

INTERNATIONAL MICROCOMPUTER SOFTWARE INC /CA/
Form S-4
December 16, 2005

As filed with the Securities and Exchange Commission on December 16, 2005.

Registration No. 333-

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

FORM S-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

INTERNATIONAL MICROCOMPUTER SOFTWARE, INC.

(Exact name of Registrant as specified in its charter)

California	7372	94-2862863
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Number)	(I.R.S. Employer Identification No.)

100 Rowland Way, Suite 300

Novato, CA 94945

(415) 878-4000

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Robert O'Callahan

Chief Financial Officer and Corporate Secretary

International Microcomputer Software, Inc.

100 Rowland Way, Suite 300

Novato, CA 94945

(415) 878-4000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

COPIES TO:

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One Market Street, Spear Street Tower

San Francisco, California 94105

(415) 442-1000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective and the effective time of the merger of the registrant with and into a wholly-owned subsidiary of the registrant, as described in the Agreement of Merger included as Annex A to the proxy statement/prospectus forming a part of this registration statement and incorporated herein by reference.

If the securities being registered on this Form are being offered in connection with the formation of a holding

company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(a) under the Securities Act of 1933, as amended (the "Securities Act"), check the following box and list the Securities Act Registration Statement number of the earlier effective Registration Statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective Registration Statement for the same offering.

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The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee
Common Stock, par value \$0.001 per share		N/A	\$ 59,008,000.00	\$ 6,313.86

(1)Based on the number of shares of Broadcaster, Inc. ("IMSI Delaware") common stock to be issued in connection with the merger, calculated as the number of outstanding shares of common stock of IMSI.

(2) Estimated solely for the purpose of computing the amount of the registration fee required by Section 6(b) of the Securities Act, and calculated pursuant to Rule 457(f) under the Securities Act. Pursuant to Rule 457(f)(1) under the Securities Act, the proposed maximum aggregate offering price of the registrant's common stock was calculated in accordance with Rule 457(c) under the Securities Act as: \$0.992, the average of the bid and ask prices per share of IMSI common stock for the five business days prior to December 16, 2005, as reported on the OTC Bulletin Board, multiplied by 29,830,877, the number of shares of IMSI common stock computed as described in Note (1).

The information in this proxy statement/prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission of which this proxy statement/prospectus is a part becomes effective. This proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED DECEMBER 16, 2005.

INTERNATIONAL MICROCOMPUTER SOFTWARE, INC.

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

REINCORPORATION AND OTHER PROPOSALS - YOUR VOTE IS VERY IMPORTANT!

International Microcomputer Software, Inc. ("IMSI") is proposing to reincorporate IMSI in the State of Delaware. Through the reincorporation, the state of incorporation of IMSI would be changed from California to Delaware. To accomplish the reincorporation, IMSI has entered into an Agreement and Plan of Merger providing for the merger of IMSI with and into Broadcaster, Inc., a wholly owned subsidiary of IMSI that has recently been formed pursuant to the Delaware General Corporation Law, or DGCL, for this purpose. IMSI's name as a result of the reincorporation will become Broadcaster, Inc. IMSI before the reincorporation is sometimes referred to as IMSI California and IMSI after the reincorporation is sometimes referred to as IMSI, Broadcaster or IMSI Delaware.

The Board of Directors has determined that it is in the best interests of IMSI and its shareholders to reincorporate in the State of Delaware. Delaware law provides well-established principles of corporate governance. The directors believe that Delaware law will provide greater efficiency, predictability and flexibility in IMSI's legal affairs than is presently available under California law. Finally, the Board of Directors believes that the reincorporation will help IMSI continue to attract and retain the most capable individuals available to serve as its directors and officers.

The IMSI board of directors approved the reincorporation and recommends that IMSI shareholders vote FOR the proposal to reincorporate in Delaware.

IMSI is also seeking authority to effectuate a reverse one for two stock split of IMSI common stock. The principal reason for a reverse stock split is would be to increase the per share trading price of IMSI common stock. The Board of Directors and management of IMSI believe it is important to maintain a strong stock price to heighten interest in IMSI in the financial community and potentially broaden the pool of investors that may consider investing in IMSI which could increase the trading volume and liquidity of our common stock.

If the reverse stock split is approved, the Board will decide whether to effectuate the split based on its determination of the best interests of IMSI, taking into consideration the factors above. If approved and the Board determines that the reverse stock split is in the best interests of IMSI and its shareholders, it is anticipated that the reverse stock split would be effectuated in connection with the reincorporation.

The IMSI board of directors recommends that IMSI shareholders vote FOR the proposal to authorize the board to effectuate the reverse stock split.

In addition to the reincorporation proposal and reverse stock split, an amendment of the 2004 Incentive Stock Option Plan (the "Option Plan") that will result in the addition of 6,500,000 shares of common stock options to the Option Plan (before giving effect to the reverse one for two stock split), will be considered at the special meeting

The IMSI board of directors recommends that IMSI shareholders vote FOR the proposal to amend the Option Plan.

Following the reincorporation, IMSI plans to acquire AccessMedia Networks, Inc. ("AccessMedia") in a merger. 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. Because it is anticipated that the AccessMedia Acquisition will be completed promptly following completion of the reincorporation, the attached Proxy Statement provides detailed information regarding AccessMedia and the terms of the acquisition.

The Internet media industry continues to gather momentum. It is becoming clear that much of the interest in Internet media companies spawned in the late 1990s is being validated by the growth in Internet-based offerings and usage. The reach and scale of the Internet coupled with user acceptance of the Internet as a platform for media delivery, has led to a number of highly successful companies. Further, the proliferation of broadband access and media delivery devices has made Internet-based media offerings accessible and affordable to all.

AccessMedia's technology revolves around its rights to "virtual set top box" software. This virtual set top box delivers an Internet-based, multi-channel offering of content and entertainment as viewers increasingly demand -- what, where and when they want. The virtual set top box, offered by AccessMedia, accessible at www.accessmedia.tv, allow viewers to search, access and organize the growing volumes of high quality content existing on the Internet. These capabilities span AccessMedia's proprietary media library, media under license, and media readily available on the Internet.

The crisp signals available by virtue of the virtual set top box offered by AccessMedia and widespread broadband adoption equates to an experience similar to that of cable television, with a broader choice of content and greater flexibility. People more and more utilize their computer to access media content and entertainment. The virtual set top box offered by AccessMedia combines content, quality and interactivity, in a format as simple to use as television. Viewers increasingly seek to control their experience - content, timing, and advertising. The virtual set top box available from AccessMedia allows a viewer to customize his view to accommodate his specific tastes, including channel preferences and parental controls. Importantly, advertisers recognize the benefits from a viewer choosing 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 is led by Internet entrepreneurs Nolan Quan, Sanger Robinson, Bruce K. Mulhfeld, and Robert Gould and their team of experienced Internet experts. Since the inception of the Internet, this team has been one of the foremost innovators of technologies, marketing, and advertising strategies for Internet-based consumer media offerings, and until now this team has operated in a private company environment. Additionally, this team has been a leader in providing web site development, traffic, database management, and hosting for many of the largest worldwide media companies. With the broad acceptance of the Internet and the belief that the Internet will become the principal method by which media is delivered, this team has agreed to bring AccessMedia, its related technologies, marketing strategies, advertising strategies, and content, into IMSI.

IMSI believes that the AccessMedia acquisition offers a unique opportunity to enter into the highly scalable Internet media industry. The underlying growth in the Internet media industry, coupled with AccessMedia's high margin product offerings, innovative marketing strategies and exceptional management team, should combine to provide IMSI with substantial growth and profit opportunities, creating significant shareholder value. IMSI expects this substantial revenue growth and positive cash flow to begin almost immediately after the AccessMedia launch. Additionally, AccessMedia's content and entertainment offerings can be readily adapted for changing user preferences, which should result in low customer acquisition costs and long-term recurring revenue streams.

IMSI and AccessMedia have entered into a merger agreement. Under the terms of that 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 stockholders, representing approximately 49.3% 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 stockholders if AccessMedia achieves certain revenue milestones prior to December 31, 2008 (subject to certain extensions as provided in the AccessMedia Merger Agreement), representing approximately 68.2% in the aggregate to be held by former AccessMedia stockholders.

AccessMedia stockholders will be entitled to receive 1.16 share of common stock of IMSI (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 2.56 shares of common stock of IMSI (before giving effect to the reverse one for two stock split) 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 AccessMedia Merger Agreement).

IMSI intends to effectuate the merger of IMSI and AccessMedia after the reincorporation of IMSI in Delaware. If the reincorporation is not approved, the Board of Directors of IMSI intends to restructure the AccessMedia Acquisition in order to complete it another way. However, we cannot assure you that these efforts would be successful. The obligations of AccessMedia and IMSI to complete the merger are subject to the satisfaction or waiver of several conditions. More information about AccessMedia, IMSI, Broadcaster and the merger is contained in this proxy statement.

The IMSI board of directors approved the AccessMedia Merger Agreement and the acquisition of AccessMedia. Under Delaware law, if the reincorporation is approved and completed prior to the AccessMedia Acquisition, the IMSI shareholders will NOT have the right to vote on the AccessMedia Acquisition.

In addition to the reincorporation proposal and reverse stock split, an amendment of the 2004 Incentive Stock Option Plan (the "Option Plan") that will result in the addition of 6,500,000 shares of common stock options to the Option Plan (before giving effect to the reverse one for two stock split), will be considered at the special meeting

The reincorporation proposal, reverse stock split and amendment to the Option Plan will be voted on at the special meeting of IMSI shareholders on [January _____, 2006], at 10 A.M., local time, at [_____], California.

We encourage you to read this proxy statement/prospectus, including the section entitled "Risk Factors" beginning on page before voting.

Your vote is very important, regardless of the number of shares you own. Whether or not you plan to attend the special 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 special meeting of IMSI and to vote your shares in person.

I enthusiastically support the proposals and join IMSI's board of directors in recommending that you vote FOR the aforementioned proposals.

Sincerely,

Martin Wade, III
Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this proxy statement/prospectus or determined whether this proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This proxy statement is dated December [___], 2005, and is first being mailed to shareholders on or about December [___], 2005.

The following Notice of Special Meeting of Stockholders was sent by IMSI on December [_____], 2005:

INTERNATIONAL MICROCOMPUTER SOFTWARE, INC.
100 Rowland Way
Suite 300
Novato, CA 94945
(415 878-4000)

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held on January [_____], 2006

TO THE STOCKHOLDERS OF INTERNATIONAL MICROCOMPUTER SOFTWARE, INC.:

Notice is hereby given that a special meeting of shareholders of International Microcomputer Software, Inc., a California corporation ("IMSI"), will be held January [_____], 2006, at 10 A.M., local time, at [_____], California, for the following purposes:

1. to consider and vote on a proposal to change the state of incorporation of IMSI from California to Delaware by merging IMSI with and into Broadcaster, Inc., a wholly owned subsidiary of IMSI that is incorporated under the laws of Delaware, referred to as the Reincorporation Proposal, which reincorporation will cause certain changes to IMSI's articles of incorporation and by-laws including a name change to Broadcaster, Inc., all of which is more fully set out in the accompanying proxy statement;
2. to authorize the IMSI Board of Directors to effectuate a reverse one for two stock split of the IMSI common stock;
3. to approve an amendment of the 2004 Incentive Stock Option Plan that will result in the addition of 6,500,000 shares of common stock options to the plan (before giving effect to the reverse one for two stock split);
4. to approve any adjournments of the meeting to another time or place, as necessary or appropriate in the judgment of the proxy holders; and
5. to transact any other business as may properly come before the meeting or any adjournments or postponements thereof.

Included herein is a proxy statement that describes in more detail the matters to be considered at the special meeting, including the reincorporation.

The IMSI board of directors has fixed the close of business on [_____] , 2005 as the record date for the determination of shareholders entitled to notice of, and to vote at, this special 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.

We cannot complete the reincorporation unless a quorum is present at the special meeting and the Reincorporation Proposal receives a majority of shares of IMSI common stock outstanding as of the record date for the special meeting. We cannot complete the other proposals unless a quorum is present at the special meeting and the other proposals are approved by the requisite number of shares of IMSI common stock outstanding as of the record date for the special meeting.

By order of the Board of Directors,

Robert O'Callahan
Chief Financial Officer and Corporate Secretary
Novato, California
December [__], 2005

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ADDITIONAL INFORMATION

This document incorporates important business and financial information about IMSI from documents that IMSI has filed with the Securities and Exchange Commission and that have not been included in or delivered with this document. Also, please see “Where You Can Find More Information” on page of this proxy statement/prospectus.

International Microcomputer Software, Inc.

International Microcomputer Software, Inc., which we refer to as IMSI, will provide you with copies of documents relating to IMSI that are incorporated by reference in this proxy statement/prospectus, without charge, upon written or oral request to:

INTERNATIONAL
MICROCOMPUTER SOFTWARE,
INC.
100 Rowland Way
Suite 300
Novato, CA 94945
(415) 878-4000

The incorporated information also is available to investors via IMSI’s website, www.imsisoft.com. Information included in IMSI’s website is not incorporated by reference in this proxy statement/prospectus.

In order for you to receive timely delivery of the documents in advance of the IMSI special meeting, we should receive your request for additional information no later than [_____] , 2005.

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Annex A - Reincorporation Agreement

Annex B - Certificate of Incorporation of IMSI Delaware

Annex C - Bylaws of IMSI Delaware

Annex D - AccessMedia Agreement and Plan of Merger

Annex E - Form of Voting Agreements

Annex F - Form of Joint Operating Agreement

Annex G - Opinion of Deson & Co.

Annex H - Financial Statements of AccessMedia Networks, Inc.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

In this document we have made forward-looking statements in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on our estimates and assumptions and are subject to a number of risks and uncertainties. Forward-looking statements include statements about the consummation of the pending reincorporation and AccessMedia acquisition (see, for example, the information under the following captions: "Summary - Summary of the Reincorporation," "Reincorporation in Delaware - Principal Reasons for the Reincorporation," "Reincorporation in Delaware - Certain Possible Disadvantages," "The AccessMedia Acquisition - Opinion of IMSI's Financial Advisor," "Summary - Summary of the AccessMedia Acquisition," "The AccessMedia Acquisition - IMSI's Reasons for the Merger" and "The AccessMedia Acquisition - Opinion of IMSI's Financial Advisor"). Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "estimates," "expects," "hopes," "targets" or similar expressions. For each of these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Forward-looking statements are not guarantees of performance. The future results of the combined company could be affected by subsequent events and could differ materially from those expressed in the forward-looking statements. If future events and actual performance differ from our assumptions, our actual results could vary significantly from the performance projected in the forward-looking statements. Except for ongoing obligations to disclose material information under the federal securities laws, we undertake no obligation to disclose any revisions to any forward-looking statements or to report events or circumstances after the date of this document.

You should understand that any number of factors could cause those results to differ materially from those expressed in the forward-looking statements, including the following factors:

- the risk that the reincorporation might not be completed in a timely manner or at all;
- the risk that the AccessMedia Acquisition might not be completed in a timely manner or at all;
- diversion of IMSI management's attention;
- the risk of a material adverse effect on IMSI; or
- other factors noted in this document.

Before making your decision regarding the reincorporation, you should be aware that the occurrence of the events described above, described under "Risk Factors" beginning on page of this proxy statement/prospectus and elsewhere in this proxy statement/prospectus could adversely affect the business, operating results or financial conditions contemplated by such forward looking statements.

QUESTIONS & ANSWERS ABOUT THE REINCORPORATION

Q: Why am I receiving this document?

A: IMSI is proposing to reincorporate IMSI in the State of Delaware. Through the reincorporation, the state of incorporation of IMSI would be changed from California to Delaware. To accomplish the reincorporation, IMSI has entered into an Agreement and Plan of Merger (the "Reincorporation Agreement") providing for the merger of IMSI with and into Broadcaster, Inc., a wholly owned subsidiary of IMSI that has recently been formed pursuant to the Delaware General Corporation Law, or DGCL, for this purpose. A copy of the Reincorporation Agreement is attached to this document as Annex A and incorporated herein by reference. You should carefully read this document.

In order for the reincorporation to be completed, IMSI shareholders holding a majority of the outstanding shares of IMSI common stock must vote to adopt the Reincorporation Agreement and approve the reincorporation.

IMSI will hold a special meeting of its shareholders to seek this approval. This document contains important information about the reincorporation and the special meeting of IMSI's shareholders. You should read it carefully. The enclosed voting materials allow you to vote your shares of IMSI common stock without attending the special meeting of shareholders.

If the reincorporation proposal is approved and IMSI is reincorporated in Delaware as Broadcaster, it is anticipated that shortly following the reincorporation ACCM Acquisition Corp. and Broadcaster will acquire AccessMedia Networks, Inc. ("AccessMedia") under the terms of the AccessMedia Merger Agreement which is described in detail in this document, and as a result the business of Broadcaster will include the business of AccessMedia. A copy of the AccessMedia Merger Agreement is attached to this document as Annex D. You should carefully read this document.

For specific information regarding the AccessMedia Merger Agreement, see "The AccessMedia Merger Agreement" beginning on page of this document.

Q: What will happen in the reincorporation?

A: Pursuant to the terms of the Reincorporation Agreement, IMSI will merge with and into Broadcaster, Inc., a wholly owned subsidiary of IMSI that has recently been formed pursuant to the Delaware General Corporation Law, or DGCL, for this purpose. IMSI before the merger is sometimes referred to as IMSI California and IMSI after the merger is sometimes referred to as IMSI, Broadcaster or IMSI Delaware. IMSI's name after the merger will be changed to Broadcaster, Inc. When the reincorporation becomes effective, each share of IMSI California's common stock will become one share of Broadcaster common stock.

Q: Why is IMSI proposing to reincorporate in Delaware?

A: The Board of Directors has determined that it is in the best interests of IMSI and its shareholders to reincorporate in the State of Delaware. Delaware law provides well-established principles of corporate governance. The directors believe that Delaware law will provide greater efficiency, predictability and flexibility in IMSI's legal affairs than is presently available under California law. Finally, the Board of Directors believes that the reincorporation will help IMSI continue to attract and retain the most capable individuals available to serve as its directors and officers.

Q: What will be the effect on IMSI shareholders if the reincorporation occurs?

A: Following the closing, every share of IMSI California common stock will be combined into and become one share of IMSI Delaware common stock and the rights and privileges of the IMSI Delaware stockholders will be governed by Delaware law, some of the difference of which are explained later in this document. Under Delaware law, if the reincorporation is approved and completed prior to the AccessMedia Acquisition, the IMSI shareholders will NOT have the right to vote on the AccessMedia Acquisition and will not be entitled to appraisal rights in connection with the AccessMedia Acquisition.

Q: Will I be entitled to vote on the Reincorporation Agreement and the reincorporation?

A: Yes. IMSI will hold a special meeting of its shareholders to seek this approval. This document contains important information about the reincorporation and the special meeting of IMSI's shareholders. You should read it carefully. The enclosed voting materials allow you to vote your shares of IMSI common stock without attending the special meeting of shareholders.

Q: Will I have appraisal rights if I dissent from the reincorporation?

A: No, you will not have appraisal rights. California law does not provide for appraisal rights in such situations.

Q: When do you expect the reincorporation to be completed?

A: We are working toward completing the reincorporation as quickly as practicable after the special meeting of shareholders. We currently expect to complete the reincorporation in the first quarter of 2006. However, we cannot predict the exact timing of the completion of the reincorporation.

Q: Where will the shares of IMSI common stock be quoted?

A: IMSI common stock will continue to be quoted on The OTC Bulletin Board under the symbol "IMSI.OB." Upon approval of the reincorporation, IMSI will submit an application to effectuate a symbol change from "IMSI.OB" to a symbol reflecting the name "Broadcaster, Inc."

QUESTIONS & ANSWERS ABOUT THE REVERSE STOCK SPLIT

Q: What will happen in the one for two reverse stock split?

A: If the Board of directors determined that it is in the best interests of IMSI and its shareholders, when the reverse stock split is effectuated, every two shares of IMSI common stock will be combined into and become one share of common stock.

Q: Why is IMSI seeking authorization to effectuate the reverse stock split?

A: The Board of Directors and management of IMSI believe it important to maintain a strong stock price to heighten interest in IMSI in the financial community and potentially broaden the pool of investors that may consider investing in IMSI which could increase the trading volume and liquidity of our common stock.

Q: What if I do not have an even number of shares?

A: Shareholders who otherwise would be entitled to receive fractional shares will, upon surrender of their certificate representing such shares, be entitled to a cash payment in lieu thereof using a per share price equal to the average closing prices of IMSI common stock during the twenty (20) trading days ending on the trading day immediately prior to the date on which the reverse split becomes effective.

Q: How do I exchange my certificate?

A: As soon as practicable after the effective time of the reverse stock split, a letter of transmittal will be sent to shareholders of record as of the effective time for purposes of surrendering to the exchange agent certificates representing pre-reverse stock split shares in exchange for certificates representing post-reverse stock split shares in accordance with the procedures set forth in the letter of transmittal. No new certificates will be issued to a shareholder until such shareholder has surrendered such shareholder's outstanding certificate(s), together with the properly completed and executed letter of transmittal, to the exchange agent. Shareholders who do not have stock certificates for surrender and exchange will have their accounts automatically adjusted in order to reflect the number of shares of common stock they hold as a consequence of the reverse stock split.

