THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

This document comprises an admission document which has been drawn up in accordance with the AIM Rules. Ordinary Shares must not and will not be offered to the public in the United Kingdom (within the meaning of section 102B of the Financial Services and Markets Act 2000, as amended (''FSMA'')) save in circumstances where it is lawful to do so without an approved prospectus (within the meaning of section 85 FSMA) being made available to the public before the offer is made. Accordingly this document has not been approved by the Financial Services Authority pursuant to section 85 FSMA nor does it constitute a prospectus as defined in the AIM Rules.

Application has been made for the whole of the issued and to be issued share capital of Mobile Streams plc (''Mobile Streams'' or the ''Company'') to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange has not itself examined or approved the contents of this document.

The rules of AIM are less demanding than those of the Official List of the UK Listing Authority. Prospective investors should read the whole text of this document and should be aware that an investment in Mobile Streams is speculative and involves a degree of risk. In particular, prospective investors should consider the section entitled ''Risk Factors'' set out in Part II of this document. All statements regarding the Company's business should be viewed in light of these risk factors. It is expected that the Ordinary Shares of the Company will be admitted to trading on AIM on 15 February 2006.

The Ordinary Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended (the ''Securities Act'') or under any applicable securities laws of Australia, Canada, the Republic of Ireland, the Republic of South Africa or Japan. The Ordinary Shares may not be offered or sold or delivered, directly or indirectly, in or into the United States, Australia, Canada, the Republic of Ireland, the Republic of South Africa or Japan. This document must not be mailed or otherwise distributed or sent to or into the United States, Australia, Canada, the Republic of Ireland, the Republic of South Africa or Japan. This document does not constitute an offer to sell or to subscribe for, or the solicitation of an offer to buy or to subscribe for, Ordinary Shares in any jurisdiction in which such an offer or solicitation is unlawful.

Mobile Streams plc

(Incorporated in England and Wales under the Companies Act 1985 Registered Number 03696108)

Placing of 7,972,801 Ordinary Shares of 0.2 pence each at 87 pence per share and Admission to Trading on AIM

Nominated Adviser and Broker

Bridgewell

SHARE CAPITAL
(Immediately following the Placing)

Authorised			*Issued*	
Amount	*Number*		*Amount*	*Number*
£77,374	38,687,000	Ordinary Shares of 0.2 pence each	£64,508	32,253,855

The Placing Shares will rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all respects with all other Ordinary Shares which will be in issue on completion of the Placing.

Bridgewell has been appointed as nominated adviser and broker to the Company. No liability whatsoever is accepted by Bridgewell for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which it is not responsible. The Directors of the Company, whose names appear on page 6 of this document, accept individual and collective responsibility for the information contained in this document, and for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Bridgewell is regulated by the Financial Services Authority and is acting exclusively for the Company and no one else in connection with the Admission. Bridgewell will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of Bridgewell nor for providing advice in relation to the transactions and arrangements detailed in this document. Bridgewell is not making any representation or warranty, express or implied, as to the contents of this document.

Copies of this document will be available free of charge during normal business hours on any weekday (except public holidays) at the offices of Bridgewell, Old Change House, 128 Queen Victoria Street, London EC4V 4BJ and from the registered office of the Company, 26B Northbrook Street, Newbury, Berkshire RG14 1DJ from the date of this document until one month from Admission.

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DEFINITIONS

"3"	Hutchison 3G UK Limited, trading as "3", and its associated companies;
"Act"	Companies Act 1985, as amended;
"Admission"	the admission of the Enlarged Issued Share Capital to trading on AIM becoming effective in accordance with the AIM Rules;
"AIM"	the AIM market operated by the London Stock Exchange;
"AIM Rules"	the rules applicable to companies whose shares are traded on AIM published by the London Stock Exchange;
"Articles"	the Articles of Association of the Company;
"Bango"	Bango plc, a company incorporated in England and Wales with registered number 05386079;
"Bridgewell"	Bridgewell Securities Limited, the Company's nominated adviser and broker;
"Buongiorno"	Buongiorno Vitaminic S.p.A.;
"CAGR"	compound annual growth rate;
"Code"	the City Code on Takeovers and Mergers;
"Combined Code"	the Combined Code on corporate governance published in July 2003 by the Financial Reporting Council;
"ConnectID"	ConnectID LLC, a Delaware limited liability company and a subsidiary of TPI, further details of which are set out in paragraph 6 of Part I of this document ;
"CREST"	the relevant system (defined in the CREST Regulations) in respect of which CRESTCo Limited is the Operator (as defined in the CREST Regulations);
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (*SI 2001/3775*);
"Directors" or "Board"	the directors of the Company as at the date of this document whose names appear on page 6 of this document;
"EMI Option"	an option granted pursuant to the rules of the EMI Scheme;
"EMI Scheme"	the Mobile Streams Limited Enterprise Management Incentive Scheme, details of which are set out in paragraph 10.1 of Part IV of this document;
"Enlarged Issued Share Capital"	the issued share capital of the Company on Admission as enlarged by the issue of the Placing Shares;
"EVP"	executive vice president;
"Existing Ordinary Shares"	the 25,357,304 issued Ordinary Shares in the capital of the Company as at the date of this document;
"FSMA"	the Financial Services and Markets Act 2000;
"Global Plan 2006"	the Mobile Streams plc Global Employees' Share Option Plan 2006;
"Group"	the Company and its Subsidiaries;
"InfoSpace"	InfoSpace, Inc.;
"ISO Option"	an option granted pursuant to the rules of the ISO Sub-Plan;
"ISO Sub-Plan"	the Mobile Streams Limited ISO Sub-Plan, details of which are set out in paragraph 10.3 of Part IV of this document;
"ITEPA"	the Income Tax (Earnings and Pensions) Act 2003;
"Liberty Media"	Liberty Media Corporation;

