

ASX ANNOUNCEMENT

5 March 2007

JV Accelerates National Expansion and Boosts Revenue

Artist & Entertainment Group Limited (ASX:AEM) and BKM Management have today entered into a Joint Venture Agreement which will expand revenues in AEM's modelling operation in Sydney and also gain a foothold for Brightstars in the important Perth market.

Under the agreement, AEM is to merge its Sydney modelling operation ACMFACE with Scene Model Management's Sydney operation. Scene Model Management (Scene) is a subsidiary of ASX listed BKM Management.

As part of the agreement AEG is to utilise Scene's facilities and management team in Perth to expand its profitable Brightstars business.

Brightstars new presence in Perth complements the recent opening of operations in Brisbane and builds on the already successful Sydney and Melbourne operations.

Under the joint venture, AEM will assume control of Scene's Sydney operations while holding a 15% stake in the remaining business units of Scene in Melbourne and Perth.

AEM also retains first right of refusal over further equity in Scene over the next 18 months.

Key outcomes for AEM from the joint venture:

- AEM bolsters its Sydney modelling revenues, thereby improving the profitability of its Sydney Modelling business.
- AEM is able to promote the strong Scene model brand and talent through its client development marketing program, therefore driving revenue and brand value to the entire Scene Model Management business.
- AEG will offer a stronger, national model brand as a stepping stone for its Brightstars junior talent pool.
- Brightstars gains an immediate platform for growth in Perth as part of a national expansion, establishing itself as the leading national player.

The Joint Venture is scheduled to commence once settlement is completed within 7 days, or earlier as agreed by the parties

AEM posted a maiden net profit of \$126,515 in the six months to December 31, 2006, on a \$1.3mil profit turnaround from the previous corresponding period. This is as a result of the major re-structuring program undertaken over the last year which re-focused the company on the development of its rapidly growing Brightstars (www.brightstars.com.au). Brightstars is Australia's largest children's talent development program and agency, which currently has 3,200 under 18 year olds in its programs or management across Australia.

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