QUESTIONS & ANSWERS ABOUT THE OPTION PLAN AMENDMENT

Q: What will happen in the amendment to the Option Plan?

A: The number of shares for which options may be granted under the Option Plan will be increased by an additional six million five hundred thousand (6,500,000) shares (before giving effect to the reverse 1-for-2 stock split) or three million two hundred fifty thousand (3,250,000) shares (after giving effect to the reverse 1-for-2 stock split) of common stock.

Q: Why is IMSI proposing to amend the Option Plan?

A: The Board of Directors deems it is in the best interests of IMSI and its shareholders to increase the number of shares for which options may be granted under the Option Plan for the purpose of continuing to provide stock options to employees, directors and other valued contributors to IMSI and to attract and retain highly qualified employees.

QUESTIONS & ANSWERS ABOUT THE ACCESSMEDIA ACQUISITION

Q: Why am I receiving information regarding the acquisition of AccessMedia?

A: It is anticipated that shortly following the reincorporation, AccessMedia and IMSI will merge under the terms of the AccessMedia Merger Agreement that is described in this document. Thereafter the business of IMSI will include the business of AccessMedia. A copy of the AccessMedia Merger Agreement is attached to this document as Annex D. You should carefully read this document.

For specific information regarding the AccessMedia Merger Agreement, see "The AccessMedia Merger Agreement" beginning on page of this document.

Q: What will happen in the AccessMedia acquisition?

A: The businesses of AccessMedia and IMSI will be combined in a stock merger transaction. At the closing, ACCM Acquisition Corp., a newly formed, wholly-owned subsidiary of Broadcaster, Inc. (formerly IMSI) will merge with AccessMedia, with AccessMedia surviving the merger as a wholly-owned subsidiary of Broadcaster.

Q: Why are AccessMedia and IMSI proposing to merge?

A: AccessMedia and IMSI are proposing to merge to create a combined company that the parties hope to grow into 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 the Internet marketing experience of AccessMedia's management team, with IMSI's strong balance sheet and experienced public company management.

Q: What will be the effect on IMSI shareholders if the AccessMedia acquisition occurs?

A: Under the terms of the AccessMedia 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 stockholders, representing approximately 49.3% 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 stockholders if AccessMedia achieves certain revenue milestones prior to December 31, 2008 (subject to certain extensions as provided in the AccessMedia Merger Agreement), representing approximately 68.2% in the aggregate to be held by former AccessMedia stockholders.

Q: What will be happen to IMSI's current businesses if the AccessMedia acquisition occurs?

A: Following the AccessMedia acquisition, IMSI will continue to conduct its existing lines of business and will conduct the AccessMedia business as a separate line of business. IMSI and its Board of Directors will continue to consider the best way to maximize the value of IMSI's existing businesses, which could include selling or spinning off one or more of such businesses, or continuing to operate them in the ordinary course. While the Board continues to consider opportunities, it has not specifically considered, approved or acted on any proposals to discontinue or divest any of IMSI's current businesses.

Q: Will I be entitled to vote on the adoption of the AccessMedia Merger Agreement and the acquisition of AccessMedia?

A: No. It is anticipated that shortly following the reincorporation AccessMedia and IMSI Delaware will merge under the terms of an AccessMedia Merger Agreement that is described in this document and the business of IMSI Delaware will include the business of AccessMedia. Under Delaware law, if the reincorporation is approved and completed prior to the AccessMedia Acquisition, the IMSI shareholders will NOT have the right to vote on the AccessMedia Acquisition.

Q: Will I have appraisal rights if I don't support the AccessMedia acquisition?

A: No, you will not have appraisal rights. It is anticipated that shortly following the reincorporation AccessMedia and IMSI will merge under the terms of an AccessMedia Merger Agreement that is described in this document Under Delaware law, if the reincorporation is approved and completed prior to the AccessMedia Acquisition, the IMSI shareholders will NOT have the right to vote on the AccessMedia Acquisition.

Q: When do you expect the acquisition to be completed?

A: We are working toward completing the acquisition as quickly as practicable after the special meeting of shareholders and after the reincorporation. We currently expect to complete the acquisition in the first quarter of 2006. However, we cannot predict the exact timing of the completion of the acquisition.

QUESTIONS & ANSWERS ABOUT VOTING AT THE SPECIAL MEETING

Q: How do I cast my vote?

A: There are several ways your shares can be represented at the special meeting of shareholders. You can attend the special meeting of shareholders in person, or you can indicate on the enclosed proxy card how you want to vote and return it in the accompanying pre-addressed postage paid envelope. It is important that you sign, date and return each proxy card and voting instruction card you receive as soon as possible. You may choose to vote in person even if you have previously sent in your proxy card.

Q: If my broker holds my shares in “street name,” will my broker vote my shares?

A: If you hold shares in a stock brokerage account or if your shares are held by a bank or nominee (in “street name”), that broker, bank or nominee is the record holder, and you must provide the record holder of your shares with instructions on how to vote your shares. You should follow the directions provided by your broker or nominee regarding how to instruct your broker to vote your shares. However, if you do not instruct your broker how to vote your shares, it will be equivalent to voting against the proposals.

Q: What if I do not vote?

A: If you do not submit a proxy or attend the special meeting of shareholders, it will have the same effect as a vote against the reincorporation and other proposals, and your shares will not be counted as present for purposes of determining a quorum.

If you submit a proxy and affirmatively elect to abstain from voting, your proxy will be counted as present for the purposes of determining the presence of a quorum, but will not be voted at the special meeting. As a result, your abstention will have the same effect as a vote against the proposals.

Q: Can I change my vote after I have delivered my proxy?

A: Yes. You can change your vote at any time before your proxy is voted at the special meeting of shareholders. You can do this in one of three ways:

· you can send a written notice of revocation;

· you can grant a new, valid proxy; or

· if you are a holder of record, you can attend the special meeting of shareholders and vote in person; however, your attendance alone will not revoke your proxy.

If you choose either of the first two methods, you must submit your notice of revocation or your new proxy to the IMSI corporate secretary before the special meeting of shareholders. However, if your shares are held in a street name at a brokerage firm or bank, you should contact your brokerage firm or bank to change your vote.

Q: What if I do not indicate how to vote on my proxy card?

A: If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote FOR the proposals.

Your vote is important. We encourage you to vote as soon as possible.

For specific information regarding the reincorporation, see “The Reincorporation” beginning on page of this document.

Q: What do I need to do now?

A: You should carefully read and consider the information contained in this document, including the annexes. Then, please take the time to vote by completing and mailing the enclosed proxy card or voting instruction card.

Q: Who can help answer my questions?

A: If you have additional questions about the matters described in this document or how to submit your proxy, or if you need additional copies of this document, you should contact:

International Microcomputer Software, Inc.
Attn: Investor Relations
100 Rowland Way
Suite 300
Novato, CA 94945
(415) 878-4000

You may also obtain additional information about IMSI from documents filed with the Securities and Exchange Commission by following the instructions in the section entitled “Where You Can Find More Information” on page of this document.

SUMMARY OF PROXY STATEMENT/PROSPECTUS

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 reincorporation and the other matters being considered at the special meeting of shareholders. See also "Where You Can Find More Information" on page 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.

IMSI has called a Special Meeting of Shareholders for the purpose of considering and voting upon the following matters (i) to approve a proposal to reincorporate IMSI from California to Delaware; (ii) to authorize the Board of Directors of IMSI to effect a one for two reverse stock split; and (iii) to approve an amendment to the 2004 Incentive Stock Option Plan to add 6,500,000 shares to the Plan. IMSI has signed a merger agreement with AccessMedia Networks, Inc. ("AccessMedia") pursuant to which it plans to merge with AccessMedia promptly following completion of the reincorporation. While under Delaware law, if the reincorporation is approved and completed prior to the AccessMedia Acquisition the IMSI shareholders will not be entitled to vote on the AccessMedia acquisition, AccessMedia will become an important part of IMSI following completion of the acquisition. As a result, this proxy statement/prospectus includes a detailed description of AccessMedia and its business.

SPECIAL MEETING OF IMSI SHAREHOLDERS (SEE PAGE OF THIS DOCUMENT)

The special meeting of the IMSI shareholders will be held on [January ____, 2006, at 10 A.M. local time, at _____] California. At the IMSI special meeting of shareholders, IMSI shareholders will be asked to vote on a proposal to, among other things, adopt the Reincorporation Agreement, approve the reincorporation and the amendment to the 2004 Incentive Stock Option Plan and to approve an adjournment of the special meeting, as necessary or appropriate in the judgment of the proxy holders, for the purpose of soliciting additional proxies if there are not sufficient votes to approve the proposals.

SUMMARY OF THE REINCORPORATION ((SEE PAGE OF THIS DOCUMENT)

The Board of Directors believes that it is in the best interests of IMSI and its shareholders to obtain the advantages offered by Delaware law and seeks approval to change the state of incorporation of IMSI from California to Delaware. If approved, the reincorporation will be accomplished by merging IMSI into Broadcaster, Inc, a recently formed wholly-owned subsidiary of IMSI incorporated in Delaware ("IMSI Delaware"). After the merger of IMSI into IMSI Delaware (the "Reincorporation Merger"), the separate corporate existence of IMSI will cease and IMSI Delaware will be the surviving corporation and will continue to operate the business of IMSI under the name Broadcaster, Inc. The reincorporation itself will not result in any change in the business, management or personnel, fiscal year, financial condition or location of the headquarters or other facilities of IMSI. The directors elected at the 2005 Annual Meeting will be the directors of IMSI Delaware. IMSI Delaware will continue all stock option plans of IMSI. Each option to purchase shares of IMSI's common stock under these plans will become an option to purchase the same number of shares of IMSI Delaware's common stock at the same price and on the same terms and conditions as is presently the case (subject to adjustment for the stock split discussed below).

We have attached the Reincorporation Agreement as Annex B to this document and incorporate it herein by reference. We encourage you to read the Reincorporation Agreement carefully because it is the legal document that governs the merger and related matters.

The reincorporation is subject to, among other things, adoption of the Reincorporation Agreement and approval of the reincorporation by the shareholders of IMSI. We expect the merger to be completed as soon as practicable after shareholder approval.

The Companies Involved in the Reincorporation

International Microcomputer Software, Inc.

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

International Microcomputer Software, Inc. ("IMSI") has historically operated as a software company. IMSI currently operates in two business segments: (i) computer aided design and precision engineering; and (ii) house plans and architectural drawings.

The acquisition of AccessMedia will accelerate IMSI's transformation from a software company to primarily an Internet media company.

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. This transition proved costly and IMSI suffered large losses that threatened its survival. Beginning in 2000, IMSI underwent a major financial restructuring that focused on the design and graphics software categories and on expanding ArtToday.com.

In June 2003, IMSI sold ArtToday, its wholly owned subsidiary based in Arizona, to Jupitermedia Corporation ("JupiterMedia"). 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 historic core businesses of precision design and consumer software. IMSI's focus has been 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 strengthening our financial results.

As of June 30, 2005, IMSI had 57 full time employees (excluding 33 employees at Allume Systems, who departed in connection with the sale of this business in July 2005). All employees are located in the United States with the exception of one employee in Germany. References in this document to "IMSI" 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.

Broadcaster, Inc.

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

Broadcaster is a recently formed wholly-owned subsidiary of IMSI. Broadcaster was organized solely for the purpose of entering into the Reincorporation Agreement with IMSI and completing the reincorporation of IMSI in Delaware. It has not conducted any business operations and will not do so prior to the completion of the reincorporation. If the reincorporation is completed, IMSI California will cease to exist following its merger with Broadcaster and Broadcaster will continue as the surviving corporation.

Certain Federal Income Tax Considerations of the Reincorporation (see page of this document)

The Reincorporation is intended to constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, pursuant to which no gain or loss will be recognized by shareholders as a result of the reincorporation. If the Reincorporation qualifies as a Section 368 reorganization, then: (i) no gain or loss will be recognized by the IMSI shareholders or by IMSI; (ii) the basis of the IMSI shareholders in their IMSI Delaware common Stock will be the same as the basis in their IMSI common stock; and (iii) the holding period of the IMSI shareholders in their IMSI Delaware common stock will include the period for which they held their IMSI common stock, provided the IMSI common stock was a capital asset in the hands of the shareholder at the time of the Reincorporation. IMSI has not and does not intend to obtain an opinion that, for federal income tax purposes that the Reincorporation will qualify under Section 368 of the Internal Revenue Code and that no gain or loss will be recognized by IMSI shareholders as a result of the Reincorporation. Accordingly, IMSI shareholders are urged to consult their own tax advisors as to the tax consequences as a result of the reincorporation, including the applicable Federal, state, local and foreign tax consequences.

Required Stockholder Approval for the Reincorporation (see page of this document)

Adoption of the Reincorporation Agreement and approval of the reincorporation require the affirmative vote of the holders of at least a majority of the outstanding shares of IMSI common stock. If IMSI shareholders do not adopt the Reincorporation Agreement and approve the reincorporation, the merger will not be completed.

SUMMARY OF THE PROPOSED REVERSE STOCK SPLIT (SEE PAGE OF THIS DOCUMENT)

IMSI's Board of Directors is seeking authority to effectuate a one-for-two stock split in which each two (2) outstanding shares of IMSI's common stock, no par value, will become one (1) share of IMSI's common stock, \$0.001 par value per share. If approved and implemented by the Board of Directors, each stock certificate representing outstanding shares of IMSI's common stock will then represent a number of shares of IMSI's common stock adjusted to reflect the one-for-two stock split.

Required Stockholder Approval for the Reverse Stock Split (see page of this document)

Approval of the proposal to authorize the Board of Directors to effectuate a reverse one for two stock split requires the affirmative vote of a majority of the outstanding shares of IMSI common stock. **The reverse stock split will not be completed unless IMSI shareholders approve the Reverse Stock Split Proposal and the Board of Directors determines it is in the best interests of IMSI and its shareholders. It is anticipated that, if effected, the reverse stock split would be completed with the reincorporation to Delaware.**

SUMMARY OF THE PROPOSED AMENDMENT TO THE OPTION PLAN (SEE PAGE OF THIS DOCUMENT)

IMSI's Board of Directors proposes to amend of the 2004 Incentive Stock Option Plan which will result in the addition of 6,500,000 shares of common stock options to the plan (before giving effect to the reverse one for two stock split).

Required Stockholder Approval for the Amendment to the Option Plan (see page of this document)

Approval of the proposal for approval of the amendment of the 2004 Incentive Stock Option Plan requires the affirmative vote of a majority of the outstanding shares of IMSI common stock. **The increase in the 2004 Stock Option Plan will not be completed unless IMSI shareholders approve the Stock Plan Increase Proposal.**

SUMMARY OF THE ACCESSMEDIA ACQUISITION (SEE PAGES AND OF THIS DOCUMENT)

It is anticipated that shortly following the reincorporation, AccessMedia and IMSI Delaware will merge under the terms of an AccessMedia Merger Agreement that is described in this document and the business of Broadcaster, Inc. will thereafter include the business of AccessMedia. AccessMedia and IMSI Delaware have agreed to the combination of AccessMedia and IMSI Delaware under the terms of the AccessMedia Merger Agreement described in this document. We have attached the AccessMedia Merger Agreement as Annex D to this document and incorporate it herein by reference. We encourage you to read the AccessMedia Merger Agreement carefully because it is the legal document that governs the acquisition of AccessMedia and related matters.

Under the terms of the AccessMedia 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 Delaware. We expect the merger to be completed in the first quarter of 2006.

The Companies That Are the Subject of the AccessMedia Acquisition

AccessMedia Networks, Inc.

9201 Oakdale Avenue
Northridge, CA 91311
(323) 988-0754

AccessMedia is a platform for delivering real-time and interactive media over the Internet. AccessMedia's delivers media content through its licensed "virtual set top box" technology. Coupled with its management's marketing experience, 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, Northridge, CA 91311, and its telephone number is (323) 988-0754. Audited financial statements for the periods ending December 31, 2004 are attached hereto as Annex H and unaudited financial statements are set forth on page 19 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 AccessMedia 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 of this document)

Under the terms of the AccessMedia 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 stockholders, representing approximately 49.3% 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 stockholders if AccessMedia achieves certain revenue milestones prior to December 31, 2008 (subject to certain extensions as provided in the AccessMedia Merger Agreement), representing a maximum of approximately 68.2% in the aggregate to be held by former AccessMedia stockholders.

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

In connection with the AccessMedia 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 AccessMedia 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 F 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 AccessMedia Merger Agreement - Obligation to Fund Working Capital Requirements of AccessMedia” beginning on page of this document.

Additions To the IMSI Board of Directors (see page 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 stockholders’ representative and who shall be appointed to IMSI’s board of directors.

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 stockholders 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 stockholders in such numbers as would represent a majority of the board of directors of IMSI.

Voting Agreements for Election of IMSI Directors (see page 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 August 8, 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 stockholders 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 stockholder's right to have certain individuals designated by the representative of the AccessMedia stockholders).

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

IMSI’s board of directors has determined that the AccessMedia Merger Agreement, the acquisition of AccessMedia and the other transactions contemplated by the AccessMedia Merger Agreement are advisable, that it is in the best interests of IMSI and its shareholders that IMSI enter into the AccessMedia Merger Agreement and consummate the acquisition, and that the AccessMedia 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 AccessMedia Merger Agreement and the acquisition of AccessMedia, see “The Merger - IMSI’s Reasons for the Merger” beginning on page of this document and “The Acquisition - Recommendations of IMSI’s Board of Directors” beginning on page of this document.

Opinion of IMSI’s Financial Advisor (see page 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 G to, and is incorporated by reference in, this document. You should carefully read the opinion in its entirety.

Interests of Deson & Co. (see page 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 Sean Deson may receive compensation from Baytree or Michael Gardner related to the Merger in addition to compensation received from IMSI. While Sean Deson does not personally own shares of IMSI, Sean 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 of this document)

Under the terms of its engagement IMSI has agreed to pay Baytree, as a result of the AccessMedia Acquisition, a fee of 5% of the aggregate value of the closing consideration to be paid to the former AccessMedia stockholders, payable in IMSI shares, for services delivered in connection with the AccessMedia Acquisition, 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 of this document)

Completion of the acquisition depends upon the satisfaction or waiver, where permitted by the AccessMedia 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 AccessMedia Merger Agreement by AccessMedia stockholders;
- absence of any law, regulation or court order prohibiting the merger;
- the representations and warranties in the AccessMedia 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 AccessMedia 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 stockholders' representative to IMSI's board of directors.

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

The AccessMedia 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 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 AccessMedia Merger Agreement (see page of this document)

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

Termination Fee and Expenses (see page of this document)

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

Interests of IMSI Directors and Executive Officers in the Merger (see page 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 AccessMedia Acquisition 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 AccessMedia Merger and AccessMedia's achievement of certain revenue milestones.

Gordon Landies, President of IMSI, and Robert O'Callahan, Chief Financial Officer of IMSI, have employment agreements with IMSI that will or may entitle them to receive cash payments upon the completion of the AccessMedia Acquisition.

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

Appraisal Rights (see page of this document)

It is anticipated that the reincorporation of IMSI in Delaware will occur prior to the closing of the AccessMedia Acquisition. Under Delaware law, if the reincorporation is approved and completed prior to the AccessMedia Acquisition, the IMSI shareholders will NOT have the right to vote on the AccessMedia Acquisition and therefore will not be entitled to appraisal rights.

Accounting Treatment of the AccessMedia Acquisition (see page 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 2, "Preliminary Purchase Price" to the "Notes to Unaudited Pro Forma Combined Condensed Financial Statements" beginning on page .

Material United States Tax Consequences of the AccessMedia Acquisition (see page 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 AccessMedia Merger, including the applicable Federal, state, local and foreign tax consequences.

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 three month period ended September 30, 2005 have been derived from IMSI's unaudited consolidated financial statements. IMSI's selected unaudited interim financial data included in this proxy statement/prospectus 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/prospectus. See "Where You Can Find More Information" beginning on page and "Incorporation of Certain Documents by Reference" beginning on page .

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

	Three Months Ended September 30 2005	Year Ended June 30,	
		2005	2004
REVENUES			
Software	\$2,246	\$9,527	\$8,831
Internet	1,719	4,347	1,186
Total net revenues	3,965	13,874	10,017
COSTS AND EXPENSES			
Product costs	1,455	4,881	3,650
Sales and marketing	1,531	6,465	4,428
General and administrative	1,425	4,857	3,677
Research and development	435	1,696	2,039
Total costs and expenses	4,846	17,899	13,794
Operating loss	(881)	(4,025)	(3,777)
Interest and other, net	(69)	(91)	65
Realized / unrealized gain (loss) on marketable securities	(158)	(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	(843)	2,035	2,000
Income tax provision	-	(25)	(38)

Net (loss) income	(\$1,951)	(\$1,754)	\$646
Net (loss) income per share - basic and diluted	(\$0.07)	(\$0.06)	\$0.03
Number of shares used in computing net earnings (loss) per share - basic and diluted	29,689	27,694	23,838

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CONSOLIDATED BALANCE SHEET DATA**(In thousands)****September****30,
2005****June 30,
2005**

Cash and cash equivalents and short term investments in marketable securities	\$11,411	\$5,061
Working capital	9,506	13,428
Total assets	23,603	26,415
Total long term liabilities	200	230
Accumulated deficit	(27,282)	(25,331)
Total shareholders' equity	\$18,121	\$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, 2004 and 2003, have been derived from AccessMedia's audited consolidated financial statements and the data at and for the nine month period ended September 30, 2005 have been derived from AccessMedia's unaudited consolidated financial statements. AccessMedia's selected unaudited interim financial data included in this proxy statement/prospectus 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 and "Incorporation of Certain Documents by Reference" beginning on page .