"London Stock Exchange"	London Stock Exchange plc;
"Mobile Streams" or the "Company"	Mobile Streams plc;
"Monstermob"	Monstermob Group plc, a company incorporated in England and Wales with registered number 04898987;
"Musia"	the Company's proprietary technology platform, described in detail in paragraph 4 of Part I of this document;
"O_2"	O_2 plc and its associated companies;
"Official List"	the Official List of the UK Listing Authority;
"Ordinary Shares"	ordinary shares of 0.2 pence each in the capital of the Company;
"Panel"	the Panel on Takeovers and Mergers;
"Placees"	subscribers of Placing Shares;
"Placing"	the proposed conditional placing by Bridgewell on behalf of and as agent for the Company of the Placing Shares and as agent for the Selling Shareholders of the Sale Shares, all at the Placing Price pursuant to the Placing Agreement;
"Placing Agreement"	the conditional agreement dated 9 February 2006 between the Company (1), the Directors (2), the Selling Shareholders (3) and Bridgewell (4) relating to the Placing, further details of which are set out in paragraph 11.1 of Part IV of this document;
"Placing Price"	the price of 87 pence per Ordinary Share;
"Placing Shares"	the 6,896,551 Ordinary Shares being placed by Bridgewell on behalf of the Company;
"Sale Shares"	the 1,076,250 Ordinary Shares being placed by Bridgewell at the Placing Price on behalf of and as agent for the Selling Shareholders;
"SARs"	the Rules Governing Substantial Acquisitions of Shares issued on behalf of the Panel;
"Selling Shareholders"	Simon Buckingham, Benjamin Wood, Ivan Donn and Peter Tomlinson;
"Shareholder"	holder of Ordinary Shares from time to time;
"Subsidiaries"	Mobile Streams Inc., Mobile Streams de Argentina s.r.l., Mobile Streams Colombia Limitada, Mobile Streams do Brazil Midia Digital Para Cellulares Ltda, Mobile Streams Chile Limitada and Mobile Streams of Mexico S. de R.L. de C.V.;
"TPI"	TruePosition Inc., a Delaware corporation and a controlled subsidiary of Liberty Media;
"UK"	the United Kingdom of Great Britain and Northern Ireland;
"UK Listing Authority"	a division of the Financial Services Authority acting as a competent authority for the purposes of Part IV of the FSMA;
"Unapproved Option"	an option granted pursuant to the Global Plan 2006;
"United States" or "US"	the United States of America;
"VeriSign"	VeriSign, Inc.;
"Vodafone"	Vodafone Group plc and its associated companies.

GLOSSARY

2.5G	an extension of second generation mobile technology standards, which provides improved data services, allowing internet access and the ability to download mobile content such as polyphonic ringtones, graphics, video clips and games;
3G	third generation mobile technology standards offering high data speeds, allowing consumers to access and download mobile content such as large video clips, music downloads and mobile TV;
ARPU	Average Revenue Per User, a common performance measure for MNOs (see below);
Bluetooth	a technological standard for the short-range transmission of data, principally between mobile devices, via a short wireless connection;
channel partner	a company employed by an MNO (see below) in order to provide the outsourced management of a mobile entertainment channel, rather than purely content for such a channel;
CRM	Customer Relationship Management, the establishment of systems or procedures to identify, acquire, and retain customers;
DRM	Digital Rights Management, the establishment of systems or procedures for protecting the copyrights of data circulated via the internet or other digital media by enabling secure distribution and/or disabling illegal distribution of the data;
MNOs	Mobile Network Operators;
mobile content	media products for use on mobile devices, including games, wallpapers, ringtones, video clips, mobile TV and music downloads;
mobile devices	any portable device capable of accessing mobile content via over the air download including but not limited to mobile phones, personal digital assistants and other wireless devices.
mobile TV	the delivery of television services directly to mobile devices over 3G or via alternative digital TV broadcast technologies;
monophonic ringtones	melodies based on the repetition of a single sound, in varying notes and tempos, to indicate incoming calls to a mobile devices;
off-portal distribution	distribution of mobile entertainment products to consumers through sales channels such as branded websites and other advertising media;
on-portal distribution	distribution of mobile entertainment products to consumers via sales channels owned and/or operated by MNOs (see above);
Paypal	the method of paying for goods or services through paypal.com, an online payment system;
polyphonic ringtones	melodies based on several tones playing simultaneously, rather than a series of single tones, to indicate incoming calls to a mobile device;
truetones	short audio clips of recorded music used to indicate incoming calls to a mobile device;
WCDMA	the predominant 3G technology standard.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Simon David Buckingham	*Chief Executive Officer*
	Jitesh Himatlal Sodha	*Chief Financial Officer*
	Roger George Parry	*Non-Executive Chairman*
	Ivan Alexander Louis Donn	*Non-Executive Director*
	Phillip Anthony Murphy	*Non-Executive Director*
	Peter Tomlinson	*Non-Executive Director*
Company Secretary	Jitesh Himatlal Sodha	
Registered Office	26B Northbrook Street Newbury Berkshire RG14 1DJ	
Nominated Adviser and Broker	Bridgewell Securities Limited Old Change House 128 Queen Victoria Street London EC4V 4BJ	
Solicitors to the Company	Memery Crystal 44 Southampton Buildings London WC2A 1AP	
Reporting Accountants and Auditors	Grant Thornton UK LLP Grant Thornton House Melton Street London NW1 2EP	
Solicitors to the Nominated Adviser and Broker	Norton Rose Kempson House Camomile Street London EC3A 7AN	
Registrars	Computershare Investor Services Plc PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH	

