shareholders if AccessMedia achieves certain revenue milestones prior to December 31, 2008 (subject to certain extensions as provided in the Merger Agreement), representing approximately 68.0% in the aggregate to be held by former AccessMedia shareholders.

AccessMedia shareholders will be entitled to receive 23,200 shares of IMSI common stock (before giving effect to the reverse one-for-two stock split) for each share of AccessMedia common stock held by them at the effective time of the merger and up to 51,200 shares of IMSI common stock for each share of AccessMedia common stock held by them if AccessMedia achieves certain revenue milestones prior to December 31, 2008 (subject to certain extensions as provided in the Merger Agreement).

The additional issuances of IMSI common stock shall be paid in the amounts set forth below in the event that any of the revenue performance levels shall be obtained by AccessMedia during any of the time periods set forth below (as more fully set out in the Merger Agreement):

Performance Target Schedule

Revenue Performance Level	Target Date	Earnout Payment in Shares of IMSI Common Stock (before giving effect to the reverse one-for-two stock split)	Potential Aggregate Shares of IMSI Common Stock (before giving effect to the reverse one-for-two stock split)
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