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

	Nine Months Ended September 30, 2005	Year Ended December 31, 2004	2003
REVENUES			
Total net revenues	\$1,105	\$101	\$0
COSTS AND EXPENSES			
Product costs	1,025	65	2
Sales and marketing	232	8	
General and administrative	1,275	262	10
Research and development	-	-	-
Total costs and expenses	2,532	335	12
Operating loss	(1,428)	(233)	(12)
Interest and other, net	36	16	1
Income tax provision	-	-	-
Net (loss) income	(1,465)	(249)	(13)
Net (loss) income per share - basic and diluted	(\$0.05)	(\$0.01)	(\$0.00)
Number of shares used in computing net earnings (loss) per share - basic and diluted (1)	29,000	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,

**September
30
2005 2004**

Cash and cash equivalents	\$242	\$519
Working capital	(2,020)	(309)
Total assets	40,734	919
Total long term liabilities	162	203
Accumulated deficit	(1,727)	(262)
Total shareholders' equity	\$38,109	(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 three months ended September 30, 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 September 30, 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/prospectus entitled "Special Note Regarding Forward-Looking Statements" beginning on page 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/prospectus and the separate historical consolidated financial statements and accompanying notes of IMSI and AccessMedia incorporated by reference into this proxy statement/prospectus. See the section entitled "Where You Can Find More Information" and "Incorporation of Certain Documents by Reference" beginning on page of this proxy statement/prospectus.

**Unaudited Pro Forma Combined Condensed Statements of
Operations**

**Twelve months ended
June 30, 2005** **Three months ended
September 30, 2005**
(in thousands, except per share data)

Net revenues	\$14,332	\$4,797
Loss from operations	(8,003)	(2,704)
Net loss	(5,779)	(3,792)
Basic net loss per share	(\$0.10)	(\$0.06)
Diluted net loss per share	(\$0.10)	(\$0.06)
Shares used to compute basic earnings per share	59,144	61,139
Shares used to compute basic and diluted net loss per share	59,144	61,139

**Unaudited
Pro Forma Combined
Condensed
Consolidated Balance Sheet
As of
September 30, 2005
(in thousands)**

Balance Sheet Data:

Cash, cash equivalents and short-term investments	\$11,653
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Working capital	6,771
Total assets	56,796
Long-term liabilities	4,049
Total stockholders' equity	44,287

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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/prospectus, and the separate historical consolidated financial statements of IMSI and AccessMedia and the accompanying notes incorporated by reference into this proxy statement/prospectus. 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 income (loss) in thousands

Historical
(Twelve months ended June 30, 2005)

	IMSI	AccessMedia (2)	Pro Forma Combined Company
Net loss:	(\$1,754)	(\$677)	(\$5,779)
Basic net loss per share	(\$0.06)	(\$0.02)	(\$0.10)
Diluted net loss per share	(\$0.06)	(\$0.02)	(\$0.10)
Book value per share at period end ⁽¹⁾	\$0.63	\$0.61	\$0.74
Cash dividends declared per share	\$0.00	\$0.00	\$0.00

Net income (loss) in thousands

Historical
(Three months ended September 30, 2005)

	IMSI	AccessMedia (2)	Pro Forma Combined Company
Net income (loss):	(\$1,951)	(\$1,004)	(\$3,792)
Basic earnings (loss) per share	(\$0.07)	(\$0.03)	(\$0.06)
Diluted earnings (loss) per share	(\$0.07)	(\$0.03)	(\$0.06)
Book value per share at period end ⁽¹⁾	\$0.61	\$1.21	\$0.72
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

Shares of IMSI common stock are quoted on The OTC Bulletin Board under the symbol “IMSI.OB.” The following table sets forth the range of high and low closing prices reported on The OTC Bulletin Board for shares of IMSI common stock for the periods indicated.

	High	Low
Fiscal 2003		
First Quarter	\$1.01	\$0.64
Second Quarter	\$0.79	\$0.51
Third Quarter	\$0.67	\$0.43
Fourth Quarter	\$0.85	\$0.40
Fiscal 2004		
First Quarter	\$1.45	\$0.73
Second Quarter	\$1.50	\$1.00
Third Quarter	\$1.77	\$1.10
Fourth Quarter	\$1.72	\$1.11
Fiscal 2005		
First Quarter	\$1.29	\$0.96
Second Quarter	\$1.20	\$0.77
Third Quarter	\$1.40	\$1.02
Fourth Quarter	\$1.40	\$1.07
Fiscal 2005		
First Quarter	\$1.49	\$1.00
Second Quarter	\$___	\$___

As of December 15, 2005, the last trading day before announcement of the proposed acquisition, the closing price per share of IMSI common stock was \$0.97. 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.

RISK FACTORS

By voting in favor of the Reincorporation, you will be choosing to invest in IMSI Delaware common stock. An investment in IMSI Delaware common stock involves a high degree of risk. You should carefully review the "Risk Factors" section of IMSI's Annual Report on Form 10-KSB for the year ended June 30, 2005 and Quarterly Report on Form 10-QSB for the quarter ended September 30, 2005 and incorporated by reference into this proxy statement/prospectus in deciding whether to vote for the Reincorporation Merger. In addition, you should review the risk factors set forth below.

Because it is anticipated that the AccessMedia Acquisition will be completed promptly following completion of the reincorporation, this proxy statement/prospectus provides detailed information regarding AccessMedia and the terms of the acquisition, and risk factors associated with both.

This Information Statement and the documents incorporated by reference into this Information Statement contain forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 with respect to IMSI's and AccessMedia's financial condition, results of operations and business and on the expected impact of the Merger on IMSI's financial performance. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates" and similar expressions identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements. In evaluating the Merger, you should carefully consider the discussion of risks and uncertainties described below and in the documents incorporated by reference into this Information Statement.

Risks Related to the Reincorporation

The rights of IMSI shareholders under Delaware law may not be as favorable as under California law.

Reincorporation in Delaware will alter the rights and powers of shareholders and management, and reduce shareholder participation in certain corporate decisions. In addition, IMSI Delaware could implement additional changes in the future that further alter the rights and powers of stockholders and management. Some of those changes could be effected by amendments to the Delaware Certificate after stockholder approval. Others could be effected by amendments to the Delaware Bylaws without stockholder approval. See "Certain Differences Between The Charter Documents and Applicable Law" beginning on page .

IMSI shareholders will not be entitled to appraisal rights in connection with certain types of transactions such as the AccessMedia Acquisition.

Delaware law does not provide for dissenters' rights with respect to certain types of transactions in which California law does provide such rights, including: (a) a sale of assets or (b) a merger in which the corporation survives and no vote of its stockholders is required to approve the merger. Accordingly, under Delaware law, the IMSI shareholders will not be entitled to dissenters rights with respect to the AccessMedia Acquisition, while, under California Law, the shareholders would have been entitled to such rights. If a large number of IMSI shareholders claimed that they were nevertheless entitled to appraisal rights under California law and a court decided that such shareholders were so entitled, it could deplete IMSI's cash reserves necessary for the ongoing operation of IMSI and its subsidiaries.

Risks Related to the AccessMedia Acquisition

IMSI may be unable to successfully operate its current businesses as well as the AccessMedia business.

After the acquisition, IMSI will continue to operate the AccessMedia business as well as its current businesses. The successful operation of IMSI's current businesses and the AccessMedia business, each as separate lines of business will require significant efforts from management. The challenges involved in operating the combined company's businesses, all of which are largely unrelated, include, but are not limited to, the following:

- retaining and integrating management and other key employees of the combined company;
- effectively managing the diversion of management attention from IMSI's historic businesses;
- allocating the combined company's resources effectively and efficiently across the combined company's various business lines; and
- developing and maintaining uniform standards, controls, procedures, and policies.

The potential benefits of the AccessMedia Acquisition may never be realized.

IMSI and AccessMedia have entered into the merger agreement with the expectation that the acquisition will result in certain benefits, including the belief that AccessMedia's technology and expertise will augment the continued evolution of IMSI's transformation from a software company to primarily an Internet media company and improve the stability of the combined company's revenues. It is not certain that IMSI can successfully operate its current businesses and AccessMedia as separate business units or that any of the anticipated benefits will be realized. Risks from the unsuccessful operation of the separate business units include:

- the potential disruption of the combined company's ongoing business and distraction of its management;
- the risk that it may be more difficult to retain key management, marketing, and technical personnel after the acquisition; and
- the risk that costs and expenditures for retaining personnel and operating multiple largely unrelated businesses are greater than anticipated.

AccessMedia's executive officers and key personnel are critical to its success, and IMSI's failure to retain a team of key personnel in a competitive marketplace may impair its ability to grow the AccessMedia business.

The success of the AccessMedia acquisition depends on IMSI's ability to retain AccessMedia's management team and to attract, assimilate and retain other highly qualified employees, including engineering, technology, marketing, sales and support personnel into a functional team achieving corporate goals. There is substantial competition for highly skilled employees. AccessMedia's key employees are not bound by agreements that could prevent them from terminating their employment at any time. In addition, there is substantial competition for highly skilled employees. If IMSI fails to attract and retain key AccessMedia employees, its business could be harmed.

IMSI and AccessMedia expect to incur significant costs associated with the acquisition.

IMSI estimates that it will incur direct transaction costs of approximately \$2.7 million associated with the acquisition, including direct costs of the acquisition as well as liabilities to be accrued in connection with the acquisition. In addition, AccessMedia estimates that it will incur direct transaction costs of approximately \$100,000 which will be expensed as incurred. IMSI and AccessMedia believe the combined entity may incur charges to operations, which are

not currently reasonably estimable, in the quarter in which the acquisition is completed or the following quarters, to reflect costs associated with the acquisition. There is no assurance that the combined company will not incur additional material charges in subsequent quarters to reflect additional costs associated with the acquisition. If the benefits of the acquisition do not exceed the costs of acquiring AccessMedia, our combined company's financial results may be adversely affected.

Some officers and directors of IMSI have certain conflicts of interest that may influence them to support or approve the acquisition.

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. See "The AccessMedia Merger - Interests of IMSI Directors and Executive Officers in the Merger" beginning on page .

For the above reasons, the directors and officers of IMSI could be more likely to vote to approve or support the terms of the reincorporation than if they did not have these interests. IMSI stockholders should consider whether these interests may have influenced these directors and officers to support or recommend the reincorporation.

After the AccessMedia Acquisition, the holders of IMSI common stock will have less control over corporate actions that require stockholder approval than those holders had over such corporate actions proposed to be taken prior to the AccessMedia Acquisition.

Following the AccessMedia Acquisition, holders of AccessMedia common stock outstanding immediately prior to the acquisition will become holders of IMSI common stock. Those holders will hold approximately 49.3% of outstanding common stock of the combined company after the acquisition and, if AccessMedia achieves certain revenue milestones prior to December 31, 2008 (subject to certain extensions as provided in the AccessMedia Merger Agreement,) holders of AccessMedia common stock may hold as much as 68.2% of the outstanding common stock of IMSI.

As a result of these differences, the current holders of IMSI common stock will have less control over the types of corporate actions that require stockholder approval than those holders of IMSI common stock had over those types of corporate actions prior to the reincorporation and AccessMedia Acquisition.

If the acquisition is not completed, IMSI's stock price and future business and operations could be harmed.

There are many conditions to IMSI's and AccessMedia's obligations to complete the acquisition. Many of these conditions are beyond IMSI's and AccessMedia's control. IMSI and AccessMedia may be unable to satisfy these conditions.

If the acquisition is not completed, IMSI may be subject to the following material risks, among others:

- the price of IMSI common stock may change to the extent that the current market prices of IMSI common stock reflect an assumption that the AccessMedia acquisition will be completed, or in response to other factors;
- IMSI's costs related to the acquisition, such as legal, accounting and some of the fees of their financial advisors, must be paid even if the acquisition is not completed;

- under some circumstances (more fully described under “The AccessMedia Merger Agreement — Termination Fee; Expenses”), IMSI may be required to pay AccessMedia a termination fee of \$300,000 in connection with the termination of the merger agreement;
- there may be substantial disruption to the businesses of IMSI and distraction of its workforces and management teams, and some employees of IMSI may have left IMSI in response to the pending acquisition;
- IMSI and AccessMedia would fail to derive the benefits expected to result from the acquisition; and
- IMSI may be subject to litigation related to the proposed acquisition.

In addition, in response to the announcement of the acquisition, customers, users of their services or suppliers of IMSI and AccessMedia may delay or defer product purchase or other decisions. Any delay or deferral in product purchase or other decisions by customers or suppliers could adversely affect the business of the combined company, regardless of whether the acquisition is ultimately completed. Similarly, current and prospective IMSI and/or AccessMedia employees may experience uncertainty about their future roles with IMSI until the acquisition is completed and until IMSI’s strategies with regard to the integration of operations of IMSI and AccessMedia are announced or executed. This may adversely affect IMSI’s and/or AccessMedia’s ability to attract and retain key management, sales, marketing and technical personnel.

The combined company may not be able to successfully integrate companies it acquires in the future.

The combined company may from time to time pursue acquisitions of businesses that complement or expand its existing business, including acquisitions that could be material in size and scope.

Any future acquisitions involve various risks, including:

- difficulties in integrating the operations, technologies and products of the acquired company;
- the risk of diverting management’s attention from normal daily operations of the business;
- potential difficulties in completing projects associated with in-process research and development;
- risks of entering markets in which the combined company has no or limited direct prior experience and where competitors in such markets have stronger market positions;
- initial dependence on unfamiliar supply chains or relatively small supply partners;
- insufficient revenues to offset increased expenses associated with the acquisition; and
- the potential loss of key employees of the acquired company.

There can be no assurance that the combined company’s acquisition of any other business will be successful and will not materially adversely affect its business, operating results or financial condition. The combined company must also manage any growth resulting from such acquisitions effectively. Failure to manage growth effectively and successfully integrate the acquired company’s operations could have a material adverse effect on the combined company’s business and operating results.

Because a significant portion of IMSI's total assets will be represented by goodwill and other intangibles that are subject to mandatory annual impairment evaluations, IMSI could be required to write off some or all of this goodwill and other intangibles, which may adversely affect the combined company's financial condition and results of operations.

IMSI will account for the acquisition of AccessMedia using the purchase method of accounting. A portion of the purchase price for this business will be allocated to identifiable tangible and intangible assets and assumed liabilities based on estimated fair values at the date of consummation of the acquisition. Any excess purchase price, which is likely to constitute a significant portion of the purchase price, will be allocated to goodwill and other intangibles. If the proposed acquisition is completed, on a pro forma basis over 72% of the combined company's total assets will be allocated to goodwill and other intangibles, of which approximately \$18 million will be allocated to goodwill. In accordance with the Financial Accounting Standards Board's Statement No. 142, *Goodwill and Other Intangible Assets*, goodwill is not amortized but is reviewed annually, or more frequently if impairment indicators arise, for impairment, and other intangibles are also reviewed at least annually or more frequently, if certain conditions exist, and may be amortized. IMSI has estimated that the goodwill to be recorded in connection with this acquisition will total approximately \$15 million. When the combined company performs future impairment tests, it is possible that the carrying value of goodwill or other intangible assets could exceed their implied fair value and therefore would require adjustment. Such adjustment would result in a charge to operating income in that period. Once adjusted, there can be no assurance that there will not be further adjustments for impairment in future periods.

Risks Related to IMSI's Business

For risks related to IMSI's business, please see "Risk Factors" starting on page 10 of IMSI's Annual Report on Form 10-KSB for the fiscal year ended June 30, 2005 and Form 10-QSB for the period ended September 30, 2005 and incorporated by reference into this proxy statement/prospectus.

Risks Related to AccessMedia's Business

AccessMedia's business model is unproven, which makes it difficult to evaluate its current business and future prospects.

AccessMedia's business is substantially dependent upon AccessMedia's ability to generate license revenue from users who have installed specialized media software on their personal computers. This is a relatively new industry and product which makes an evaluation of its current business and future prospects difficult. The revenue and income potential of this business is unproven.

The public markets may not be receptive to IMSI's principal focus as an Internet based media company.

Achieving the benefits of the AccessMedia Acquisition will depend in part on the extent to which the public markets are receptive to the transformation of IMSI from a software company to primarily an Internet media company and to AccessMedia's management team, technology and media library, and the success of AccessMedia's software. There can be no assurance that the public markets will be receptive to IMSI's new business or that the public will accept AccessMedia's software.

AccessMedia's executive officers and key personnel are critical to its success, and its failure to develop and retain a team of key personnel in a competitive marketplace may impair its ability to grow its business.

AccessMedia's future success depends on its ability to retain its management team. AccessMedia's must also attract, assimilate and retain other highly qualified employees, including engineering, technology, marketing, sales and support personnel into a functional team achieving corporate goals. There is substantial competition for highly skilled employees. AccessMedia's key employees are not bound by agreements that could prevent them from terminating their employment at any time. If AccessMedia fails to attract and retain key employees, its business could be harmed.

AccessMedia will operate in a very competitive environment.

The markets in which AccessMedia will compete are intensely competitive, highly fragmented and characterized by rapidly changing technology and evolving standards. We expect that AccessMedia will continue to experience vigorous competition from current competitors and new competitors, including Disney/ABC, NBC, CBS, Apple and others that may have significantly greater financial, technical, marketing and other resources than it does and may have large current customer bases and content agreements in place. Many other companies will compete in specific areas of AccessMedia's business. We expect additional competition as other established and emerging companies enter into AccessMedia's product market. This competition could result in price reductions, fewer customers and orders, reduced gross margins and loss of market share, any of which would materially adversely affect AccessMedia's business, operating results and financial condition.

AccessMedia does not own its principal intellectual property and does not have the sole right to exploit it.

The principal intellectual property that underlies AccessMedia's "virtual set-top box" used in distributing online media content is not owned by AccessMedia but is licensed from third parties, generally on a non-exclusive basis. The third party licensors are free to exploit the intellectual property themselves or license it to an unlimited number of other competitors. This competition could result in price reductions, fewer customers and orders, reduced gross margins and loss of market share, any of which would materially adversely affect the combined company's business, operating results and financial condition. In addition, AccessMedia is not in control of the protection or prevention of infringement of such intellectual property.

AccessMedia generally does not have the right to modify its licensed technology or receive updates or upgrades.

AccessMedia generally does not have the right to modify the licensed technology, nor does it have the right to receive updates or upgrades or to obtain a copy of the source code for such technology. In the limited circumstances where AccessMedia does have the right to modify the licensed technology, the licensor owns such modifications. In acquiring AccessMedia, IMSI is acquiring limited rights to technology that IMSI may not have the rights to improve in the future to maintain a competitive offering or support existing products or service offerings.

AccessMedia may be subject to intellectual property infringement claims, which could cause it to incur significant expenses, pay substantial damages and be prevented from providing its services.

The license agreements that permit AccessMedia to use the licensed technology contain only limited representations and warranties of the licensor and limited rights to indemnification for claims of infringement. Third parties may claim that AccessMedia's products or services infringe or violate their intellectual property rights. Any such claims could cause us to incur significant expenses and, if successfully asserted against us, could require that it pay substantial damages and prevent it from using licensed technology that may be fundamental to its business and providing its services. Even if AccessMedia were to prevail, any litigation regarding its intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations. AccessMedia may also be obligated to indemnify its business partners in any such litigation, which could further exhaust its resources. Furthermore, as a result of an intellectual property challenge, AccessMedia may be prevented from providing some or all of its services unless it enters into royalty, license or other agreements. AccessMedia may not be able to obtain such agreements at all or on terms acceptable to it, and as a result, AccessMedia may be precluded from offering most or all of its products and services.

If such claims were to be filed and determined adversely to AccessMedia, AccessMedia could be enjoined from using licensed technology that may be fundamental to our business. AccessMedia could also be forced to pay substantial monetary damages. Any negative outcome against us could substantially harm our business and the value of AccessMedia could be substantially reduced.

AccessMedia is much smaller than certain competitors in the media business.

AccessMedia's business revenues, customer base and operations are much smaller than certain other providers of entertainment and media products and services. Very large media companies continue to view online media as a channel for distribution of their existing products or as an area in which to expand their business. These competitors have substantially more resources and could impact AccessMedia's business.

AccessMedia has incurred losses in the past and may not be able to achieve profitability in the future.

AccessMedia experienced startup losses in each quarterly and annual period from its inception through the third calendar quarter of 2005. AccessMedia may not be able to achieve or maintain profitability in the future. AccessMedia expects that its operating expenses will continue to increase. We cannot assure you that AccessMedia will be able to generate sufficient revenue to achieve profitability.

AccessMedia may not be able to meet its projections regarding future revenues and profitability which form a basis of Deson & Co.'s fairness opinion.