PLACING STATISTICS

Placing Price	87 pence
Number of Sale Shares to be placed on behalf of the Selling Shareholders	1,076,250
Number of Placing Shares to be placed on behalf of the Company	6,896,551
Number of Ordinary Shares in issue following the Placing and Admission	32,253,855
Market capitalisation at the Placing Price	£28.1 million
Placing Shares as a percentage of Ordinary Shares in issue	21.4 per cent.
Gross proceeds of the Placing	£6.0 million
Estimated net proceeds of the Placing receivable by the Company	£5.0 million
AIM Symbol	MOS

EXPECTED TIMETABLE

Publication of this Admission Document	9 February 2006
Admission effective and dealings commence on AIM	15 February 2006
Expected date for CREST accounts to be credited	15 February 2006
Despatch of definitive share certificates	by 22 February 2006

With exception of the publication of this document, each of the dates in the above timetable is subject to change at the absolute discretion of the Company and Bridgewell

KEY INFORMATION

The following information is derived from, and should be read in conjunction with, the full text of this document. Investors should read the whole of this document, including the risk factors set out in Part II, and not just rely on the summary information contained in this section.

The Company

- Mobile Streams is a provider of media entertainment content to mobile devices. Mobile Streams creates, licenses and delivers quality content to MNOs and consumers in the form of ringtones, graphics, video clips and other products. Mobile Streams generates revenues from downloads of this content by consumers. The Company is active in the UK and Europe, North America, Latin America and the Asia Pacific region.
- Mobile Streams has developed relationships with both content owners and MNOs which enable it to act as a specialist intermediary, providing an end-to-end service encompassing a broad range of elements from content licensing to content production, account management, and channel management.
- The Company has developed a proprietary technology platform, Musia, which allows Mobile Streams to automate many of the processes involved in delivering all forms of mobile content.
- Mobile Streams has entered into a strategic alliance with Liberty Media Corporation which, through its subsidiary TPI, has invested £5.4 million in return for approximately 22 per cent. of the Existing Ordinary Shares. The Directors believe that the Company's access to Liberty Media's brands, content and industry relationships will deliver significant commercial benefits and allow Mobile Streams to position itself for the next stage of the evolution of mobile content.

Key Strengths

- Experienced management team
- International presence already established
- Agreements in place with more than 75 MNOs and more than 140 content owners
- Per download business model positions the Company to capitalise on forecast growth in mobile entertainment market
- Advanced proprietary technology platform
- Strategic alliance with Liberty Media offering access to brands, content and industry relationships

The Placing

Bridgewell has conditionally placed 6,896,551 Placing Shares, representing, in aggregate, approximately 21.4 per cent. of the Enlarged Issued Share Capital of the Company. After the expenses of the Placing and Admission payable by the Company, estimated to be £1.0 million in total including VAT, the Placing is expected to raise £5.0 million for the Company.

Application has been made for the Placing Shares to be admitted to AIM. The Placing Shares have not been marketed in whole or in part to the public in conjunction with the application for Admission. In addition, Bridgewell has agreed, as agent for the Selling Shareholders and pursuant to the Placing Agreement, to place 1,076,250 Existing Ordinary Shares. The Sale Shares represent, in aggregate, approximately 3.3 per cent. of the Enlarged Issued Share Capital.

Liberty Media's subsidiary TPI has been granted pre-emption rights pursuant to the Shareholders' Agreement under which TPI will have the right to purchase its *pro rata* portion of any equity securities that the Company proposes to offer on the same terms and conditions in order to maintain its percentage ownership interest in the Company. Further details of the Shareholders' Agreement are set out in paragraph 11.9 of Part IV of this document.

Reasons for listing and use of proceeds

The Directors believe that the proceeds of the Placing will provide Mobile Streams with the financial flexibility necessary for it to capitalise on the opportunities available in its markets and enhance the

Company's credibility amongst its customers and partners. The Directors anticipate using the Placing proceeds specifically to:

- Invest in content creation and licensing
- Enhance distribution
- Develop Musia technology platform

PART I

INFORMATION ON THE COMPANY

1. Introduction

Mobile Streams is an international provider of media entertainment content to mobile devices. Mobile Streams creates, licenses and delivers quality content to MNOs and consumers, in the form of ringtones, graphics, video clips and other products. Mobile Streams has developed relationships with both content owners and MNOs which enable it to provide an end-to-end service. The Company has also developed a sophisticated proprietary technology platform, Musia, which is described further in paragraph 4 of this Part I.