Deson & Co.'s opinion that the merger consideration to be paid to the AccessMedia stockholders in the AccessMedia Acquisition was fair, from a financial point of view, to the IMSI shareholders is based in part on AccessMedia's projections regarding future revenues and profitability. There can be no assurance that AccessMedia will be able to achieve those projections within the contemplated time period or at all.

AccessMedia's future revenues and operating results are likely to vary significantly from quarter to quarter.

AccessMedia's future revenues and operating results are likely to vary significantly from quarter to quarter due to a number of factors, many of which are outside its control, and any of which could severely harm AccessMedia's business. These factors include:

- 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.

In order to attract and maintain our user base, AccessMedia may incur expenditures on sales and marketing, content development, technology and infrastructure. These types of expenditures are planned or committed in advance and in anticipation of future revenues. If our revenues in a particular quarter are lower than anticipated, AccessMedia may be unable to reduce spending in that quarter. As a result, any shortfall in revenues would likely harm its quarterly operating results.

Due to the factors noted above and the other risks discussed in this section, one should not rely on quarter-to-quarter comparisons of our results of operations as an indication of future performance.

Governmental regulation and legal uncertainties of the Internet may restrict AccessMedia's business or raise its costs.

There are currently few laws or regulations that specifically regulate communications or commerce on the Internet. Laws and regulations may be adopted in the future, however, that address issues including content, copyrights, distribution, antitrust matters, user privacy, pricing, and the characteristics and quality of products and services. An increase in regulation or the application of existing laws to the Internet could significantly increase its costs of operations and harm AccessMedia's business. For example, the Communications Decency Act of 1996 sought to prohibit the transmission of certain types of information and content over the Web. Additionally, several telecommunications companies have petitioned the Federal Communications Commission to regulate Internet service providers and online service providers in a manner similar to long distance telephone carriers and to impose access fees on these companies. Imposition of access fees could increase the cost of transmitting data over the Internet. Moreover, it may take years to determine the extent to which existing laws relating to issues such as property ownership, obscenity, libel and personal privacy are applicable to the Internet or the application of laws and regulations from jurisdictions whose laws do not currently apply to its business.

If the federal or state governments impose sales and use taxes on Internet sales, this could curtail the use of the Internet as a commerce channel. Due to the global nature of the Internet, it is possible that multiple federal, state or foreign jurisdictions might inconsistently regulate Internet activities. Any of these developments could harm AccessMedia's business.

The regulatory environment with respect to online media and data privacy practices is also evolving. Electronic privacy is a public and governmental concern in the United States. The Federal Trade Commission has increasingly focused on issues affecting online media, particularly online privacy and security issues.

Foreign legislation has been enacted, and there is federal and state legislation pending that is aimed at regulating the collection and use of personal data from Internet users. For example, the European Union has adopted directives to address privacy and electronic data collection concerns, which limit the manner in which the personal data of Internet users may be collected and processed. AccessMedia's relationships with its customers will often involve the collection

of personal data.

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The enactment of new legislation, changes in the regulatory climate, or the expansion, enforcement or interpretation of existing laws could preclude us from offering some or all of AccessMedia services or expose AccessMedia to additional costs and expenses, require substantial changes to its business or otherwise substantially harm its business. Further, additional legislation or regulation could be proposed or enacted at any time in the future, which could materially and adversely affect its business.

AccessMedia depends on a limited number of third parties for support, distribution and development services.

AccessMedia depends on agreements with a limited number of third parties, particularly Alchemy, which is an affiliate of AccessMedia. Alchemy provides office and operating space, staffing, technical services and consulting, bandwidth and hosting, network infrastructure and other related services. Given the scope of the services provided by Alchemy, it is AccessMedia's most significant vendor relationship. If it is unable to provide appropriate levels of service as AccessMedia's business grows or AccessMedia's relationship does not prove workable, AccessMedia will be forced to seek new providers and its ability to locate cost-effective relationships is not proven.

AccessMedia depends on Internet advertising to promote our products and services.

AccessMedia depends in part on the use of online advertisements to attract new users. AccessMedia buys these advertisements from third parties to promote its products and services. AccessMedia believes that its business will continue to rely on this method for attracting its audience. If it is unable to purchase these advertisements on cost-effective terms, this could limit AccessMedia's ability to attract users cost-effectively. If online advertising become less effective or more expensive, this method may not remain a useful means of attracting new users. If AccessMedia were unable to continue to obtain Internet advertising on a cost-effective basis, its ability to attract new users would be impaired, which could harm its business.

If AccessMedia fails to sustain and expand the number of users who install its software or fails to attract advertisers, it will not be able to sustain or increase revenue.

Advertising is currently a significant part of our proposed revenues. The success of AccessMedia's business depends in part on its ability to offer its advertising customers access to a large audience, comprised of users who have downloaded our software products. As a result, it is critical to our success that we continually add substantial numbers of new users. In addition, we must attract users who respond to our ads by clicking through to advertisers' web pages or purchasing the advertisers' products, because these click through and conversion rates are critical to our ability to maintain and grow our advertising rates. If fewer users download the AccessMedia software, AccessMedia would not be able to maintain or expand the number of active users.

AccessMedia's products and services may not perform as expected, which could harm its business.

If AccessMedia's services fail to perform properly, its customers and advertisers may discontinue their use of AccessMedia's products and services. Despite testing, AccessMedia's existing products or services may not perform as expected due to unforeseen problems. Any defects may cause AccessMedia to incur significant expenses and divert the attention of its management and key personnel from other aspects of its business.

Negative perceptions and adverse publicity concerning our business practices could damage our reputation and harm our business.

The digital media distribution industry is vulnerable to negative public perception. Negative perception of our business practices or negative press reports linking our services to questionable business practices of other companies in our industry could damage AccessMedia's reputation, cause new users not to install or existing users to uninstall the AccessMedia software or cause consumers to use technologies that impede our ability to deliver ads. This negative perception could also lead to increased regulation of our industry or other regulations that adversely affect our business practices. Any of these events could reduce the demand for our services among advertisers and significantly harm our business.

System failures could damage AccessMedia's reputation and harm its business.

The continuous and uninterrupted performance of AccessMedia's systems is critical to its success. AccessMedia must protect these systems against damage from fire, power loss, water damage, earthquakes, telecommunications failures, viruses, vandalism and other malicious acts, and similar unexpected adverse events. AccessMedia's operations depend upon its ability to maintain and protect its computer systems, data centers and server locations. AccessMedia's data center and primary operations are located in California, an area susceptible to seismic activity and possible power outages. AccessMedia cannot eliminate the risk of downtime caused by factors such as natural disasters and other events. Further, individuals may attempt to breach our network security, such as hackers, which could damage its network. The occurrence of any of these events could harm its business.

AccessMedia's market may undergo rapid technological change, and its future success will depend on its ability to develop and launch products and services of interest to consumers.

If new industry standards and practices emerge in the Internet and online media industry, AccessMedia's existing services, technology and systems may become obsolete. AccessMedia cannot assure you that it will be able to address technological change in its industry in a timely fashion. AccessMedia's products and services are relatively new in their current form and it cannot rely upon historical customer acceptance. Additionally, AccessMedia's technology which involves peer-to-peer networking may not be acceptable to consumers or, if accepted, may fall from favor and require it to develop new products and services.

AccessMedia depends on the development of Internet infrastructure for its future growth.

AccessMedia's success depends on the continued acceptance and growth of the Internet as a commercial and business medium. The use of the Internet for commerce and business could be hindered due to concerns related to the security and privacy of information on the Internet. Further, for AccessMedia's business to succeed, Internet infrastructure must support and grow the broadband access which is necessary to support its products and services. The Internet has experienced increased traffic, widespread computer viruses and outages of service, which have caused frequent periods of decreased performance. If Internet usage continues to grow rapidly or if outages occur, the Internet's infrastructure may not be able to support these demands, and its performance and reliability may decline.

Growth could strain AccessMedia's personnel and infrastructure resources, which could prevent it from successfully implementing its business plan.

AccessMedia is currently expecting a period of rapid growth in its headcount and operations, which will place a significant strain on its management, administrative, operational and financial infrastructure. AccessMedia anticipates that further growth will be required to increase its user and advertiser base. AccessMedia's success will depend in part upon the ability of its senior management to manage this growth effectively. To manage the expected growth of its operations and personnel, AccessMedia will need to continue to improve its operational, financial and management controls and its reporting systems and procedures. If AccessMedia fails to successfully manage its growth, it will be unable to execute its business plan.

SPECIAL MEETING OF IMSI SHAREHOLDERS

Date, Time and Place of Meeting

The accompanying proxy is solicited by the board of directors of IMSI for use at the special meeting of shareholders to be held on [January _____, 2006, at 10:00 a.m., local time, at _____], California. IMSI's telephone number is (415) 878-4000.

These proxy solicitation materials were mailed on or about [___], 2005 to all shareholders entitled to vote at the meeting.

Record Date; Shares Entitled to Vote; Outstanding Shares

The IMSI board of directors has fixed the close of business on [_____], 2005 as the record date for determination of the shareholders of IMSI entitled to notice of, and to vote at, the IMSI special meeting of shareholders or any adjournment or postponement thereof. Only IMSI shareholders of record at the close of business on the record date will be entitled to notice of, and to vote at, the IMSI special meeting of shareholders or any adjournments or postponements thereof. IMSI shareholders will have one vote for each share of IMSI common stock that they owned on the IMSI record date, exercisable in person or by a properly executed and delivered proxy with respect to the IMSI special meeting of shareholders.

At the close of business on the IMSI record date, there were [29,830,877] shares of IMSI common stock issued and outstanding and entitled to vote at the IMSI special meeting of shareholders.

Purpose of the IMSI Special Meeting of Stockholders

At the IMSI special meeting of shareholders, shareholders will be asked to:

- consider and vote on a proposal to change the state of incorporation of IMSI from California to Delaware by merging IMSI with and into a wholly owned subsidiary of IMSI that is incorporated under the laws of Delaware, referred to as the Reincorporation Proposal, which reincorporation will cause certain changes to IMSI's articles of incorporation and by-laws and cause IMSI's name to be changed to Broadcaster, Inc;
- approve a reverse one for two stock split of IMSI common stock;
- approve the amendment of the 2004 Incentive Stock Option Plan which will result in the addition of 6,500,000 shares of common stock options to the plan (before giving effect to the reverse one for two stock split);
- approve any adjournments of the meeting to another time or place, as necessary or appropriate to solicit additional proxies in favor of the proposals; and
- conduct any other business that properly comes before the meeting or any adjournments or postponements thereof.

Quorum; Abstentions; Broker Non-Votes

There must be a quorum for the IMSI special meeting of shareholders to be held. The holders of a majority of the issued and outstanding IMSI common stock entitled to vote, present in person or represented by a properly executed and delivered proxy, will constitute a quorum for the purpose of transacting business at the IMSI special meeting of shareholders. Only IMSI shareholders of record on the record date will be entitled to vote at the IMSI special meeting of shareholders. All shares of IMSI common stock represented at the IMSI special meeting of shareholders, but not voting, including broker non-votes (i.e., shares held by brokers or nominees which are represented at the meeting, but

with respect to which such broker or nominee is not empowered to vote on a particular purpose) and abstentions, will be counted as present for determining the presence or absence of a quorum but will not be counted as having been voted on any proposal. Consequently, an abstention from voting or a broker non-vote on a proposal will have the effect of a vote against the proposals.

Voting by IMSI Directors and Executive Officers

On [_____], 2005, the record date for the IMSI special meeting of shareholders, directors and executive officers of IMSI and their affiliates beneficially owned and were entitled to vote 5,011,704 (before giving effect to the reverse one for two stock split) outstanding shares of IMSI common stock including those which could be acquired by the exercise of options within 60 days, or less than 15% of the shares of IMSI common stock outstanding on that date. A more detailed description of the ownership of IMSI common stock by certain beneficial owners and IMSI's directors and executive officers is set forth on page of this document.

Votes Required

Required Vote for Reincorporation of IMSI in Delaware (Proposal 1)

Approval of the reincorporation of IMSI in Delaware requires the affirmative vote of a majority of the outstanding shares of IMSI common stock. **The reincorporation will not be completed unless IMSI shareholders approve the Reincorporation Proposal.**

Required Vote for Board Authorization to Effectuate a Reverse One for Two Stock Split (Proposal 2)

Approval of the proposal to authorize the Board of Directors to effectuate a reverse one for two stock split requires the affirmative vote of a majority of the outstanding shares of IMSI common stock. **The reverse stock split will not be completed unless IMSI shareholders approve the Reverse Stock Split Proposal.**

Required Vote for Approval of an increase in the 2004 Stock Option Plan (Proposal 3)

Approval of the proposal for approval of the amendment of the 2004 Incentive Stock Option Plan which will result in the addition of 6,500,000 shares of common stock options to the plan (before giving effect to the reverse one for two stock split) requires the affirmative vote of a majority of the outstanding shares of IMSI common stock. **The increase in the 2004 Stock Option Plan will not be completed unless IMSI shareholders approve the Stock Plan Increase Proposal.**

Required Vote for Approval of Adjournment of Special Meeting

If necessary, the affirmative vote of the holders of a majority of the shares of IMSI common stock present or represented by proxy at the special meeting, whether or not a quorum is present, is required to adjourn the special meeting for the purpose of soliciting additional proxies in favor of the proposals.

Solicitation of Proxies

This solicitation is made on behalf of the IMSI board of directors, and IMSI will pay the costs of soliciting and obtaining the proxies, including the cost of reimbursing banks, brokers and other custodians, nominees and fiduciaries, for forwarding proxy materials to their principals. Proxies may be solicited, without extra compensation, by IMSI's officers, directors and employees by mail, telephone, fax, personal interviews or other methods of communication.

Voting of Proxies

The proxy card accompanying this document is solicited on behalf of the IMSI board of directors for use at the special meeting. 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. All properly signed proxies that IMSI receives prior to the vote at the meeting and that are not revoked will be voted at the IMSI special meeting of shareholders in accordance with the instructions indicated on the proxies.

If a proxy is returned to IMSI without an indication as to how the shares of IMSI common stock represented are to be voted, the IMSI common stock represented by the proxy will be voted FOR each of the proposals. 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 IMSI special meeting of shareholders. IMSI currently does not contemplate that any matters, other than Proposals 1 through 3 will be considered at the IMSI special shareholders meeting. If any other matters are properly brought before the meeting, the persons named in the proxies will have discretion to vote on such matters in accordance with their best judgment.

Stockholders of record may vote by completing and returning the enclosed proxy card prior to the IMSI special meeting of shareholders, by voting in person at the IMSI special meeting of shareholders or by submitting a signed proxy card at the IMSI special meeting of shareholders.

Revocability of Proxies

You have the power to revoke your proxy at any time before your proxy is voted at the IMSI special meeting of shareholders. 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; or (3) if you are a holder of record, you can attend the IMSI special meeting of shareholders and vote in person, which will automatically cancel any proxy previously given, or 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 IMSI special meeting of shareholders.

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 special meeting of shareholders, you must bring to the special meeting of shareholders a letter from the broker, bank or other nominee confirming your beneficial ownership of the shares.

Recommendations of the IMSI Board of Directors

Proposal No. 1

IMSI's board of directors, has determined that the reincorporation of IMSI in Delaware is advisable, that it is in the best interests of IMSI and its shareholders that IMSI reincorporate in Delaware, and that the reincorporation is fair to IMSI and its shareholders. IMSI's board of directors recommends that IMSI shareholders vote FOR the reincorporation. For a more complete description of the recommendation of IMSI's board of directors, see "The Reincorporation Merger - Recommendations of IMSI's Board of Directors" beginning on page of this document.

IMSI's board of directors has also determined that the acquisition of AccessMedia, the AccessMedia Merger Agreement and the other transactions contemplated by the AccessMedia Merger Agreement are advisable and in the best interests of and fair to IMSI and its shareholders. IMSI has entered into the AccessMedia Merger Agreement and intends to consummate the acquisition after effectuating the reincorporation. Under Delaware law, if the reincorporation is approved and completed prior to the AccessMedia Acquisition, the IMSI shareholders will NOT have the right to vote on the AccessMedia Acquisition or the AccessMedia Merger Agreement. For a more complete description of the recommendation of IMSI's board of directors, see "The AccessMedia Acquisition - Recommendations of IMSI's Board of Directors" beginning on page of this document.

Proposal No. 2

IMSI's board of directors has determined that the reverse one for two stock split may be advisable and in the best interests of IMSI and its shareholders. IMSI's board of directors recommends that IMSI shareholders vote FOR the proposal to authorize the Board of Directors to effectuate the reverse one for two stock split). For a more complete description of the recommendation of IMSI's board of directors, see "Reverse Stock Split - Recommendations of IMSI's Board of Directors" beginning on page of this document.

Proposal No. 3

IMSI's board of directors has determined that the amendment of the 2004 Incentive Stock Option Plan which will result in the addition of 6,500,000 shares of common stock options to the plan (before giving effect to the reverse one for two stock split) is advisable and that it is in the best interests of IMSI and its shareholders. IMSI's board of directors recommends that IMSI shareholders vote FOR the proposal to amend the 2004 Incentive Stock Option Plan which will result in the addition of 6,500,000 shares of common stock options to the plan (before giving effect to the reverse one for two stock split). For a more complete description of the recommendation of IMSI's board of directors, see "Option Plan Increase - Recommendations of IMSI's Board of Directors" beginning on page of this document.

Your vote is important. Accordingly, please sign, date and return the enclosed proxy card whether or not you plan to attend the IMSI special meeting of shareholders in person.

PROPOSAL NO. 1 - REINCORPORATION IN DELAWARE

This section of this document describes the principal aspects of the reincorporation of IMSI in Delaware. While IMSI believes that this description covers the material terms of the reincorporation 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 Reincorporation Agreement, a copy of which is attached to this document as Annex A and incorporated herein by reference. You are encouraged to read the Reincorporation Agreement and the other annexes to this document carefully and in their entirety.

The Reincorporation

Shareholders will be asked to approve a proposal to change the state of incorporation of IMSI from California to Delaware. The Board of Directors believes that it is in the best interests of IMSI and its shareholders to obtain the advantages offered by Delaware law.

The proposal regarding reincorporation and certain differences between applicable California and Delaware laws are summarized below. The summary is not complete. It is qualified in its entirety by reference to: (a) the Agreement of Merger (the "Reincorporation Agreement") between IMSI (sometimes referred to as the "California Company") and a newly-formed Delaware corporation named "Broadcaster, Inc." that is a wholly-owned subsidiary of IMSI and that would become the new public company after the reincorporation ("IMSI Delaware"); (b) the Certificate of Incorporation of IMSI Delaware (the "Delaware Certificate"); (c) the Bylaws of IMSI Delaware (the "Delaware Bylaws"); (d) the Articles of Incorporation of IMSI (the "California Articles"); (e) the Bylaws of IMSI (the "California Bylaws"); (f) the Delaware General Corporation Law and related case law (the "Delaware Law") and (g) the California General Corporation Law and related case law (the "California Law"). The Agreement, the Delaware Certificate and the Delaware Bylaws are attached to this proxy statement as Annexes A, B and C, respectively. The California Articles and the California Bylaws are available for inspection at the principal office of IMSI and will also be sent to shareholders on request at a nominal charge to cover costs. Requests should be directed to International Microcomputer Software, Inc., 100 Rowland Way, Suite 300, Novato, CA 94945, telephone (415) 878-4000.

If approved, the reincorporation will be accomplished by merging IMSI into IMSI Delaware (the "Reincorporation Merger"). After the Reincorporation Merger, IMSI Delaware will continue to operate the business of IMSI under the name Broadcaster, Inc. The reincorporation itself will not result in any change in the business, management or personnel, fiscal year, financial condition or location of the headquarters or other facilities of IMSI. The directors elected at the 2005 Annual Meeting will be the directors of IMSI Delaware. IMSI Delaware will continue all stock option plans of IMSI. Each option to purchase shares of IMSI's common stock under these plans will become an option to purchase the same number of shares of IMSI Delaware's common stock at the same price and on the same terms and conditions as is presently the case (subject to adjustment for the stock split discussed below). IMSI Delaware will also continue all other employee benefit arrangements of IMSI without change.

When the Reincorporation Merger becomes effective, each outstanding share of IMSI's common stock, no par value, will become one (1) share of IMSI Delaware's common stock, \$0.001 par value per share. Each stock certificate representing outstanding shares of IMSI's common stock will then represent the same number of shares of IMSI Delaware's common stock. The common stock of IMSI is listed for trading on the OTC Bulletin Board, and after the Reincorporation Merger IMSI Delaware's common stock will continue to be traded on the OTC Bulletin Board but under a new symbol representative of its new name Broadcaster, Inc..

Under the California Law, shareholders have the right to exercise so-called "dissenters' rights" in connection with certain mergers and to receive in cash the appraised fair value of their shares. However, the California Law does not grant dissenters' rights in connection with mergers such as the Reincorporation Merger.

Principal Reasons for the Reincorporation

Well-Established Principles of Corporate Governance. As IMSI plans for the future, the Board of Directors and management believe it essential to be able to draw upon well-established principles of corporate governance in making legal and business decisions. The Delaware Law includes numerous judicial precedents that address required and permitted conduct of corporations and their boards of directors. The California Law includes far fewer such precedents. IMSI believes that shareholders will benefit from the well-established principles of the Delaware Law.

Predictability, Flexibility and Responsiveness to Corporate Needs. Delaware has adopted comprehensive and flexible corporate laws which are revised regularly to meet changing business circumstances. The Delaware Legislature is particularly sensitive to issues regarding corporate law and is especially responsive to developments in modern corporate law. In addition, Delaware offers a system of specialized chancery courts to deal quickly and efficiently with corporate law questions. These courts have developed considerable expertise in dealing with corporate issues as well as a substantial and influential body of case law construing Delaware's corporate law. In addition, the Delaware Secretary of State is particularly flexible, expert and responsible in its administration of the filings required for mergers, acquisitions and other corporate transactions. Delaware has become the preferred domicile for most major American corporations and Delaware Law and administrative practices have become comparatively well-known and widely understood. As a result of these factors, it is anticipated that Delaware Law will provide greater efficiency, predictability and flexibility in IMSI's legal affairs than is presently available under California Law.

Increased Ability to Attract and Retain Qualified Directors. IMSI seeks to continue to attract and retain the most capable individuals available to serve as its directors and officers. The Delaware Law permits corporations to limit the liability of directors and provide indemnification to its directors and officers to a somewhat greater degree than has traditionally been the case under California law. The Board of Directors thus believes that reincorporation can be a factor in attracting quality individuals to the Board and management, encouraging existing directors and officers to continue to serve in these capacities and freeing those persons to make corporate decisions on the merits rather than out of a desire to avoid personal liability. Although to date IMSI has not experienced difficulty in attracting and retaining qualified directors and officers, personal liability is increasingly expressed as a concern. One reason is that, in November 1996, California's voters were asked to approve a law that could have expanded the liability and further limited the indemnification rights of directors and officers in connection with certain lawsuits based on securities laws (Proposition 211). Although voters rejected that proposal, it is possible that, in the future, California will enact laws that adversely affect the ability of corporations incorporated in that state to attract and retain quality directors and officers.

Certain Possible Disadvantages

Despite the belief of the Board of Directors that the proposed reincorporation is in the best interests of IMSI and its shareholders, it should be noted that Delaware Law provides shareholders different protections relative to other domiciles. The next section of this proxy statement discusses certain of those differences. In addition, the Delaware Certificate and the Delaware Bylaws contain certain provisions that IMSI could have adopted but has not adopted, which affect the relative rights and powers of shareholders and management, and shareholders' participation in corporate decision-making. These provisions are discussed in the next section of this proxy statement.

Proposal

APPROVAL OF THE PROPOSED REINCORPORATION BY SHAREHOLDERS WILL CONSTITUTE APPROVAL OF THE AGREEMENT, THE REINCORPORATION MERGER, THE DELAWARE CERTIFICATE, THE DELAWARE BYLAWS, THE ASSUMPTION BY THE DELAWARE COMPANY OF THE CALIFORNIA COMPANY'S EMPLOYEE BENEFIT PLANS AND STOCK OPTIONS AND THE CHANGE OF THE CALIFORNIA COMPANY'S NAME.

In accordance with California Law, the affirmative vote of a majority of the outstanding shares of common stock is required for approval of the reincorporation proposal. IMSI expects to complete the Reincorporation Merger promptly if and after shareholders grant that approval.

Certain Federal Income Tax Considerations

The following discussion is based upon the Internal Revenue Code of 1986, as amended, or the Code, the regulations promulgated thereunder, 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 Reincorporation is intended to constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, pursuant to which no gain or loss will be recognized by shareholders as a result of the reincorporation. IMSI has not and does not intend to obtain an opinion that, for federal income tax purposes that the Reincorporation will qualify under Section 368 of the Internal Revenue Code and that no gain or loss will be recognized by IMSI shareholders as a result of the Reincorporation. Accordingly, IMSI shareholders are urged to consult their own tax advisors as to the tax consequences to them as a result of the reincorporation, 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 reincorporation.

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 stockholders for the purpose of avoiding penalties that may be imposed on imsi stockholders 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 stockholders should seek advice based on their particular circumstances from an independent tax advisor.

Recommendations of IMSI's Board of Directors

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE REINCORPORATION OF IMSI IN DELAWARE.

CERTAIN DIFFERENCES BETWEEN THE CHARTER DOCUMENTS AND APPLICABLE LAW

There are certain ways in which, by causing IMSI to be governed by the Delaware Law, the Delaware Certificate and the Delaware Bylaws, reincorporation will alter the rights and powers of shareholders and management, and reduce shareholder participation in certain corporate decisions. In addition, IMSI Delaware could implement additional changes in the future that further alter the rights and powers of stockholders and management. Some of those changes could be effected by amendments to the Delaware Certificate after stockholder approval. Others could be effected by amendments to the Delaware Bylaws without stockholder approval. To reflect the language difference found in the respective statutes of the two states, the following discussion uses the word "shareholder" with respect to California and "stockholder" with respect to Delaware.

The following is a summary list of the subject matter of the principal changes that will be effected by reincorporating from California to Delaware. A discussion of such principal changes follows.

- Shareholder Action by Written Consent
 - Special Shareholder Meetings
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Shareholder Action by Written Consent. The Delaware Certificate provides that stockholders may act only at an annual or special meeting of stockholders and not by written consent. The California Law permits California corporations to include a similar provision in its articles of incorporation. However, the California Articles do not contain such a provision, and the California Bylaws specifically provide for shareholders to act by written consent. The elimination of the right of shareholders to act by written consent could make more difficult or discourage attempts to acquire control of IMSI or wage a proxy contest.

Special Shareholder Meetings. The Delaware Bylaws provide that special meetings of stockholders can be called only by the Board of Directors, the Chair of the Board or the President of IMSI Delaware. The Delaware Bylaws also limit the business permitted to be conducted at special meetings of stockholders to matters which the Board of Directors brings before those meetings. Under the California Law and as set forth in the California Bylaws, a special meeting of shareholders may be called by a corporation's board of directors, the Chairman of the Board, its President or holders of stock entitled to cast not less than ten percent of the votes at a meeting (five percent under certain circumstances).

Cumulative Voting. Cumulative voting enables less than half the shares that vote for directors to elect one or more (but not a majority of) directors. Under non-cumulative voting, a majority of the shares that vote elects all the directors. Both the Delaware Law and the California Law permit corporations like IMSI to eliminate (or, in Delaware, not to grant) rights to elect directors by cumulative voting. The California Bylaws do not eliminate cumulative voting and, therefore, shareholders currently have that right. Because the Delaware Certificate does not grant stockholders the right to elect directors by cumulative voting, stockholders will not have that right if IMSI reincorporates in Delaware.

Advance Notice Requirement for Shareholder Proposals and Director Nominations. There is no specific statutory requirement under either California or Delaware law with regard to advance notice of director nominations and shareholder proposals. Without a bylaw restriction, director nominations and shareholder proposals may be made without advance notice at the annual meeting. However, federal securities laws generally provide that shareholder proposals that the proponent wishes to include in IMSI's proxy materials must be received not less than 120 days in advance of the date of the proxy statement released in connection with the previous year's annual meeting.

The Delaware Bylaws provide that in order for director nominations or shareholder proposals to be properly brought before the meeting, the shareholder must have delivered timely notice to the Secretary of IMSI. The California Bylaws do not include such an advance notice requirement. To be timely under the Delaware Bylaws, notice must be delivered not less than 120 days prior to the anniversary of the mailing date for the previous year's annual meeting. If no annual meeting was held in the previous year or the date of the annual meeting has been advanced by more than 30 days from the date contemplated at the time of the previous year's proxy statement, the Delaware Bylaws provide that notice must be given not later than the close of business on the tenth day following the day on which the date of the annual meeting is publicly announced.

Business Combinations. The Delaware Law subjects to special stockholder approval requirements certain transactions involving a corporation and significant stockholders. The California Law also has provisions that address certain transactions with significant shareholders and with certain other parties as well.

Under Section 203 of the Delaware Law ("Section 203"), certain "business combinations" with an "interested stockholder" are subject to a three-year moratorium unless specified conditions are met. The three-year period begins when the interested stockholder attains that status. With exceptions, an interested stockholder is a person or group that "owns" at least 15 percent of the corporation's outstanding voting stock or is affiliated with the corporation and owned at least 15 percent of such stock at any time within three years. A person is deemed to own shares, for this purpose, if that person beneficially owns the shares, has a right to acquire them, has a right to vote them (subject to exceptions) or is party to an agreement regarding their acquisition, holding, voting or disposition with the person that beneficially owns them. "Business combinations" include, among other transactions: (a) mergers with or caused by the interested stockholder; (b) certain sales or other dispositions of assets to the interested stockholder if the market value of the

assets equals at least ten percent of the total market value of the corporation's consolidated assets or outstanding stock; (c) certain issuances of stock by the corporation to the interested stockholder; and (d) certain loans, advances, guarantees, pledges and other benefits extended to, or conferred upon, the interested stockholder.

The three-year moratorium does not apply if: (a) before the stockholder became an interested stockholder, the board of directors approved the business combination or the transaction that caused the person to become an interested stockholder; (b) the interested stockholder owns 85 percent of the corporation's voting stock after completion of the transaction that caused the stockholder to become an interested stockholder (certain shares are excluded from this 85 percent calculation) or (c) at the time the person became an interested stockholder or after that time, the board approved the business combination and the combination is also approved by holders of 66 2/3 percent of the voting stock not owned by the interested stockholder. Although a Delaware corporation may elect not to be governed by Section 203, IMSI Delaware does not intend to make that election. Accordingly, Section 203 will apply to IMSI Delaware.

IMSI believes that Section 203 may have the effect of encouraging potential acquirers to negotiate with IMSI Delaware's Board of Directors instead of launching a hostile acquisition attempt. Section 203 also has the effect of limiting the ability of potential acquirers to make a two-tiered bid for a Delaware corporation in which all stockholders would not be treated equally. Section 203 may deter potential unfriendly offers or other efforts to obtain control of IMSI Delaware that are not approved by its Board of Directors. It could, therefore, deprive stockholders of opportunities to realize a premium on their stock.

The California Law requires that holders of common stock receive common stock in a merger of a California corporation with the holder of more than 50 percent but less than 90 percent of such common stock, unless all the shareholders approve the merger or the California Department of Corporations approves the merger after a hearing as to fairness. This provision may have the effect of making a cash-out merger by a majority shareholder more difficult to accomplish and deterring a tender offer that would precede such a merger.

The California Law also provides that, with exceptions, when a tender offer or a proposal for a reorganization or sale of assets is made by an "interested party" (in general, a controlling or managing party of the target corporation), a fairness opinion regarding the consideration to be paid to shareholders must be delivered to the shareholders. Furthermore, if a tender for shares or vote is sought pursuant to an interested party's proposal and another party makes a later proposal at least ten days before the date of acceptance of the interested party's tender or proposal, the shareholders must be informed of the later offer and be afforded a reasonable opportunity to withdraw any vote, consent, proxy or tendered shares. The Delaware Law has no comparable provision.

Liability of Directors. The California Articles provide for the elimination of personal monetary liability of directors to the fullest extent permitted by the California Law. The Delaware Certificate provides for the elimination of personal monetary liability of directors to the fullest extent permitted by the Delaware Law.

The Delaware Law may permit somewhat broader elimination of such liability than the California Law permits. The Delaware Law permits the elimination of personal monetary liability of a director to the corporation or its stockholders for breaches of the director's fiduciary duty, other than for: (a) breaches of the director's duty of loyalty; (b) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (c) unlawful dividends or stock repurchases and (d) transactions from which the director derived an improper personal benefit. The California Law permits the elimination of personal monetary liability of a director in actions brought by or in right of the corporation for breaches of the director's duties to the corporation and its shareholders, other than for (among other things): (a) acts or omissions that involve intentional misconduct or a knowing or culpable violation of law; (b) acts or omissions the director believes to be contrary to the best interests of the corporation or its shareholders or that involve the absence of good faith; (c) transactions from which the director derived an improper personal benefit; (d) acts or omissions that show a reckless disregard for the director's duty to the corporation or its shareholders in circumstances in which the director was aware, or should have been aware, in the ordinary course of performing the director's duties, of a risk of serious injury to the corporation or its shareholders; and (e) acts or omissions that constitute an unexcused pattern of inattention that amounts to an abdication of the director's duties to the corporation or its shareholders.

Indemnification. California and Delaware both permit corporations to indemnify their officers, directors, employees and other agents under certain circumstances. While the indemnification provisions of the California Law and the Delaware Law are similar, they differ in certain respects.

The California Law permits indemnification for expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with third party actions (i.e., actions not brought by the corporation or derivatively on behalf of the corporation) if the person to be indemnified acted in good faith and in a manner that person reasonably believed to be in the best interests of the corporation and its shareholders, as determined by a majority vote of a disinterested quorum of the directors, independent legal counsel (if a quorum of independent directors is not obtainable), a majority vote of a quorum of the shareholders (excluding shares owned by the indemnified party) or the court handling the action. The Delaware Law permits such indemnification if the person to be indemnified is determined to have acted in good faith and in a manner that person reasonably believed to be in or not opposed to the best interests of the corporation. The Delaware Law therefore appears to permit indemnification even though the indemnified person is unable to demonstrate that his or her conduct was reasonably believed to be in the best interests of the corporation.

Both the California Law and the Delaware Law also permit indemnification for expenses (but not judgments, fines, settlements or other amounts) actually and reasonably incurred in actions brought directly by the corporation or derivatively on the corporation's behalf. However, no such indemnification is permitted if the person is adjudged liable to the corporation in the performance of that person's duties to the corporation and its shareholders, unless and to the extent a court determines that indemnification is appropriate.

The California Law further provides that the corporation cannot indemnify amounts paid in settling or otherwise disposing of such an action without court approval or for expenses incurred in defending such an action which is settled or otherwise disposed of without court approval. The Delaware Law allows indemnification of such amounts paid and expenses incurred in connection with direct or derivative actions that are settled or otherwise disposed of without court approval.

The California Law requires indemnification against expenses actually and reasonably incurred in direct, derivative and third party actions when the individual has successfully defended the action on the merits. The Delaware Law requires such indemnification in connection with a successful defense on the merits or otherwise. Accordingly, the Delaware Law requires indemnification where the individual prevails for "technical" reasons such as the bar of an applicable statute of limitations.

The California Law permits corporations to include in their articles of incorporation a provision that extends the scope of indemnification through agreements, bylaws or other corporate action beyond that specifically authorized by statute. Similarly, the Delaware Law states that the indemnification provided by statute is not exclusive of any other indemnification rights under any by-law, agreement, vote of stockholders or disinterested directors, or otherwise. This feature of the Delaware Law is potentially broader than the California provision, because the California provision states that any such "excess" indemnification cannot extend to conduct from which directors may not be exonerated by a provision in the articles of incorporation. The Delaware provision does not contain a similar requirement. Both the California Bylaws and the Delaware Certificate provide for "excess" indemnification.

There has never been, nor is there any pending or, to IMSI's knowledge, threatened litigation or other proceeding involving any of its directors in which the rights of IMSI or its shareholders would have been or would be affected if IMSI were already a Delaware corporation as set forth in this reincorporation proposal. In considering the reincorporation proposal, the Board recognized that the individual directors have a personal interest in obtaining the benefits of the Delaware Law and that the expense to IMSI might be greater after reincorporation to the extent any director or officer is indemnified in circumstances where indemnification would not be available under the California Law. The Board believes, however, that the overall effect of reincorporation is to provide a legal environment that enhances IMSI's ability to continue to attract and retain high quality directors and officers. Moreover, the risk of possible greater expenditures for indemnification obligations is believed offset, at least in part, by more favorable Directors and Officers liability insurance premiums if IMSI reincorporates as a Delaware corporation.

Single Class of Directors. The California Company has a single class of directors and IMSI Delaware will have a single class of directors. That means that shareholders vote to elect all the directors each year. By contrast, under a "classified" or "staggered" board, directors are divided into classes and shareholders vote for the members of only one class at each annual shareholder meeting. One possible effect of a classified board is that dissident shareholders cannot as easily or quickly acquire control of the board. Classified boards are permitted under both the California Law and the Delaware Law; however under the California Law if a board is divided into two classes the authorized number of directors must be at least six, and if the board is divided into three classes the authorized number of directors must be at least nine. The Delaware Law has no similar requirement.

Removal of Directors. Under the California Law, any director or the entire board may be removed, with or without cause, with the approval of a majority of the outstanding shares entitled to vote. However, for corporations like IMSI that permit cumulative voting, no director may be removed (unless the entire board is removed) if the number of votes cast against removal would be sufficient to elect the director under cumulative voting.

Under the Delaware Law, a director of a corporation that does not have a classified board may be removed with or without cause by the holders of a majority of the shares then entitled to vote at an election of directors, subject to limitations for corporations that permit cumulative voting. A director of a corporation that has a classified board can be removed only for cause, unless its certificate of incorporation provides otherwise. As mentioned, IMSI Delaware will not have a classified board. The Delaware Bylaws provide that directors may be removed, with or without cause, at an annual meeting or a special meeting of stockholders called for that purpose. Therefore, after reincorporation, stockholders of IMSI Delaware will still be entitled to remove directors without cause. However, minority stockholders who in some cases could have blocked removal will no longer have that ability, because IMSI Delaware will not have cumulative voting.

Filling Board Vacancies. Under the California Law, shareholders may fill any vacancy on the board not otherwise filled by the board. Unless the articles or bylaws provide otherwise, the board may fill any vacancy other than one caused by removal of a director. A vacancy created by removal may be filled only by the shareholders, unless the corporation's articles of incorporation or bylaws also authorize the board to fill such vacancies. The California Bylaws do not permit the Board to fill such vacancies. Under the Delaware Law, vacancies and newly-created directorships may be filled by a majority of the directors then in office or by the stockholders, unless otherwise provided in the certificate of incorporation or bylaws. Neither the Delaware Certificate nor the Delaware Bylaws restrict the ability of IMSI Delaware's stockholders to fill board vacancies.

Size of the Board. The California Bylaws specify that the exact number of directors will be fixed from time to time by a bylaw adopted by the shareholders. IMSI currently has seven (7) directors. The Delaware Bylaws establish a range of five (5) through nine (9) authorized directors, with the exact number to be determined by board resolution. The initial fixed number of authorized directors for IMSI Delaware will be Seven (7).

Amendment of Certificate or Articles of Incorporation. Under both the Delaware Law and the California Law, a corporation's certificate or articles of incorporation may be amended only if the amendment is approved by the board and by holders of a majority of its outstanding voting shares.

Amendment of Bylaws. The bylaws of a California corporation may be amended by shareholders holding a majority of the outstanding voting shares or by the board. However, if the number or range of directors is specified in the bylaws, that provision can only be changed with shareholder approval. Shareholders of a California corporation can adopt a bylaw limiting the power of the board to amend the bylaws. Under the Delaware Law, the bylaws may be amended only by the stockholders, unless the corporation's certificate of incorporation also confers that power on the board. The Delaware Certificate authorizes IMSI Delaware's Board of Directors to amend the Delaware Bylaws. Accordingly, the Board of IMSI Delaware will have the ability to change the range of the number of directors without stockholder approval. The Board of IMSI does not have that ability.

Shareholder/Stockholder Approval. The California Law and the Delaware Law differ with respect to the circumstances under which holders of a corporation's securities are entitled to approve of a merger. For example, under the Delaware Law, no vote of stockholders of a constituent corporation is necessary to authorize a merger such as the Access Media Merger. By contrast, the California Law requires that the principal terms of a merger must be approved by the outstanding shares of each class of each corporation the approval of whose board is required to effect such merger. In turn, the California Law requires that a reorganization or a share exchange tender offer must be approved by the board of the corporation in control of any constituent corporation. Therefore, under the California Law, the shareholders would be entitled to approve of a merger such as the AccessMedia Acquisition whereas, under the Delaware Law, the stockholders are not entitled to approve of a merger such as the AccessMedia Acquisition.

Rights of Dissenting Shareholders. Under both the California Law and the Delaware Law, a shareholder of a corporation that participates in certain major transactions may receive cash equal to the fair value (Delaware) or fair market value (California) of the shareholder's stock in lieu of the consideration the shareholder would have received in the transaction, if the shareholder follows certain procedures. The California Law and the Delaware Law differ with respect to the circumstances under which such dissenters' rights are available. The Delaware Law does not require dissenters' rights with respect to: (a) a sale of assets; (b) a merger if the shares of the corporation are listed on a national securities exchange or designated as a national market system security on an inter-dealer quotation system by the National Association of Securities Dealers, Inc. or (c) a merger in which the corporation survives and, as in the case of the AccessMedia Acquisition, no vote of its stockholders is required to approve the merger. The California exceptions for dissenters' rights in mergers are somewhat different from Delaware's. Under the California Law, dissenters' rights are available for certain mergers involving California corporations. Accordingly, under the California Law, the shareholders would be entitled to dissenters' rights whereas under the Delaware Law, the stockholders are not entitled to such dissenters' rights.