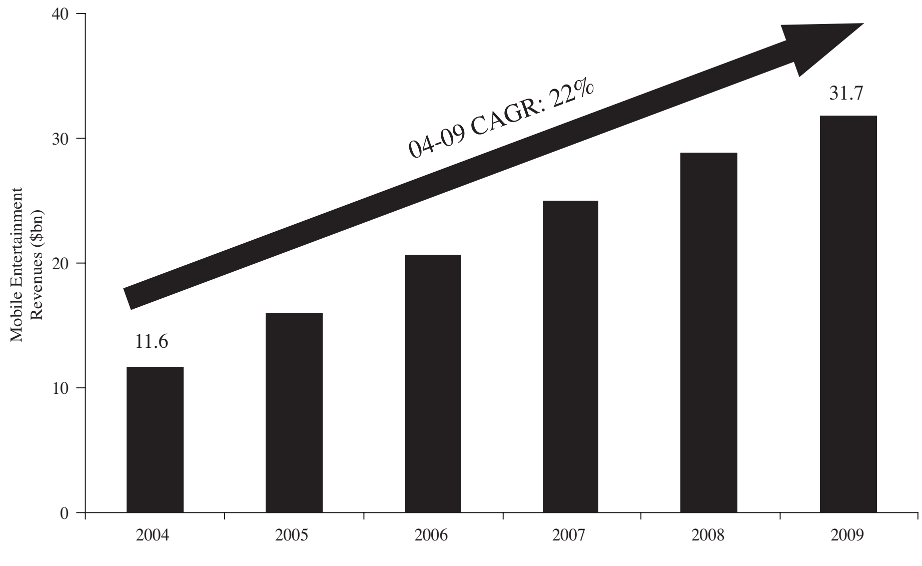
Mobile Streams was founded by its Chief Executive Simon Buckingham in January 1999 and was one of the first companies to target the mobile entertainment market through the launch of the Ringtones.com website in 2000. In 2002, the Company commenced operations in the US, and in the following year established a sales office in London. In 2005, Mobile Streams appointed Roger Parry as non-executive Chairman and Jitesh Sodha as Chief Financial Officer, expanded into the delivery of video content for the first time and launched the comedy channel on Vodafone Live! Mobile Streams has its headquarters in Newbury, England and now operates worldwide through four regional divisions covering the UK and Europe, North America, Latin America and the Asia Pacific region.

Mobile Streams is seeking admission to trading on AIM for all of its issued and to be issued Ordinary Shares. It is also proposing to raise approximately £6.0 million through a placing of new Ordinary Shares by Bridgewell. In addition, the Selling Shareholders are seeking to realise approximately £0.9 million through a placing of 1,076,250 Existing Ordinary Shares. The Directors believe that the funds raised through the Placing will allow Mobile Streams to build on its success to date by allowing further investment in content creation and acquisition, international growth and the Company's proprietary technology platform, Musia. The Directors also believe that Admission will enhance the Company's profile amongst its customers and partners. Further details on the Company's intended use of the proceeds of the Placing are set out in paragraph 16 of this Part I.

2. Mobile Entertainment Market

Mobile Streams operates in a large, high-growth market. In 2004, the mobile entertainment market was worth \$11.6 billion in revenue terms, and is forecast to become a \$31.7 billion market by 2009, a compound annual growth rate of 22 per cent. over the period.

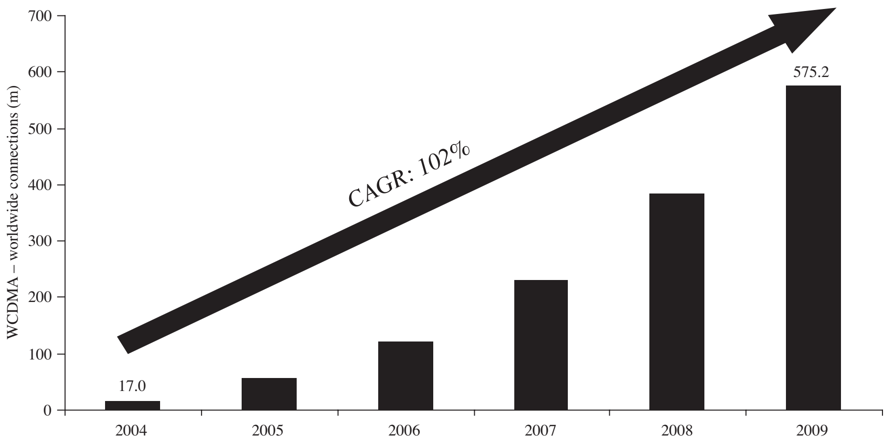
Figure 1: **Development of worldwide Mobile Entertainment Market — 2004-2009**



Source: Ovum

The penetration of 3G enabled handsets has been an important factor in the market's development to date and is expected to be one of the principal drivers of future growth. The growing sophistication of mobile devices has allowed MNOs to offer an increasingly broad range of products to consumers. In its infancy, the mobile entertainment market was limited to a small number of products such as monophonic ringtones and interactive text messaging services. The market has since developed to the point where consumers can access a wide range of content types, including backgrounds, video clips, music downloads and mobile TV and games. The increased range and richness of content types has led to rapid growth in the number of purchases of mobile content, which in turn has driven growth in mobile entertainment revenues.

Figure 2: **Development of 3G enabled handset connections — 2004-2009**



Source: Ovum

Another factor in the growth of the market is the role of MNOs. MNOs have invested heavily in 3G licences and in the network infrastructure necessary for the delivery of data services, and have therefore supported the development of the mobile entertainment market as a means of achieving a return on this investment. The market in which MNOs participate is also highly competitive and focused on the continual addition of subscribers and improvement of ARPU, which has traditionally been driven by voice calls and text messaging. However, despite the rise in the overall number of subscribers, ARPU has steadily declined over the past 10 years as air time has become commoditised. Faced with this, MNOs have actively sought to develop mobile content channels and encourage their use by consumers.

In order to develop these channels, MNOs have frequently sought to work with specialist intermediaries such as Mobile Streams, who act as channel partners, utilising their relationships with rights holders and their knowledge of consumers' content preferences. Content owners themselves have also sought to encourage the development of the mobile entertainment market, since it offers another means to extract value from their content catalogues. As with MNOs, content owners have in many cases sought to work with intermediaries in order to avoid the time and expense required to develop the technical expertise necessary to make their content compatible with mobile phone handsets, and the MNO relationships required to target consumers.