Dividends and Stock Repurchases. Both the California Law and the Delaware Law impose limitations on a corporation's ability to pay dividends or make other distributions to shareholders or redeem their stock. These laws are intended to protect creditors. Under the California Law, such distributions generally are limited either to retained earnings or to an amount that would leave the corporation with tangible assets equal in value to at least 125 percent of its liabilities and with current assets at least equal in value to its current liabilities (or 125 percent of its current liabilities if the average pre-tax and pre-interest earnings for the preceding two fiscal years were less than its average interest expense for those years). In general, the Delaware Law permits distributions and stock repurchases out of surplus or, in the case of a dividend, if there is no surplus, out of net profits for the current and immediately preceding fiscal years.

Certain Loans. The California Law requires that any loan or guaranty by the corporation to or for a director or officer must be approved by shareholders, unless extended or granted under a plan approved by shareholders. Shareholders may also approve a bylaw authorizing the corporation's board of directors to approve loans or guaranties to or for officers (including officers who are also directors), if the board determines that the loan or guaranty may reasonably be expected to benefit the corporation. The California Bylaws contain such a provision. Under the Delaware Law, a corporation may make loans to, guarantee the obligations of or otherwise assist its officers or other employees (including any officer or other employee who is also a director) when, in the board's judgment, such action may reasonably be expected to benefit the corporation.

Inspection of Shareholder List. Both the California Law and the Delaware Law allow any shareholder to inspect the shareholder list for a purpose reasonably related to the shareholder's interest as a shareholder. In addition, the California Law grants an absolute right to inspect and copy the shareholder list to holders of at least five percent of a corporation's voting shares and holders of at least one percent of such shares who filed a "Schedule 14B" with the Securities and Exchange Commission relating to the election of directors. The Delaware Law does not provide an absolute right of inspection. Lack of access to shareholder records, even though unrelated to a shareholder's interest as a shareholder, could result in impairment of the shareholder's ability to coordinate support for or opposition to proposals.

Shareholder Votes on Certain Transactions and Events. Both California and Delaware law generally require that holders of at least a majority of the outstanding voting shares of corporations that are merging approve the merger. As set forth above, the Delaware Law contains a supermajority stockholder voting requirement (66 2/3 percent of the voting stock not owned by the "interested stockholder") for certain "business combinations" including mergers involving "interested stockholders."

The Delaware Law does not require a vote by stockholders of a surviving corporation in a merger (unless the corporation provides otherwise in its certificate of incorporation) if: (a) the merger agreement does not amend the corporation's existing certificate of incorporation; (b) each share of the surviving corporation outstanding before the merger is unchanged in the merger; and (c) the number of shares issued by the surviving corporation in the merger does not exceed 20 percent of the shares outstanding immediately before the merger. The California Law contains a similar exception from the shareholder approval requirement for reorganizations where the shareholders immediately before the reorganization will own equity securities immediately after the reorganization constituting more than five-sixths of the voting power of the surviving or acquiring corporation. Both the California Law and the Delaware Law also require that a sale of all or substantially all of the corporation's assets be approved by a majority of the corporation's voting shares, and the supermajority stockholder voting requirement of Section 203 of the Delaware Law applies to certain sales of assets by IMSI Delaware to an "interested stockholder."

With certain exceptions, the California Law also requires that mergers, reorganizations, certain sales of assets and similar transactions be approved by a majority vote of each class of outstanding shares. The Delaware Law generally does not require class voting, except in certain transactions involving an amendment to the certificate of incorporation that adversely affects a specific class of shares.

Interested Director Transactions. Under the California Law, contracts and other transactions in which one or more of a corporation's directors have a material financial interest are not void or voidable because of that interest if certain conditions are met. Under the Delaware Law, contracts and other transactions in which one or more of a corporation's directors or officers have a financial interest are not void or voidable because of that interest if certain conditions are met. With exceptions, those conditions are similar under California and Delaware law. Under both laws: (a) either the shareholders or the board must approve any such contract or transaction after disclosure of the material facts and, in the case of board approval, the contract or transaction must also be "just and reasonable" (in California) or "fair" (in Delaware) to the corporation or (b) the contract or transaction must have been just and reasonable or fair as to the corporation at the time it was approved. In the latter case, the California Law places the burden of proof on the interested director. Under the California Law, if shareholder approval is sought, the interested director is not entitled to vote the director's shares with respect to the contract or transaction. Also under the California Law, if board approval is sought, the contract or transaction must be approved by a majority vote of a quorum of the directors without counting the vote of the interested directors. However, interested directors may be counted for purposes of establishing a quorum. Under the Delaware Law, if board approval is sought, the contract or transaction must be approved by a majority of the disinterested directors even if less than a majority of a quorum. IMSI is not aware of any plans to propose any transaction involving directors of IMSI.

Voting by Ballot. The California Law provides that the election of directors may proceed in the manner set forth in a corporation's bylaws. The California Bylaws provide for the election of directors by voice vote or by ballot, unless before the voting begins for the election of directors a shareholder demands voting by ballot, in which case such vote shall be by ballot. Under the Delaware Law, the right to vote by ballot may be restricted if so provided in the certificate of incorporation. The Delaware Certificate provides that election of directors need not be by written ballot unless the bylaws so provide. The Delaware Bylaws do not require election of directors to be by ballot. Stockholders of IMSI Delaware will therefore not be entitled to demand election by written ballot. It may be more difficult for a stockholder to contest the outcome of a vote that has not been conducted by written ballot.

Shareholder Derivative Suits. The California Law provides that a shareholder bringing a derivative action on behalf of a corporation need not have been a shareholder at the time of the transaction to which the action relates if certain tests are met. In general, under the Delaware Law a shareholder may only bring a derivative action if the shareholder was such at the time of the transaction. The California Law also provides that the corporation or defendant in a derivative suit may seek a court order requiring that the plaintiff shareholder furnish a bond for security. The Delaware Law does not have such a feature.

Dissolution. Under the California Law, holders of shares having 50 percent or more of the corporation's total voting power may authorize a corporation's dissolution without board approval. That right may not be modified by the articles of incorporation. Under the Delaware Law, unless the board approves the dissolution, the dissolution must be approved by holders of shares having 100 percent of the corporation's voting power.

Application of California Law After Reincorporation. Under Section 2115 of the California Law, certain foreign corporations (i.e., corporations not organized under California law) are placed in a special category if they have characteristics of ownership and operation which indicate that they have significant contacts with California. So long as a Delaware or other foreign corporation is in this special category, and it does not qualify for one of the statutory exemptions, it is subject to a number of key provisions of the California Law applicable to corporations incorporated in California. Among the more important provisions are those relating to the election and removal of directors, cumulative voting, prohibition of classified boards of directors, standards of liability and indemnification of directors, distributions, dividends and repurchases of shares, shareholder meetings, approval of certain corporate transactions, dissenters' and appraisal rights and inspection of corporate records. The enforceability of the provisions of Section 2115 of the California Law has been questioned in a number of Delaware court opinions. Additionally, exemptions from Section 2115 are provided for corporations whose shares are listed on a major national securities exchange.

PROPOSAL NO. 2: REVERSE ONE FOR TWO STOCK SPLIT

Reverse Stock Split

Shareholders will be asked to authorize the Board of Directors to effectuate a reverse one for two stock split of IMSI's common stock whereby each outstanding two (2) shares of common stock would be combined into and become one (1) share common stock. The Board of Directors believes that it may in the best interests of IMSI and its shareholders to effectuate the reverse stock split.

General. The Board of Directors seeks authorization to effect a reverse stock split of IMSI's common stock if it deems it to be in the best interests of IMSI and its shareholders. Pursuant to a reverse stock split, each outstanding two (2) shares of common stock of IMSI would be combined into and become one (1) share of common stock of IMSI Delaware. Approval of the this proposal will authorize the Board of Directors to implement a reverse stock split when and if it determines it is in the best interests of IMSI and its shareholders. The actual timing for implementation, if any, of the reverse stock split will be determined by the Board. IMSI currently anticipates that if it is implemented it will be implemented on the closing date of the Reincorporation Merger.

Purpose of the Reverse Stock Split. The principal reason for a reverse stock split is to increase the per share trading price of our common stock, although there can be no assurance that the trading price of our common stock would be maintained at such level.

In evaluating whether or not to authorize the reverse stock split, in addition to the considerations described above, the Board of Directors will take into account various negative factors associated with a reverse stock split. These factors include: the negative perception of reverse stock splits held by some investors, analysts and other stock market participants; the fact that the stock price of some companies that have effected reverse stock splits has subsequently declined back to pre-reverse stock split levels; the adverse effect on liquidity that might be caused by a reduced number of shares outstanding; and the costs associated with implementing a reverse stock split.

In determining the reverse split ratio, the board will consider numerous factors, including the historical and projected performance of our common stock, prevailing market and industry conditions and general economic trends, and will place emphasis on the expected closing price of our common stock over the short and longer period following the effectiveness of the reverse stock split.

In addition, in determining to authorize the reverse split, the Board will consider that a sustained higher per share price of IMSI's common stock, which may result from the reverse stock split, might heighten the interest of the financial community in IMSI and potentially broaden the pool of investors that may consider investing in IMSI, possibly increasing the trading volume and liquidity of our common stock or helping to mitigate any decrease in such trading volume and liquidity which might result from the reverse stock split.

The Board of Directors also believes that a higher per share market price for our common stock may help us attract and retain employees. The Board of Directors believes that some potential employees are less likely to work for a company with a low stock price regardless of the company's market capitalization. However, again, there can be no assurance as to the market prices for our common stock after the reverse stock split or that increased market prices for our common stock will in fact enhance our ability to attract and retain employees.

Shareholders should recognize that if a reverse split is effected, they will own a number of shares equal to the number of shares owned immediately prior to the reverse stock split divided by two (2). While IMSI expects that the reverse split will result in an increase in the market price of its common stock, the reverse split may not increase the market price of IMSI's common stock in proportion to the reduction in the number of shares of its common stock outstanding or result in a permanent increase in the market price (which depends on many factors, including IMSI's performance, prospects and other factors that may be unrelated to the number of shares outstanding).

If a reverse stock split is effected and the market price of IMSI's common stock declines, the percentage decline as an absolute number and as a percentage of IMSI's overall market capitalization may be greater than would occur in the absence of a reverse stock split. Furthermore, the liquidity of IMSI's common stock could be adversely affected by the reduced number of shares that would be outstanding after the reverse stock split. In addition, the reverse split will likely increase the number of shareholders of IMSI who own odd lots (less than 100 shares). Shareholders who hold odd lots typically will experience an increase in the cost of selling their shares, as well as possible greater difficulty in effecting such sales. Accordingly, a reverse stock split may not achieve the desired results that have been outlined above.

Number of Shares of Common Stock and Corporate Matters. The reverse stock split would have the following effects on the number of shares of common stock outstanding:

- each two (2) shares owned by a shareholder immediately prior to the reverse split would become one (1) share of common stock after the reverse split;
- the number of shares of our common stock issued and outstanding would be reduced from approximately [29,830,877] shares to approximately [14,915,438] shares;
- all outstanding but unexercised options entitling the holders thereof to purchase shares of our common stock will enable such holders to purchase, upon exercise of their options, one-half (1/2) of the number of shares of our common stock that such holders would have been able to purchase upon exercise of their options immediately preceding the reverse stock split, at an exercise price equal to two (2) times the exercise price specified before the reverse stock split, resulting in approximately the same aggregate exercise price being required to be paid upon exercise thereof immediately preceding the reverse stock split; and
- the number of shares of our common stock reserved for issuance (including the maximum number of shares that may be subject to options) under our stock option plans will be reduced to one-half (1/2) of the number of shares currently included in such plans.

As a summary and for illustrative purposes only, the following table shows approximately the effect on our common stock of the reverse stock split, based on [29,830,877] shares of common stock issued and outstanding as of the close of business on the Record Date and assuming the reverse stock split became effective at the close of business on the Record Date:

	Prior to Reverse Stock Split	After Reverse Stock Split
Authorized	300,000,000	300,000,000
Issued and outstanding common stock	29,830,877	14,915,438
Available for future issuance	270,169,123	285,084,562

The authorized and unissued and unreserved shares would be available from time to time for corporate purposes including raising additional capital, acquisitions of companies or assets, for strategic transactions, including a sale of all or a portion of IMSI, and sales of stock or securities convertible into common stock. We currently have no plan, arrangement or agreement to issue shares of our common stock for any purpose, except for the issuance of shares of common stock pursuant to the Reincorporation Merger, pursuant to the AccessMedia Acquisition and pursuant to our stock option plans. If we issue additional shares, the ownership interests of holders of our common stock may be diluted.

The reverse stock split will affect all our shareholders uniformly and will not change the proportionate equity interests of our shareholders, nor will the respective voting rights and other rights of shareholders be altered, except for possible changes due to the treatment of fractional shares resulting from the reverse split. As described below, shareholders holding fractional shares will be entitled to cash payments in lieu of such fractional shares. Common stock issued and outstanding pursuant to the reverse stock split will remain fully paid and non-assessable.

Cash Payment in Lieu of Fractional Shares. If the stock split is implemented by the Board, IMSI will not issue fractional certificates for post-reverse stock split shares in connection with the reverse stock split. Shareholders who otherwise would be entitled to receive fractional shares because they hold of record immediately prior to the effective time of the reverse stock split a number of shares not evenly divisible by two (2) will be entitled, upon surrender to the exchange agent of certificate(s) representing such shares, to a cash payment in lieu thereof. The cash payment will equal the fraction to which the stockholder would otherwise be entitled multiplied by the average of the closing prices (as adjusted to reflect the reverse stock split) of our common stock, as reported in NASDAQ Bulletin Board, during the twenty (20) consecutive trading days ending on the trading day immediately prior to the date on which the reverse stock split becomes effective. If such price is not available, the fractional share payment will be based on the average of the last bid and ask prices of our common stock on such days (as adjusted to reflect the reverse stock split) or other price determined by the Board of Directors. The ownership of a fractional interest will not give the holder thereof any voting, dividend or other rights except to receive payment therefore as described herein.

Shareholders should be aware that, under the escheat laws of the various jurisdictions where shareholders reside, sums due for fractional interests that are not timely claimed after the effective time may be required to be paid to the designated agent for each such jurisdiction. Thereafter, shareholders otherwise entitled to receive such funds may have to seek to obtain them directly from the state to which they were paid.

Procedure for Effecting Reverse Stock Split and Exchange of Stock Certificates. If the shareholders authorize the Board to effect the stock split and the Board determines that it is in the best interests of IMSI and the shareholders, the Board plans to effect the reverse stock split concurrently with the Reincorporation Merger. At such “effective time,” each two (2) shares of common stock issued and outstanding immediately prior to the effective time will, automatically and without any further action on the part of our stockholders, be combined into and become one (1) share of common stock, and each certificate which, immediately prior to the effective time represented pre-reverse stock split shares, will be deemed for all corporate purposes to evidence ownership of post-reverse stock split shares.

IMSI's transfer agent, American Stock Transfer & Trust Co., will act as exchange agent for purposes of implementing the exchange of stock certificates, and is referred to as the "exchange agent." As soon as practicable after the effective time, a letter of transmittal will be sent to shareholders of record as of the effective time for purposes of surrendering to the exchange agent certificates representing pre-reverse stock split shares in exchange for certificates representing post-reverse stock split shares in accordance with the procedures set forth in the letter of transmittal. No new certificates will be issued to a shareholder until such shareholder has surrendered such shareholder's outstanding certificate(s), together with the properly completed and executed letter of transmittal, to the exchange agent. From and after the effective time, any certificates formerly representing pre-reverse stock split shares which are submitted for transfer, whether pursuant to a sale, other disposition or otherwise, will be exchanged for certificates representing post-reverse stock split shares. Shareholders who do not have stock certificates for surrender and exchange will have their accounts automatically adjusted in order to reflect the number of shares of common stock they hold as a consequence of the reverse stock split. **SHAREHOLDERS SHOULD NOT DESTROY ANY STOCK CERTIFICATE(S) AND SHOULD NOT SUBMIT ANY CERTIFICATE(S) UNTIL REQUESTED TO DO SO.**

No Appraisal Rights. Under the California General Corporation Law, shareholders will not be entitled to exercise appraisal rights in connection with the reverse stock split..

Recommendations of IMSI's Board of Directors

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE PROPOSAL TO AUTHORIZE THE BOARD OF DIRECTORS TO EFFECTUATE A REVERSE ONE FOR TWO STOCK SPLIT.

PROPOSAL NO. 3: AMENDMENT OF THE 2004 INCENTIVE STOCK OPTION PLAN

Stock Option Amendment

The Board of Directors has previously adopted and the shareholders have approved a stock option plan, known as the 2004 Incentive Stock Option Plan (the "Option Plan"), for the purpose of providing stock options to employees, directors and other valued contributors to IMSI, and pursuant to which IMSI has reserved four million (4,000,000) shares (before giving effect to the reverse 1-for-2 stock split) of common stock for issuance upon exercise of such stock options. The Board of Directors deems it is in the best interests of IMSI and its shareholders to increase the number of shares for which options may be granted under the Option Plan by an additional six million five hundred thousand (6,500,000) shares (before giving effect to the reverse 1-for-2 stock split) or three million two hundred fifty thousand (3,250,000) shares (after giving effect to the reverse 1-for-2 stock split) of common stock.

The Board of Directors of IMSI recommends the approval of the amendment of the 2004 Plan, such that Article V, paragraph A shall read as follows:

A. The stock issuable under the Plan shall be shares of authorized but unissued or reacquired common stock. The maximum number of shares of common stock which may be issued over the term of the Plan shall not exceed five million two hundred fifty thousand (5,250,000) shares; provided, however, that the number of shares issuable on exercise of outstanding options under the Plan and all other stock option, stock bonus and similar plans or agreements of the Corporation (except as otherwise provided by the California Corporations Code and regulations promulgated thereunder) shall at no time exceed thirty percent (30%) of the number of outstanding shares of the Corporation's capital stock. In the event that the Corporation's Board of Directors authorizes the grant of options under the Plan such that the 30% limit set forth above is exceeded, those options authorized in excess of the 30% limit will not be considered granted until such time as (i) additional shares are issued by the Corporation to bring the authorized options within the 30% limit, or (ii) the consent of the holders of at least two-thirds of IMSI's outstanding shares is obtained to the issuance of options in excess of the 30% limit.

Such amendment to the Option Plan will not take effect until it is approved by the affirmative vote of the holders of a majority of IMSI's outstanding common stock. Upon such approval, an aggregate of ten million five hundred thousand (10,500,000) (before giving effect to the reverse 1-for-2 stock split) or five million two hundred fifty thousand (5,250,000) shares (after giving effect to the reverse 1-for-2 stock split) of IMSI's common stock will be reserved for issuance under the Option Plan.

The Board of Directors also believes that it is in IMSI's best interests to register the additional six million five hundred thousand (6,500,000) shares (before giving effect to the reverse 1-for-2 stock split) or three million two hundred fifty thousand (3,250,000) shares (after giving effect to the reverse 1-for-2 stock split) of common stock reserved for issuance under the amended Option Plan.

Upon obtaining the consent of IMSI's shareholders as described above, the President, Secretary and such other officers as they may designate will be authorized, directed and empowered to prepare and file with the United States Securities Exchange Commission a Registration Statement on Form S-8 to effect the registration of the additional six million five hundred thousand (6,500,000) shares (before giving effect to the reverse 1-for-2 stock split) or three million two hundred fifty thousand (3,250,000) shares (after giving effect to the reverse 1-for-2 stock split) of common stock being added to the Option Plan and to prepare and file any and all additional applications and registrations with the State Blue Sky administrators as may be deemed appropriate.

As more fully described on page , as part of the Reincorporation Merger, the Board of Directors plans to effect a reverse stock split of IMSI's common stock. Pursuant to the reverse stock split, each outstanding two (2) shares of common stock of IMSI would be combined into and become one (1) share of common stock of IMSI Delaware.

The reverse stock split would have the following effect on the Option Plan and on the number of unexercised options under the Option Plan:

- the number of shares of IMSI's common stock reserved for issuance under the Option Plan, as amended, will be reduced to one-half (1/2) of the number of such shares preceding the reverse stock split; and
- All outstanding but unexercised options entitling the holders thereof to purchase shares of IMSI's common stock will enable such holders to purchase, upon exercise of their options, one-half (1/2) of the number of shares of IMSI's common stock that such holders would have been able to purchase upon exercise of their options immediately preceding the reverse stock split, at an exercise price equal to two (2) times the exercise price specified before the reverse stock split, resulting in approximately the same aggregate exercise price being required to be paid upon exercise thereof immediately preceding the reverse stock split.

Recommendations of IMSI's Board of Directors

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE AMENDMENT OF THE 2004 INCENTIVE STOCK OPTION PLAN.

THE ACCESSMEDIA ACQUISITION

This section of this document describes the principal aspects of the proposed AccessMedia acquisition. Information regarding the AccessMedia Acquisition has been included because IMSI intends to effectuate the acquisition of AccessMedia after the reincorporation of IMSI in Delaware. If the reincorporation is not approved, the Board of Directors of IMSI intends to restructure the AccessMedia Acquisition in order to complete it another way.

While IMSI believes that this description covers the material terms of the acquisition 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 acquisition by reading the AccessMedia Merger Agreement, a copy of which is attached to this document as Annex D and incorporated herein by reference. You are encouraged to read the AccessMedia Merger Agreement and the other annexes to this document carefully and in their entirety.

Background of the Acquisition

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"), 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 Mr. Wade and Mr. 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 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 the AccessMedia Merger Agreement and a joint operating agreement, which was intended to govern the operations of AccessMedia until the closing of the acquisition.

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.

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) of \$1,750,000.

During the period from early June to early August 2005, all parties worked to finalize due diligence and the documentation related to the acquisition. During this period, Messrs. Ward 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, IMSI held a board 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 directors of IMSI were present in addition to Martin Wade, representatives from Morgan, Lewis & Bockius LLP, counsel to IMSI, Michael Gardner, 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, Michael 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. A representative of Deson & Co. 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 AccessMedia Merger Agreement is 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 AccessMedia Merger Agreement, and the transactions contemplated thereby, were advisable, fair and in the best interest of IMSI and its stockholders, adopted and approved the AccessMedia Merger Agreement and the transactions contemplated thereby, and authorized certain officers to make any necessary or appropriate changes to the AccessMedia Merger Agreement, and authorized the consummation of the transactions contemplated by the AccessMedia Merger Agreement, including the acquisition.

Following the approvals of the acquisition and related transactions by the respective boards of directors of IMSI and AccessMedia, representatives of IMSI and AccessMedia finalized a 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 contemplate the proposed reincorporation of IMSI prior to closing the AccessMedia Acquisition, (ii) to provide more certainty regarding the tax treatment of the AccessMedia Acquisition and (iii) to increase the merger consideration to be paid at the closing of the AccessMedia Acquisition while reducing the aggregate merger consideration potentially earned by the former AccessMedia shareholders upon the achievement of certain revenue milestones.

On October 20, 2005, IMSI held a board meeting to review a new merger agreement (the "AccessMedia 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 Martin Wade, representatives from Morgan, Lewis & Bockius LLP, counsel to IMSI, Michael Gardner, and Sean Deson, Managing Director of Deson & Co. During this meeting, Mr. Wade reported on the status of negotiations of the proposed changes to the AccessMedia Merger Agreement. Michael Gardner and representatives of Morgan, Lewis & Bockius LLP spoke to their views of the proposed changes. A representative of Deson & Co. 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 AccessMedia 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.

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 AccessMedia Merger Agreement, and the transactions contemplated thereby, were advisable, fair and in the best interest of IMSI and its stockholders, and adopted and approved the AccessMedia Merger Agreement and the transactions contemplated thereby.

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

Recommendations of IMSI's Board of Directors

After careful consideration, at a meeting held on October 20, 2005, IMSI's board of directors,:

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

- determined that it is advisable and in the best interests of IMSI and its shareholders that IMSI enter into the AccessMedia Merger Agreement and consummate the acquisition;
- determined that the AccessMedia Merger Agreement is fair to IMSI and its shareholders;
- approved the AccessMedia Merger Agreement, the acquisition and the other transactions contemplated by the AccessMedia Merger Agreement; and
- determined to recommend that the shareholders of IMSI adopt the AccessMedia Merger Agreement.

You should be aware that certain directors and executive officers of IMSI have interests in the acquisition that are different from, or are in addition to, the interests of IMSI shareholders. Please see the section entitled “The AccessMedia Acquisition - Interests of IMSI Directors and Executive Officers in the Merger” beginning on page of this document.

IMSI’s Reasons for the Merger

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

In reaching its decision to approve the AccessMedia Merger Agreement, IMSI’s 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 AccessMedia 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 G to this document), the merger consideration to be paid to AccessMedia stockholders pursuant to the AccessMedia Merger Agreement was fair to IMSI shareholders, from a financial point of view, as described more fully under "The AccessMedia Acquisition - Opinion of IMSI's Financial Advisor" beginning on page 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 interests of certain IMSI executive officers and directors in the acquisition, as described more fully under "The AccessMedia Merger - Interests of IMSI Directors and Officers in the Merger" beginning on page of this document; and
 - our board's belief that the acquisition likely would be completed on a timely basis.

IMSI's board of directors also considered a number of potentially negative factors in its deliberations concerning the acquisition. The potentially negative factors considered by IMSI's board of directors included:

- 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 acquisition and that our stock price may decline;
 - the risk that the acquisition 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 proposed acquisition;
 - the possibility of management and employee disruption associated with the potential acquisition;

- the interests of certain IMSI executive officers and directors in the acquisition described under “The AccessMedia Acquisition - Interests of IMSI Directors and Executive Officers in the Merger” beginning on page 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 acquisition.

After considering the risks, IMSI’s board of directors concluded that the potential benefits of the acquisition outweighed these risks.

The foregoing discussion, information and factors considered by IMSI’s board of directors is not intended to be exhaustive but is believed to include all material factors considered by IMSI’s board of directors. In view of the wide variety of factors considered by IMSI’s board of directors, as well as the complexity of these matters, IMSI’s board of directors did not find it practical to quantify or otherwise assign relative weight to the specific factors considered. In addition, IMSI’s board of directors 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, IMSI’s board of directors determined that the AccessMedia Merger Agreement and the acquisition were fair to, and in the best interests of IMSI and its shareholders and that IMSI should proceed with the acquisition.

Opinion of Deson & Co.

IMSI’s board of directors retained Deson & Co. to render an opinion to the board of directors with respect to the acquisition. 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 stockholders 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 G 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 Reincorporation 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 AccessMedia 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. In arriving at its opinion, Deson & Co. has conducted no 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.

In conducting its review and in rendering its opinion, Deson & Co. has relied upon and assumed the accuracy and completeness of the financial and other information provided to it or otherwise made available to it, and has not attempted to independently verify, and has not assumed responsibility for the independent verification, of such information. 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 AccessMedia 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 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 acquisition. 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:

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 stockholders. 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 stockholders and the resulting AccessMedia per share valuation based upon AccessMedia's projected 2006 financial information, and 29,000,000 and 36,000,000 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		
	<u>Average</u>	<u>High</u>	<u>Low</u>	29,000,000	36,000,000	29,000,000	36,000,000	
<i>Enterprise Value/</i>								
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>	
<i>Equity Value/</i>								
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:

Acquiror	Target	Date
Great Hill Partners	IGN Entertainment	5/2/03
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 Entertainment	9/8/05

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 stockholders and the resulting AccessMedia per share valuation based upon AccessMedia's projected 2006 financial information, and 29,000,000 and 36,000,000 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		x	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		x	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
Discount Rate	20%	2.86	3.18	3.50	3.82	4.14
	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
Discount Rate	20%	2.37	3.06	3.75	4.44	5.13
	25%	2.10	2.71	3.32	3.93	4.54
	30%	1.87	2.42	2.96	3.50	4.04

35% 1.682.162.653.133.61

40% 1.511.942.382.813.24

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 estimated operating margins prepared by AccessMedia at the various 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
<i>Accretion/(Dilution)</i>	<i>0 to 10%</i>	<i>60 to 70%</i>	<i>90 to 100%</i>	<i>140 to 150%</i>	<i>165 to 180%</i>
Ending Shares					
Issued	36,000,000	43,000,000	50,000,000	57,000,000	64,000,000
<i>Accretion/(Dilution)</i>	<i>0 to -10%</i>	<i>45 to 55%</i>	<i>75 to 85%</i>	<i>120 to 130%</i>	<i>145 to 160%</i>

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, very accretive at the various Performance Levels

Relative Contribution Analysis. Deson & Co. reviewed the contributions of IMSI for the year ended 2006 and estimated operating margins prepared by AccessMedia at the various 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					
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					
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 AccessMedia Acquisition, 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 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 Sean Deson may receive compensation from Baytree or Michael Gardner related to the Merger in addition to compensation received from IMSI. While Sean Deson does not personally own shares of IMSI, Sean 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 Baytree Capital in the Merger

Under the terms of its engagement IMSI has agreed to pay Baytree, as a result of the AccessMedia Acquisition, a fee of 5% of the aggregate value of the closing consideration to be paid to the former AccessMedia stockholders, payable in IMSI shares, for services delivered in connection with the AccessMedia Acquisition, 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 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.

Interests of IMSI Directors and Executive Officers in the Merger

Certain executive officers of IMSI and certain members of IMSI's board of directors may be deemed to have interests in the acquisition that are different from or in addition to the interests of IMSI shareholders generally. IMSI's board of directors was aware of these interests and considered them, among other matters, in approving the AccessMedia Merger Agreement and the acquisition. Described below are the interests of executive officers of IMSI's management and certain members of IMSI's board of directors.

- In connection with the AccessMedia Acquisition, Martin Wade, III, IMSI's Chief Executive Officer, entered into an employment agreement pursuant to which Mr. Wade receives an annual base salary of \$225,000 and 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. This agreement is for a term of three years.

- IMSI has entered into an employment agreement with Gordon Landies, IMSI's President, pursuant to which Mr. Landies receives an annual base salary of \$195,000 and target incentive compensation of \$195,000. Employment with IMSI is at will but termination without cause will entitle Mr. Landies to twenty four months of full compensation and benefits. Pursuant to the terms of his employment agreement, Mr. Landies will be entitled to a bonus in the amount of \$97,500 as a result of the closing of the AccessMedia Acquisition. If the AccessMedia Acquisition results in a net share amount greater than \$1.50 (before taking into account the proposed stock split), Mr. Landies would be entitled to an additional bonus of \$150,000.
- IMSI has entered into an employment agreement with Robert O'Callahan, IMSI's Chief Financial Officer, pursuant to which Mr. O'Callahan receives an annual base salary of \$140,000 and target incentive compensation of \$80,000. Employment with IMSI is at will but termination without cause will entitle Mr. O'Callahan to a period of full compensation and benefits proportionate to service. Pursuant to the terms of his employment agreement, Mr. O'Callahan will be entitled to a bonus in the amount of \$50,000 as a result of the closing of the AccessMedia Acquisition if the AccessMedia Acquisition results in a net share amount greater than \$2.00 (before taking into account the proposed stock split).

In the event any of the payments made to Messrs. Wade, Landies 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, Landies or O'Callahan to an excise tax under the Code, then Messrs. Wade, Landies 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 acquisition, 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 acquisition, the number of option shares or share right awards which vest on an accelerated basis in connection with the acquisition, and the portion of any other payments or benefits deemed to be an excess parachute payment.

Accounting Treatment of the AccessMedia Acquisition

IMSI intends to account for the acquisition 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 \$26.9 million. IMSI expects that the final purchase price will be determined after the completion of the acquisition. The allocation of the purchase price among net tangible assets acquired, goodwill and other intangibles will be determined after the completion of the acquisition. Amortizable intangible assets, currently estimated at \$18.1 million, will generally be amortized over the estimated useful lives with initial estimates ranging from 3.0 years to 10.0 years, resulting in an estimated accounting charge for amortization attributable to these items of approximately \$3.3 million on an annual basis for the first three 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 \$14.6 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

It is anticipated that shortly following the reincorporation AccessMedia and IMSI will merge under the terms of an AccessMedia Merger Agreement that is described in this document. If the Reincorporation and then the Merger are completed, holders of common stock of IMSI will not be entitled to vote on the AccessMedia Acquisition and will not have appraisal rights. If the AccessMedia Acquisition and the AccessMedia Acquisition were to be effectuated prior to the Reincorporation, IMSI stockholder would be entitled to vote on the AccessMedia Acquisition and would therefore be entitled to appraisal rights under Chapter 13 of the California General Corporate Law.

AS THE REINCORPORATION OF IMSI IN DELAWARE IS INTENDED TO TAKE PLACE PRIOR TO THE MERGER, IMSI SHAREHOLDERS WILL NOT BE ENTITLED TO VOTE ON THE MERGER OR TO EXERCISE DISSENTERS RIGHTS.

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 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 AccessMedia 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 STOCKHOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON IMSI STOCKHOLDERS 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 STOCKHOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THE ACCESSMEDIA MERGER AGREEMENT

The following summary describes the material provisions of the AccessMedia Merger Agreement. This summary may not contain all of the information about the AccessMedia Merger Agreement that is important to you. The AccessMedia Merger Agreement is attached to this document as Annex D 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 AccessMedia Merger Agreement, because it is the legal document that governs the merger.

The Merger

Generally

The AccessMedia Merger Agreement provides that at the closing of the merger, ACCM Acquisition Corp., a wholly-owned subsidiary of IMSI, 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 AccessMedia 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 stockholders, representing approximately 49.3% 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 stockholders if AccessMedia achieves certain revenue milestones prior to December 31, 2008 (subject to certain extensions as provided in the AccessMedia Merger Agreement), representing approximately 68.2% in the aggregate to be held by former AccessMedia stockholders.

AccessMedia stockholders will be entitled to receive 1.16 share of common stock of IMSI (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 2.56 shares of common stock of IMSI 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 AccessMedia Merger Agreement).

The additional issuances of the common stock of IMSI 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 AccessMedia 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)
>\$20 million in Revenue	June 30, 2006	7 million	36 million
>\$40 million in Revenue	March 31, 2007	7 million	43 million
>\$55 million in Revenue	September 30, 2007	7 million	50 million
>\$80 million in Revenue	June 30, 2008	7 million	57 million
>\$100 million in Revenue	December 31, 2008	7 million	64 million

Each applicable earnout payment in the column entitled "Earnout Payment" shall be made to the AccessMedia stockholders on or prior to the 30th day following the associated date in the column entitled "Target Date", if the revenue performance level set forth therein is met by such date. Notwithstanding the foregoing, if any revenue performance level is not met by the specified target date, the associated Earnout Payment may still be earned if AccessMedia achieves the applicable revenue performance level within six (6) months following the specified target date known as the "Grace Period"). The listed revenue performance levels are cumulative. As a result, if on any specified target date (or by the Grace Period date associated with each such target date) the revenue performance level goal for that date is met, then the full cumulative amount of the Earnout Payments attributable to all revenue levels included within that amount will be payable at that time. In other words, if a revenue performance level is achieved by a target date, or by the associated Grace Period date, then the Earnout Payment owing at that time will include (a) the Earnout Payment with respect to such target date, and (b) any Earnout Payment relating to prior target dates that had not been earned prior to such date. For example, if AccessMedia does not achieve revenue of \$20 million as of June 30, 2006 but does achieve revenue of \$20 million prior to December 31, 2006 (six months following the first target date), the AccessMedia stockholders will be entitled to receive the Earnout Payment for the period ending December 31, 2006. If AccessMedia does not achieve revenue of \$20 million by December 31, 2006, but does achieve revenue of \$40 million as of September 30, 2007 (six months following the second target date), the AccessMedia stockholders will be entitled to receive the Earnout Payment for each of the first two target dates within 30 days of September 30, 2007.

Completion and Effectiveness of the Merger

We intend to complete the merger no later than two (2) business days after all of the conditions to completion of the merger contained in the AccessMedia Merger Agreement described in the section entitled "The AccessMedia Merger Agreement - Conditions to Completion of the Merger" beginning on page of this document are satisfied or waived. The merger will become effective upon the filing of a certificate of merger with the Secretary of State of the State of Delaware, or such later time as AccessMedia and IMSI agree and set forth in the certificate of merger.

We are working to complete the merger as quickly as possible. We currently plan to complete the merger during the first quarter of 2006. However, we cannot predict the exact timing because completion of the merger is subject to certain conditions.

Treatment of IMSI Capital Stock

In connection with the merger, IMSI's capital stock will be affected as follows:

- 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 stockholders, representing approximately 49.3% 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 stockholders if AccessMedia achieves certain revenue milestones prior to December 31, 2008 (subject to certain extensions as provided in the AccessMedia Merger Agreement), representing approximately 68.2% of the outstanding shares of IMSI to be held by former AccessMedia stockholders in the aggregate.

Representations and Warranties

AccessMedia makes a number of customary representations and warranties in the AccessMedia Merger Agreement regarding aspects of its business, financial condition and structure, as well as other facts pertinent to the merger. These representations and warranties relate to the following subject matters:

- Organization and Good Standing
- Capitalization
- Subsidiaries
- Authority and Enforceability
- No Conflict; Authorizations
- Financial Statements; Authority and Enforceability
- No Undisclosed Liabilities
- Accounts Receivable
- Taxes
- Compliance with Law

.	Authorizations
.	Title to Personal Properties
.	Conditions on Tangible Assets
.	Real Property
.	Intellectual Property
.	Absence of Certain Changes or Events
.	Contracts
.	Litigation
.	Employee Benefits
.	Labor and Employment Matters
.	Environmental
.	Related Party Transactions
.	Insurance
.	Books and Records
.	Conditions Affecting AccessMedia and its Subsidiaries
.	Brokers and Finders
.	No Illegal Payments
.	Suppliers and Customers
.	Bank Accounts
.	Powers of Attorney
.	Information Supplied
.	Completeness of Disclosure

The AccessMedia Merger Agreement contains customary representations and warranties made by IMSI. These representations and warranties relate to the following subject matters:

.	Organization and Good Standing
.	Capital Structure

.	Authority and Enforceability
.	No Conflict; Authorizations
.	SEC Filings; Financial Statements
.	Interim Operation of ACCM Acquisition Corp.
.	Liabilities
.	Taxes
.	Compliance with Law
.	Authorizations
.	Absence of Certain Changes or Events
.	Litigation
.	Brokers and Finders
.	No Illegal Payments
.	Information Supplied
.	Employee Benefits
.	Environmental
.	Related Party Transactions
.	Investment Representations
.	Completeness of Disclosure

Therepresentations and warranties in the AccessMedia Merger Agreement are complicated, are not identical as between IMSI and AccessMedia and not easily summarized. You are urged to carefully read Articles III and IV of the AccessMedia Merger Agreement entitled “Representations and Warranties of IMSI” and “Representations and Warranties of Parent and Merger Sub.”

Indemnification and Escrow Fund

Except as set forth below, the representations and warranties of AccessMedia and IMSI contained in the AccessMedia Merger Agreement generally survive for a period of 18 months following the closing.

The representations and warranties of AccessMedia contained in the AccessMedia Merger Agreement in Sections 3.1 (Organization and Good Standing), 3.2 (Capitalization), 3.4 (Authority and Enforceability), 3.29 (Brokers or Finders) shall survive indefinitely. The representations and warranties of IMSI contained in Sections 3.10 (Taxes) and 3.20 (Employee Benefits) shall survive the Closing until 60 days after the expiration of the applicable statute of limitations period (after giving effect to any waivers and extensions thereof). The representations and warranties of IMSI

contained in Section 3.22 (Environmental) shall survive the Closing for a period of 3 years following the Closing.

The representations and warranties of IMSI contained in the AccessMedia Merger Agreement in Sections 4.1 (Organization and Good Standing), 4.2 (Capital Structure), 4.4 (Authority and Enforceability), and 4.12 (Brokers or Finders) shall survive indefinitely. The representations and warranties of IMSI contained in Sections 4.8 (Taxes) shall survive the Closing until 60 days after the expiration of the applicable statute of limitations period (after giving effect to any waivers and extensions thereof).

IMSI and AccessMedia have agreed to indemnify the other party for breaches of their respective representations, warranties and covenants, provided, however, that neither IMSI nor AccessMedia shall be liable for any losses of the other unless and until the aggregate amount of losses for such party exceeds \$50,000, in which event such party shall be entitled to all of its losses from the first dollar.

1,500,000 shares of common stock of IMSI (before giving effect to the reverse one for two stock split) issuable to AccessMedia stockholders at the closing will be held in an escrow fund pursuant to an escrow agreement with an escrow agent and will be available to IMSI to satisfy any indemnification obligations of AccessMedia stockholders. One-third of the shares deposited into the escrow fund shall be released on each of the following dates: (i) six months after the closing date; (ii) 12 months after the closing date and (ii) 18 months after the closing date; provided, that in the event IMSI has made a claim under the indemnification provisions describe above, any shares in the escrow fund subject to such claim shall not be subject to release, and the foregoing calculation shall be based upon one-third of the remaining shares in the escrow fund.

Obligation to Fund Working Capital Obligations of AccessMedia

Concurrently with execution of the AccessMedia 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 merger pursuant to a joint operating plan and an operating budget to be delivered to a joint operating committee comprised of representatives of IMSI and AccessMedia. At the effective time of the merger, any promissory notes evidencing the loan and interest thereon will be surrendered to AccessMedia without payment and treated as a capital contribution to AccessMedia on its books and records. If the AccessMedia Merger Agreement is terminated, any promissory notes and interest thereon shall convert into the right to receive preferred stock of AccessMedia, the terms of which are set forth in the certificate of designation, the form of which is attached as an exhibit to the joint operating agreement, which is attached as Annex F to the AccessMedia Merger Agreement and is incorporated herein by reference.

After the merger, IMSI agreed to provide up to \$7,000,000 of additional working capital to AccessMedia to fund its working capital needs pursuant to a monthly budget to be mutually agreed upon by IMSI and the representative of the stockholders of AccessMedia.

The foregoing description of the material terms of the joint operating agreement does not purport to be complete and is qualified in its entirety by reference to the complete text of the joint operating agreement. The complete form of the joint operating agreement is attached as Annex F to this document and is incorporated into this document by reference. All IMSI shareholders are urged to read the form of the joint operating agreement carefully and in its entirety.

Additions To the IMSI Board of Directors

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 stockholders' representative and who shall be appointed to IMSI's board of directors.

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 stockholders 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 stockholders in such numbers as would represent a majority of the board of directors of IMSI.