3. Business Model

Mobile Streams creates, licenses and delivers quality mobile content to MNOs and consumers. Mobile content is either sourced from media owners or developed by the Company's in-house production staff. This content is delivered to consumers either via portals owned by MNOs ("on-portal" distribution), or directly through its own consumer distribution channels such as the Ringtones.com website ("off-portal" distribution). Mobile Streams generates revenues from downloads of this mobile entertainment content by consumers.

Figure 3: **Mobile Streams Business Model**

Source: Mobile Streams

(a) Content Creation and Licensing

The majority of content provided by Mobile Streams is licensed from rights holders such as music labels and media companies. These rights holders provide Mobile Streams with access to their proprietary content in exchange for an agreed share of revenues received by the Company. Typically these contracts operate on a twelve month term, and Mobile Streams currently has more than 140 such agreements in place with well-known rights holders such as Warner Music Group, RDF Media and Sony Pictures Entertainment. Though these arrangements do not typically provide Mobile Streams with content on an exclusive basis, the proceeds of the Placing will enable Mobile Streams to offer advance payments to rights holders, which the Directors believe will enhance the Company's ability to negotiate a greater proportion of content deals on an exclusive basis.

As well as licensing content from rights holders, Mobile Streams produces a range of content in-house, utilising the Company's understanding of what makes successful mobile content. To date, this has included ringtones, graphics and "made for mobile" content such as audio and video comedy clips. Mobile Streams owns the exclusive rights to content that it has produced in-house.

Localised content is a significant part of the Company's business and the Company seeks to tailor content as far as possible to its local audiences. Mobile Streams employs dedicated local content acquisition staff, thus allowing the Company to develop a strong understanding of local content preferences. Although content differs widely between regions, Mobile Streams focuses primarily on the ten channels set out in the table below.

Table 1: **Mobile Streams' Chosen Content Channels**

Channel	*Product Examples*	*Example Partner*
Music	Truetones, ringback tones	Warner Music
Graphics	Backgrounds, animations	Getty Images
Comedy	Video clips, wallpapers	Tiger Aspect
Adult	Backgrounds, video clips	Playboy
Cartoons & Children	Animated video clips	ABC
TV & Entertainment	Video, animations, film	Aardman Animations
Games	Downloadable java mobile games	Telco Games
Films	Film trailers, screensavers	Sony Pictures Entertainment
Sport	Video clips, graphics	Digital Orchid
Gambling	Mobile slot machine games, scratchcard games	Virtue Fusion

Source: Mobile Streams

Mobile Streams has chosen to focus on those channels which the Directors believe are localised, characterised by high current or forecast demand and well suited to mobile content. Mobile Streams is predominantly active in music, graphics and comedy content but expects as the market develops to increase its exposure to the other channels detailed above according to regional MNO and consumer demand.

Mobile Streams offers multiple product types through these channels, including video clips and ringback tones, as well as products requiring less advanced handsets, such as text and ringtone products. As content evolves toward sophisticated products such as mobile TV, the Company intends to continue its strategy of providing a wide range of product types according to consumer demand.

(b) Content Distribution

Mobile Streams delivers content to consumers either via on-portal distribution or through off-portal distribution. Mobile Streams primarily reaches consumers through the on-portal model, under which the owner of a handheld device downloads entertainment content via a portal owned by the operator of their network such as Vodafone Live! The retail price of each download is received by the MNO, which then pays a pre-agreed proportion of revenues to Mobile Streams. Mobile Streams in turn pays a pre-agreed proportion of revenues to the rights holder in the form of royalties. Revenue share agreements with MNOs vary according to territory and product type. Across the regions in which the Company operates there are currently more than 75 such agreements in place with MNOs including O_2, 3 and Vodafone. These agreements typically operate on a local or regional basis for an initial twelve month term. The table below sets out a selection of the key MNO relationships in each of the regions in which the Company operates.

Table 2: **Selected MNO relationships**

Country	*MNO*	*Content*
UK & Europe	Vodafone	Graphics, Music, Comedy
	3	Music, Graphics
	O_2	Music, Graphics
North America	Alltel	Music
	Sprint/Nextel	Music
Latin America	Movistar	Music, Graphics, Adult
	TIM	Music, Games, Graphics
	Entel PCS	Music, Graphics
	Telcel	Graphics, Music
Asia Pacific	Starhub	Comedy
	Vodafone New Zealand	Entertainment Video, Graphics

Source: Mobile Streams

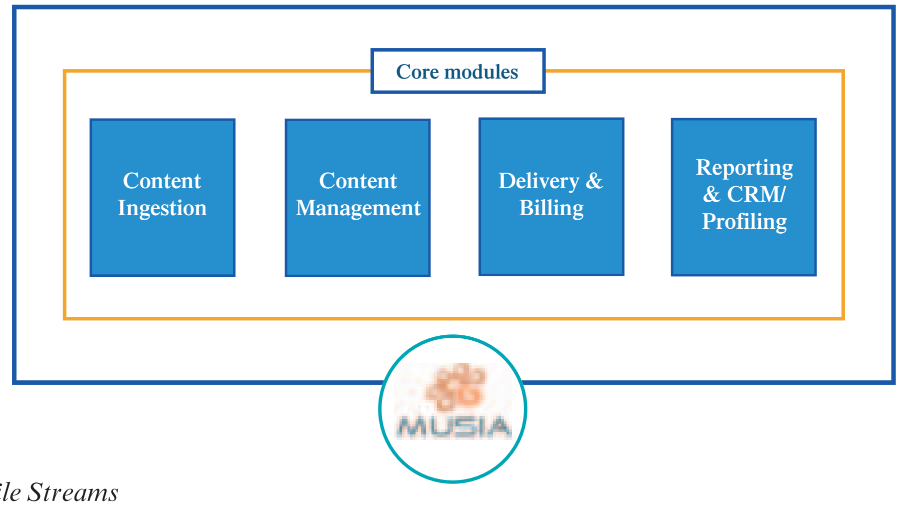
Whilst the majority of Mobile Streams' contracts with MNOs are content supply agreements, Mobile Streams seeks wherever possible to extend the level of service provided to MNOs by performing the role of channel partner rather than simply providing content for the portal. Under these arrangements, Mobile Streams provides a channel management service, which may include managing content acquisition, handling content production and delivery, hosting, scheduling and overseeing the ongoing development of the service. One example of channel partnering is the agreement signed in March 2005 under which Mobile Streams acts as partner for Vodafone's comedy channel, available in the UK over the Vodafone Live! 2.5G and 3G service.