Employee Benefits for AccessMedia Employees

Following the completion of the merger, IMSI agreed to take all reasonable actions necessary to allow eligible employees of AccessMedia that will be employees of the surviving corporation to participate in benefit programs which are substantially comparable to those maintained for the benefit of, or offered to, similarly situated employees of IMSI to the extent permitted by the terms of IMSI's benefit plans; provided, however, that in the case of plans for which AccessMedia maintains a plan offering the same type of benefit, such participation need not be offered by IMSI until the corresponding plan of AccessMedia ceases to be available. IMSI will recognize employment services of each AccessMedia employee for purposes of eligibility and vesting (but not benefit accrual) under any IMSI benefit plan and each AccessMedia employee's years of service with AccessMedia and any of its subsidiaries shall be otherwise recognized for all general employment purposes, including seniority, vacation, personal time and similar general employment purposes; provided, that any vacation time offered by IMSI in the calendar year of the closing to any AccessMedia employee shall be offset by any vacation time used by or paid to such employee by AccessMedia or any of its subsidiaries in the calendar year of the closing. In addition, IMSI will (a) waive all limitations as to preexisting conditions, exclusions, waiting periods and service requirements with respect to participation and coverage requirements applicable to AccessMedia employees under any group health plan sponsored by IMSI, except to the extent such preexisting conditions, exclusion, waiting period or service requirement had not been satisfied by any such AccessMedia employee as of the closing under a group health plan sponsored by AccessMedia or any of its subsidiaries; and (b) provide each AccessMedia employee with credit for any deductible, copayment and out-of-pocket limits applicable to such employees under any such group medical plan sponsored by AccessMedia or any of its subsidiaries and paid by the AccessMedia employee prior to the closing during the calendar year of the closing.

Conditions to Completion of the Merger

The respective obligations of AccessMedia and ACCM Acquisition Corp., on the one hand, and IMSI, on the other, to complete the merger and the other transactions contemplated by the AccessMedia Merger Agreement are subject to the satisfaction or waiver of each of the following conditions:

- the AccessMedia Merger Agreement shall have been adopted by the holders of a majority of the outstanding shares of common stock of AccessMedia;
- a governmental entity shall not have issued an order or taken any other action, in any case having the effect of permanently restraining, enjoining or otherwise prohibiting the merger, which order is final and not appealable;
- either a registration statement for the issuance of the common stock of IMSI in connection with the Merger shall be effective or such issuance shall otherwise be exempt from the registration requirements of Section 5 of the Securities Act of 1933, as amended.

IMSI's obligation to complete the merger is also subject to the satisfaction or waiver of each of the following conditions:

- the representations and warranties in the AccessMedia Merger Agreement made by AccessMedia shall be 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);
- AccessMedia shall have complied with all of its covenants and obligations under the AccessMedia Merger Agreement in all material respects;
- There shall not have occurred any event, occurrence or change that has had, or could reasonably be expected to have, individually or in the aggregate, a material adverse effect on AccessMedia and its subsidiaries taken as a whole;
 - less than 2% of the shares of AccessMedia common stock shall have elected to exercise appraisal rights;
- Alchemy Communications, Inc. shall have entered into an five year agreement with AccessMedia in a form satisfactory to IMSI;
- the escrow agent and a representative of the AccessMedia stockholders shall have entered into an escrow agreement;
- the representative of the AccessMedia stockholders and the holders of not less than 95% of the shares of AccessMedia common stock shall have executed and delivered to IMSI a stockholders' representative agreement;
 - IMSI shall have received a written opinion from counsel to AccessMedia;
 - AccessMedia shall have delivered to IMSI a certification of non-foreign status;
 - AccessMedia shall have delivered to IMSI resignations of its officers and directors; and
- AccessMedia shall have delivered to IMSI a certificate of good standing from the Secretary of State of the State of Delaware and each of its subsidiaries' states of organization.

AccessMedia's obligation to complete the merger is also subject to the satisfaction or waiver of each of the following conditions:

- the representations and warranties in the AccessMedia Merger Agreement made by IMSI shall be 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);
- IMSI shall have complied with all of its covenants and obligations under the AccessMedia Merger Agreement in all material respects;
- the escrow agent and a representative of the AccessMedia stockholders shall have entered into an escrow agreement;

AccessMedia shall have received a written opinion from counsel to IMSI;

Martin Wade shall have executed and delivered an employment agreement with IMSI; and

IMSI shall have increased the number of directors and shall have appointed the director nominated by AccessMedia's stockholders' representative to IMSI's board of directors.

Agreement with Alchemy Communications, Inc.

The AccessMedia 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, 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 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 AccessMedia Merger Agreement

The AccessMedia Merger Agreement may be terminated and the merger may be abandoned prior to completion of the merger, whether before or after the adoption of the AccessMedia Merger Agreement by IMSI shareholders:

by mutual written consent of AccessMedia and IMSI;

by AccessMedia or IMSI if:

- the merger is not completed by February 28, 2006, except that this right to terminate the AccessMedia Merger Agreement is not available to any party whose action or failure to fulfill any of its obligations under the AccessMedia Merger Agreement has been the cause of or resulted in the failure of the merger to occur on or before February 28, 2006; or
- a governmental entity shall have issued an order or taken any other action, in any case having the effect of permanently restraining, enjoining or otherwise prohibiting the merger, which order is final and not appealable;
- by IMSI upon a breach of any representation, warranty, covenant or agreement in the AccessMedia Merger Agreement on the part of AccessMedia or if any representation or warranty of AccessMedia has become untrue so that the condition to the completion of the merger regarding IMSI's representations and warranties or covenants would not be met. However, if the breach or inaccuracy is curable by AccessMedia, then IMSI may not terminate the AccessMedia Merger Agreement for 30 days after its delivery of written notice to AccessMedia of the breach. If the breach is cured during those 30 days, IMSI may not exercise this termination right;
- by AccessMedia upon a breach of any representation, warranty, covenant or agreement in the AccessMedia Merger Agreement on the part of IMSI or if any representation or warranty of IMSI has become untrue so that the condition to the completion of the merger regarding IMSI's representations and warranties or covenants would not be met. However, if the breach or inaccuracy is curable by IMSI, then AccessMedia may not terminate the AccessMedia Merger Agreement for 30 days after its delivery of written notice to IMSI of the breach. If the breach is cured during those 30 days, AccessMedia may not exercise this termination right.

Termination Fee; Expenses

Under the terms of the AccessMedia Merger Agreement, except as set forth below, all fees, costs and expenses incurred in connection with the merger, the AccessMedia Merger Agreement and the consummation of the transactions contemplated by the AccessMedia Merger Agreement, but not including the termination fee described below, shall be paid by the party incurring the fees, costs and expenses.

In addition, IMSI has agreed to pay to AccessMedia a cash termination fee of \$300,000 if the AccessMedia Merger Agreement is terminated by IMSI after notification to AccessMedia that IMSI will not fulfill its obligations under the AccessMedia Merger Agreement.

If IMSI terminates the AccessMedia Merger Agreement for reasons other than its unwillingness to fulfill its obligations under the AccessMedia Merger Agreement, it shall have the right to recover damages sustained by it as a result of any breach by the Company of any representation, warranty, covenant or agreement contained in the AccessMedia Merger Agreement or fraud or willful misrepresentation; provided, however, that IMSI is not in breach of any representation, warranty, covenant or agreement contained in the AccessMedia Merger Agreement under circumstances which would have permitted AccessMedia to terminate the AccessMedia Merger Agreement.

Amendment and Waiver

AccessMedia and IMSI may amend the AccessMedia Merger Agreement before completion of the merger by mutual written consent.

The Voting Agreements

The following is a description of the material terms of the AccessMedia Acquisition voting agreements. The complete form of the voting agreements are attached as Annex E to this document and is incorporated into this document by reference. All IMSI shareholders are urged to read the form of the voting agreements carefully and in their entirety.

IMSI Voting Agreements

Effective on August 8, 2005, Martin Wade III, Chief Executive Officer of IMSI, Digital Creative Development Corp. and Baytree, holding an aggregate of less than 25% of the outstanding shares of IMSI common stock on such date, entered into voting agreements with AccessMedia.

Under the IMSI voting agreements, Martin Wade, III, Digital Creative Development Corp. and Baytree, in their capacity as IMSI shareholders, agreed to vote, or cause the record holders of their IMSI securities to vote, the common stock of IMSI beneficially owned by them as of August 8, 2005, and any other securities of IMSI that become beneficially owned by them after August 8, 2005, in the following manner:

- against approval of any action or agreement that would result in a breach of any representation, warranty, covenant or obligation of IMSI in the AccessMedia Merger Agreement;

- in favor of electing Martin Wade, III and each individual nominated by the representative of the AccessMedia stockholders to become a member of the board of directors if IMSI following the merger; and
- in favor of electing a sufficient number of individuals to the IMSI board of directors nominated by the representative of the AccessMedia stockholders 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.

Under the IMSI voting agreements, each IMSI shareholder who is a party to an IMSI voting agreement delivered an irrevocable proxy to AccessMedia to vote the securities of IMSI owned by such shareholder in accordance with the terms of the IMSI voting agreement.

The obligations under the IMSI voting agreements will terminate on the earlier to occur of December 31, 2010 or on the date on which the former stockholders of AccessMedia beneficially own a majority of the outstanding common stock of IMSI.

AccessMedia Voting Agreements

On December 16, 2005, AccessMedia stockholders who were the beneficial owners of shares of AccessMedia capital stock representing 100% of the outstanding voting power of the AccessMedia common stock, entered into voting agreements with IMSI, pursuant to which each such holder agreed to vote in favor of certain actions.

Under the AccessMedia voting agreements, as amended, Michael Gardner, Software People, LLC, Trans Global Media, LLC, Broadcaster, LLC and AccessMedia Technologies, LLC in their capacity as AccessMedia shareholders, agreed to vote, or cause the record holders of their AccessMedia securities to vote, the common stock of AccessMedia beneficially owned by them as of August 8, 2005 and any other securities of AccessMedia that become beneficially owned by them after August 8, 2005, and for purposes of voting in elections of IMSI directors, any shares of IMSI common stock beneficially owned at the time of each election of IMSI directors, in the following manner:

- in favor of the transactions contemplated by the AccessMedia Merger Agreement;
- against approval of any action or agreement that would result in a breach of any representation, warranty, covenant or obligation of AccessMedia in the AccessMedia Merger Agreement;
- against the following actions (other than the Merger and the transactions contemplated by the AccessMedia Merger Agreement): (A) any extraordinary corporate transaction, such as a merger, consolidation or other business combination involving AccessMedia or any subsidiary of AccessMedia; (B) any sale, lease, sublease, exclusive license, sublicense or transfer of a material portion of the rights or other assets of AccessMedia or any subsidiary of AccessMedia; (C) any reorganization, recapitalization, dissolution or liquidation of AccessMedia or any subsidiary of AccessMedia; (D) any amendment to AccessMedia's articles of incorporation or bylaws; and (E) any other action which is intended, or could reasonably be expected, to impede, interfere with, delay, postpone, discourage or adversely affect the Merger or any of the other transactions contemplated by the Merger Agreement or the AccessMedia voting agreements; and

·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 stockholder's right to have certain individuals designated by the representative of the AccessMedia stockholders).

The obligations under the AccessMedia voting agreements will terminate on the earlier to occur of December 31, 2010 or on the date on which the former stockholders of AccessMedia beneficially own a majority of the outstanding common stock of IMSI.

In addition, these AccessMedia stockholders agree not to transfer, sell, exchange, pledge or otherwise dispose of or encumber any shares of AccessMedia capital stock, or to make any offer or agreement relating thereto, at any time prior to the earlier of the Effective Time and the termination of the AccessMedia Merger Agreement.

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

On December 16, 2005, IMSI entered into a definitive merger agreement to acquire AccessMedia. Under the terms of the AccessMedia Merger Agreement, AccessMedia stockholders will receive 29 million shares of IMSI common stock issued in exchange for all existing shares of AccessMedia common stock and will own approximately 49% of the outstanding capital stock of the combined company. The agreement provides that 35 million additional shares may be earned and awarded to the current stockholders of AccessMedia. Completion of the proposed acquisition, which is expected to close in the first quarter of 2006, is subject to the approval of IMSI and AccessMedia shareholders and other regulatory and customary conditions. The purchase price was determined through an arms-length negotiation between the parties and will be allocated to the underlying assets, namely technology assets, business relationships and other intangibles, based on management's estimate of fair values and remaining economic lives. The excess of the purchase price over the fair value of the assets will be recorded as goodwill.

The proposed acquisition is accounted for in these unaudited pro forma condensed combined consolidated financial statements using the purchase method of accounting. The unaudited pro forma condensed combined consolidated balance sheet combines the historical consolidated balance sheets of IMSI and AccessMedia as of September 30, 2005, giving effect to the proposed acquisition. The unaudited pro forma condensed combined consolidated statements of operations combine the historical consolidated statements of operations for IMSI and AccessMedia for the year ended June 30, 2005 and the three months ended September 30, 2005, giving effect to the proposed acquisition as if it had occurred at the beginning of each period. Independent valuation specialists are currently conducting an independent valuation in order to assist IMSI in determining the fair value of the underlying assets. Any preliminary work performed by the independent valuation specialists has been considered in management's estimates of the fair values reflected in these pro forma condensed combined consolidated financial statements. A final determination of the fair values, which cannot be made prior to the completion of the proposed acquisition, will include management's consideration of a final valuation prepared by the independent valuation specialists. Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired, and is not deductible for tax purposes. Goodwill will not be amortized and will be tested for impairment at least annually. The purchase price allocation for AccessMedia is subject to revision as more detailed analysis is completed and additional information on the fair value of AccessMedia's assets and liabilities becomes available. Any change in the fair value of the net assets of AccessMedia, estimates of costs associated with the transaction or additional shares issued pursuant to the agreement will change the amount of the purchase price allocable to goodwill.

In determining the purchase price allocation and the fair value to assign to each of AccessMedia's identified intangible assets except content, we used the income approach methodology and the cost approach utilizing the principle of substitution. The preliminary fair values of AccessMedia's tangible assets and liabilities are historical values and the content intangible is shown at estimated replacement cost. All preliminary values are subject to change based upon an expected balance sheet audit of AccessMedia as of the date of closing and further review of the assets, liabilities, assumptions and choice of valuation methodology.

The following attributes of the combination of the IMSI and AccessMedia businesses were considered significant factors to the establishment of the purchase price, resulting in the recognition of goodwill: an experienced workforce, the stage of development of certain technology assets permitting the company to deliver content to consumers over the Internet, the existence of existing business knowledge and practice supporting the proposed products and services, marketing programs and a base level of customers.

The detailed assumptions used to prepare the unaudited pro forma condensed combined consolidated financial statements are contained in the notes to the unaudited pro forma condensed combined consolidated financial statements. The pro forma adjustments are based on preliminary estimates and information available at the time of the preparation of this proxy statement/prospectus and include certain assumptions that management of IMSI deems appropriate. The unaudited pro forma condensed combined consolidated financial statements have been prepared by IMSI for illustrative purposes only and are not necessarily indicative of the condensed combined consolidated financial position or results of operations in future periods, or the results that actually would have been realized had IMSI and AccessMedia been a combined company during the specified periods. Further, the actual amounts recorded as of the completion of the proposed acquisition may differ materially from the information presented in these unaudited pro forma condensed combined consolidated financial statements. In addition to the receipt of the final valuation report, the impact of ongoing integration activities, the timing of completion of the acquisition and other changes in AccessMedia's net tangible and intangible assets that occur prior to completion of the proposed acquisition could cause material differences from the information presented.

The unaudited pro forma condensed combined consolidated financial statements also include estimates of direct costs associated with the proposed acquisition including investment banker fees, fairness opinion fees, due diligence fees, legal and accounting costs, filing fees, independent valuation services and the special meeting of stockholders that will be held to approve the proposed reincorporation. A final determination of the costs cannot be made until completion of the proposed acquisition and could differ significantly from the initial estimate of costs used in the unaudited pro forma condensed combined consolidated financial statements. In addition, IMSI may incur significant integration costs upon completion of the acquisition or in subsequent quarters, or other costs associated with existing activities of IMSI and AccessMedia.

The unaudited pro forma condensed combined consolidated financial statements, including the notes thereto, should be read in conjunction with the historical consolidated financial statements of IMSI included in the Annual Report on Form 10-KSB for the fiscal year ended June 30, 2005 and report on Form 10-QSB for the three months ended September 30, 2005 which is incorporated herein by reference.

IMSI & AccessMedia
UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED BALANCE SHEET
As of September 30, 2005
(In thousands)

	IMSI	AccessMedia	Pro Forma Adjustments		ProForma
Current assets					
Cash and cash equivalents	\$ 9,887	\$ 242			\$ 10,129
Available-for-sale securities	1,524				1,524
Accounts receivable, net	1,554	201			1,755
Inventories, net	834				834
Other current assets	989				989
Total current assets	14,788	443	-		15,231
Property, plant & equipment, net					
	373				373
Deferred development cost, net		667	(667)	C	-
Intangible assets, net	4,769	36,864	(36,864)	C	4,769
			18,060	D	18,060
Media content, net		2,680	(2,680)	C	-
Goodwill	3,665	-	14,610	D	18,275
Total intangible assets, net	8,434	40,211	(7,541)		41,104
Other long term assets					
	8	80	-		88
Total assets	\$ 23,603	\$ 40,734	\$ (7,541)		\$ 56,796
Current liabilities					
Short term debt	1,713	1,775			3,488
Trade accounts payable	1,600	575			2,175
Accrued and other liabilities	1,907	59	710	E	2,676
Deferred revenue	62	54	5	F	121
Total current liabilities	5,282	2,463	715		8,460
Non current liabilities					
Unearned contract fees, net		162			162
Long term debt	200				200
Deferred tax liability			3,687	G	3,687
Total liabilities	5,482	2,625	4,402		12,509
Stockholder's equity					
Common stock	44	1	(1)	B	44
			24	A	24
			2	E	2
Additional paid in capital	44,795	39,835	(39,835)	B	44,795
			24,104	A	24,104
			2,036	E	2,036

Accumulated deficit	(27,282)	(1,727)	1,727	B	(27,282)
Accumulated other comprehensive (loss) income	564				564
Total stockholder's equity	18,121	38,109	(11,943)		44,287
Total liabilities and stockholder's equity	\$ 23,603	\$ 40,734	\$ (7,541)	\$	56,796

See notes to unaudited pro forma condensed combined consolidated financial statements

IMSI & AccessMedia
UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED STATEMENTS OF
OPERATIONS
For the Twelve Months Ended June 30, 2005
(In thousands, except per share data)

	IMSI Twelve Months Ended June 30, 2005	AccessMedia Twelve Months Ended June 30, 2005	Media Zone Ten Months Ended May 13, 2005	PC & MV Twelve Months Ended June 30, 2005	Pro Forma Adjustments	ProForma Twelve Months Ended June 30, 2005
Net revenues	\$ 13,874	\$ 372	\$ 81	\$ 5		\$ 14,332
Cost of net revenues						
Product costs	4,443	339	54			4,836
Amortization	438				276	714
Gross margin	8,993	33	27	5	(276)	8,782
Operating expenses:						
Sales and marketing	6,165	136				6,301
General and administrative	4,422	402	63	3		4,890
Research and development	1,696					1,696
Depreciation & amortization	735	57	34		3,072	3,898
Total operating expenses	13,018	595	97	3	3,072	16,785
Income (loss) from operations	(4,025)	(562)	(70)	2	(3,348)	(8,003)
Interest and other expense, net	(80)	(27)	(19)			(126)
Income (loss) before income tax	(4,105)	(589)	(89)	2	(3,348)	(8,129)
Income tax provision	(25)		(1)			(26)
Loss from continuing operations	(4,130)	(589)	(90)	2	(3,348)	(8,155)
Income from discontinued operations, net	341					341
Gain from the sale of discontinued operations, net	2,035					2,035
Net (loss) income	(1,754)	(589)	(90)	2	(3,348)	(5,779)
Other comprehensive loss	(32)					(32)
Comprehensive (loss) income	\$ (1,786)	\$ (589)	\$ (90)	\$ 2	\$ (3,348)	\$ (5,811)

Net loss per share:			
Basic and diluted	(\$0.06)		(\$0.10)

Weighted average shares outstanding used to compute:			
Basic and diluted	27,694	31,450	I 59,144

See notes to unaudited pro forma condensed combined consolidated financial statements.

IMSI & AccessMedia
UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED STATEMENTS OF
OPERATIONS
For the Three Months Ended September 30, 2005
(In thousands, except per share data)

	IMSI Three Months Ended September 30, 2005	AccessMedia Three Months Ended September 30, 2005	Pro Forma Adjustments	ProForma Three Months Ended September 30, 2005
Net revenues	\$ 3,965	\$ 832		\$ 4,797
Cost of net revenues				
Product costs	1,395	746		2,141
Amortization	60		69 H	129
Gross margin	2,510	86	(69)	2,527
Operating expenses				
Sales and marketing	1,290	104		1,394
General and administrative	1,365	290		1,655
Research and development	435			435
Depreciation & amortization	301	678	768 H	1,747
Total operating expenses	3,391	1,072	768	5,231
Loss from operations	(881)	(986)	(837)	(2,704)
Interest and other expense, net	(69)	(18)		