While Mobile Streams primarily reaches consumers through MNOs, Mobile Streams is also engaged in off-portal distribution. As in the case of on-portal distribution, content is delivered to the handheld device over the mobile network. In the case of off-portal distribution, however, consumers are reached via the Company's branded websites rather than mobile portals owned by MNOs. Mobile Streams has developed a portfolio of its own websites to target consumers directly including Ringtones.com, MobileGaming.com and MobileBackgrounds.com.

4. Technology

The task of transforming the content received from rights holders into a format capable of being delivered to mobile devices requires significant technological sophistication. The challenges posed by the co-existence of multiple network types, operating standards, media formats, sales channels, payment systems and handset types have led Mobile Streams to develop a proprietary technology platform, Musia. This platform allows Mobile Streams to automate many of the processes involved in delivering all forms of mobile content, and is designed as a system of linked modules, which can be made available according to the user's specific needs. The configuration of the Musia platform is set out in the figure below.

Figure 4: **Musia Technology Platform**



Source: Mobile Streams

The content ingestion module allows users to upload digital content securely and adapt that content to the desired format, which may include the compression and conversion of images or the formatting of video content for use on mobile media applications. The content management module enables the user to arrange and schedule content, and offers access control, thus allowing MNOs to filter content based on age or other criteria. Through the delivery & billing module, Musia supports a wide range of billing systems including text message, Paypal, credit and debit cards. Musia is also a powerful CRM tool, allowing performance to be optimised through recording and tracking usage, and supports DRM systems which allow media owners to protect their copyrights.

Musia was designed by Mobile Streams from scratch as a replacement for the Company's existing proprietary system, CMENT. Musia is able to handle 3G mobile content, and is capable of acting as the basis for portals which combine and integrate multiple content types. As a result of these capabilities, the Company expects to generate revenues from Musia in the future in the form of platform licensing contracts with media companies.

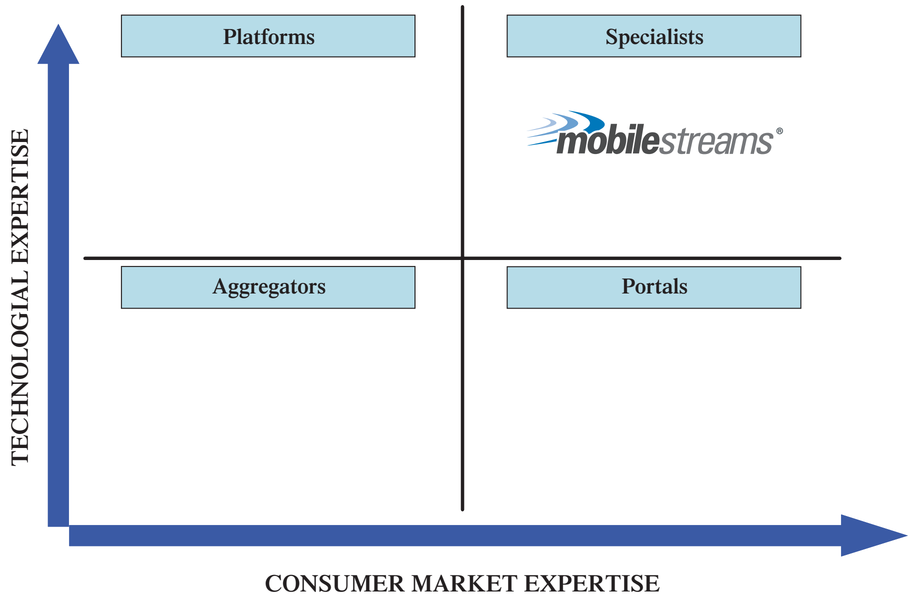
5. Competition

The marketplace in which Mobile Streams competes may be characterised as being driven by two specific areas of expertise: technology and consumer marketing. The Directors believe that Mobile Streams is strongly positioned relative to its competitors by combining high quality technological resources and expertise with a strong understanding of how to develop and sell mobile entertainment content.

Figure 5 below illustrates the Company's view of its competitive landscape, in which participants in the mobile entertainment market are broadly divided into four categories: Aggregators, Platforms, Portals and Specialists.

- Aggregators are essentially wholesalers of mobile content, licensing content from content owners to sell on to MNOs and other Aggregators. They do not focus on formatting content to allow compatibility, or in marketing directly to consumers, and hence are typically characterised by low operating margins.
- Platforms operate as technology providers, making their systems available to Aggregators, content owners and others so that they can perform functions such as billing and content delivery.
- Portals are marketing-led companies which use websites, television and press advertising to drive downloads of content developed in-house or acquired from rights holders. They typically distribute primarily through their own channels rather than through channels operated by MNOs, generating revenues through individual downloads or on a subscription basis.
- Specialists can be defined as those companies which possess both the technological expertise required to mobilise content and the consumer knowledge to allow them to understand end users, their behaviour and their content preferences. Specialists frequently possess proprietary technology platforms and, sometimes, their own content.

Figure 5: **Competitive Position**



Source: Mobile Streams

The Directors believe that the Company's relationships with both rights owners and MNOs and its proprietary Musia technology platform allow it to gain competitive advantage by operating as a Specialist, combining both consumer and technological expertise. Mobile Streams sees itself as providing an end-to-end service, encompassing a broad range of elements from content licensing to content production, platform development, MNO integration, MNO account management and channel management.

Mobile Streams considers its principal competitors to be the following companies:

Monstermob

Founded in 2000, Monstermob develops and delivers mobile content including video on demand, interactive communities, real-music ring tones, high-resolution personalisable graphics and enhanced JAVA games to MNOs, retailers and handset distributors. The company also operates the *www.sports.co.uk* mobile sports portal. Monstermob was admitted to AIM in November 2003.

Bango

Bango is a provider of platform technology that collects payments from subscribers and identifies users. Working with MNOs and billing providers such as Vodafone, Orange, T-Mobile, O_2, Cingular Wireless and Telefonica, Bango assists content providers to promote and charge for their content and services. Bango was admitted to AIM in June 2005.

Buongiorno

Listed on the Italian Stock Exchange, Buongiorno provides a mobile content solution for media owners, with a library of over 250,000 digital assets including sounds, images and multimedia games. Buongiorno currently distributes over 300 million digital assets every month to mobile and email users through its proprietary technology platform, *B!3A*. This infrastructure enables the capture, adaptation, aggregation and distribution of content, with associated back office, billing, transcoding and marketing functions.

InfoSpace

NASDAQ-listed InfoSpace is active in the areas of mobile entertainment, private-label search and online directory services. The company is organised into two divisions: Search & Directory and Mobile. The Search and Directory division uses metasearch technology to provide internet search and directory services. The Mobile division offers a catalogue of music, games, graphics and information applications, managed and delivered through the *InfoSpace Mobile* platform. InfoSpace Mobile's customers include MNOs, device manufacturers, retailers and entertainment companies.

VeriSign

VeriSign operates infrastructure services that enable customers to find, connect, secure, and transact across complex global networks. The company operates telecom signalling networks, enabling services such as cellular roaming, text messaging, caller ID and multimedia messaging. VeriSign also provides managed security services, security consulting, authentication solutions, commerce and email. VeriSign also owns the Jamster! portal, which provides access to more than 50,000 pieces of mobile content including ringtones, images, games, and community services. These are offered as a managed service through VeriSign's *IC3SM* platform. Verisign is listed on the New York Stock Exchange.

6. Strategic Alliance

In January 2006, Mobile Streams entered into a strategic alliance with Liberty Media. Liberty Media is a US-based holding company which owns interests in a broad range of electronic retailing, media, communications and entertainment businesses and operates through a number of recognised brands and companies, including QVC, Encore, Starz, IAC/InterActiveCorp, and News Corporation. Liberty Media has, through its subsidiary TPI, invested £5.4 million in return for approximately 22 per cent. of the Existing Ordinary Shares. The Directors believe that the Company's access to Liberty Media's brands, content and industry relationships will deliver significant commercial benefits and allow Mobile Streams to position itself for the next stage of the evolution of mobile content.

As part of the strategic alliance, Mobile Streams has entered into a contract to manage ConnectID, a subsidiary of TPI which is developing location services such as child and senior citizen mobile tracking. Under this contract, Mobile Streams will receive a management fee of $1,000,000 for the first year ($750,000 per annum thereafter) and potential incentive payments based on the achievement of revenue and profitability targets. The Company has also been issued with options to purchase up to 10 per cent. of the total membership interests of ConnectID. The Directors believe that location-aware content will be an important part of the future mobile content market. Further details of the strategic alliance are set out in paragraphs 11.7 to 11.12 of Part IV of this document.

7. Financial Information

The following is a summary of the trading results and financial position of the Company for each of the three years ended 31 December 2003, 2004 and 2005. These figures have been extracted without adjustment from the financial information set out in Part IIIA of this document and should be read in conjunction with the whole of Part IIIA.

Table 3: **Financial Information**

	Year ended 31 December 2003 (£'000)	*Year ended 31 December 2004 (£'000)*	*Year ended 31 December 2005 (£'000)*
Turnover	1,451	2,922	5,071
Gross profit	929	1,907	2,875
Operating profit/(loss)	205	(2)	63
Profit/(loss) before tax	184	(13)	32
Profit/(loss) after tax	134	(98)	(127)
Shareholders' funds/(deficit)	80	(111)	(149)
Net cash	167	258	268

Mobile Streams has historically been funded principally from its own cash flows. Cash generated from the successful UK business has been reinvested in order to expand geographically into North America, Latin America and the Asia Pacific region; to expand the Company's product portfolio beyond ringtones into other products such as video clips through licensing content; to build the new technology platform, Musia; and to put in place a management team to capitalise on the growth opportunities available in the market. The proportion of revenues generated from outside the UK has increased from 16 per cent. in 2003 to more than 40 per cent. in 2005.

The development of gross margins over the period reflects the Company's changing product mix. Historically, the majority of products sold by the Company have been monophonic and polyphonic ringtones. Over the last three financial years, these products have become less important contributors as demand for newer products such as truetones and video clips has increased.

8. Current Trading, Prospects and Operational Trends

Trading since 31 December 2005 has been in line with management expectations. Cash has been significantly enhanced due to the sale of equity to TPI as described above in paragraph 6. Management are preparing to use these proceeds to enhance overall business and are already in negotiations with several potential new content partners.

9. Strategy

Mobile Streams operates in a rapidly evolving market with attractive growth opportunities. In order to capitalise on these opportunities, the Company will pursue the strategies set out below both organically, and where appropriate, through acquisitions:

Content

- identify and licence content that is relevant for each of the local content channels;
- develop the channels it has identified as most suited to the mobile environment;
- develop activities in video-led content, which is forecast to be a high growth area of the market as penetration of 3G enabled handsets continues;
- enhance the Company's content offering by transferring and modifying content which has been proven in other media to the mobile environment, and increasing its "made for mobile" content production activities; and
- enhance its competitive position by securing a greater proportion of content deals through advance payments, in order to access premium quality content.

Distribution

- continue the expansion of the Company's international operations;
- extend MNO relationships where possible into channel partner roles; and
- develop off-portal distribution as a route to market complementary to on-portal distribution, allowing Mobile Streams to optimise the value of its content.

Technology

- continue to invest in research and development in order to further develop the Musia technology platform; and
- commercialise the Musia platform by licensing it to media companies.

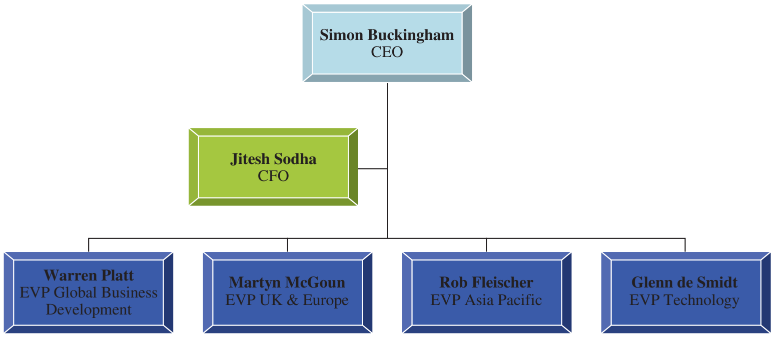
Strategic Alliance

- create value within the ConnectID business and use expertise in location-aware content to develop products and services for Mobile Streams; and
- leverage the strategic alliance with Liberty Media in order to enhance the Company's content and platform offering and further develop its relationships with content owners.

10. International Network

Mobile Streams has sought from an early stage of its development to expand geographically in order to leverage its skills and technology, and to enable it to make optimum use of its content assets. This strategy has led to the establishment of four regional divisions, covering the UK and Europe, North America, Latin America and the Asia Pacific region. Overseas markets accounted for more than 40 per cent. of revenues in the year to 31 December 2005.

Figure 6: **Organisational Structure**



Source: Mobile Streams

Mobile Streams employs four Executive Vice-Presidents (''EVPs''), each of whom reports directly to Simon Buckingham. The EVP of Technology, Glenn de Smidt, is responsible for the Musia technology platform, which supports all four regions. This organisational structure allows successful content to be identified rapidly and, where appropriate, deployed across the Company's international network. Mobile Streams currently employs staff in the UK, US, Brazil, Mexico, Argentina, Australia and Chile and, following Admission, Mobile Streams intends to invest further in its international network through the recruitment of additional staff, including a dedicated EVP for North America.

While further international expansion will form part of the Company's strategy for the foreseeable future, the Directors anticipate that the UK will remain an important market for Mobile Streams. The UK is one of the most advanced mobile telephony markets in the world and the Directors believe that the Company's presence in the UK gives it a significant competitive advantage, as it allows Mobile Streams to apply to developing markets the expertise in advanced technologies and content types gained through the UK market.

11. Directors, Senior Management and Employees

(a) Executive Directors

Simon Buckingham (32) — Chief Executive Officer

Prior to founding Mobile Streams in January 1999, Simon worked for Vodafone UK from 1991 in the area of value added services. His responsibilities included setting up and managing the Vodafone Business Partners Programme. Simon has over 14 years' experience in the mobile messaging and content arena and holds a first class BCom Commerce with German degree from Birmingham University.

Jitesh Sodha (38) — Chief Financial Officer

Jitesh joined Mobile Streams as Chief Financial Officer in April 2005. He was the CFO of T-Motion Plc, a joint venture between T-Mobile and T-Online, from its establishment. Following the acquisition of T-Motion by T-Mobile in 2002, Jitesh worked in a number of senior roles within T-Mobile. He has also held management positions at Dell Computers and Cargill Inc. Jitesh has a degree in Philosophy, Politics and Economics from New College, Oxford and is an Associate of the Chartered Institute of Management Accountants.

(b) Non-executive Directors

Roger Parry (52) — Non-Executive Chairman

Roger is Chairman of Clear Channel International Ltd. He is also Chairman of Johnston Press plc and non-executive Chairman of Future plc. Previously he was Chief Executive of More Group plc and has been a director of Aegis Group plc, iTouch plc, Jazz FM plc, London Radio plc and WCRS plc. He spent three years with McKinsey, the international consulting firm, and prior to that was a TV and radio journalist with the BBC. He has an MLitt from Jesus College, Oxford and a BSc from Bristol University.

Ivan Donn (44) — Non-Executive Director

Appointed to the Board in 2000, Ivan has extensive experience in the mobile communications industry, having spent more than 19 years working for Vodafone Group, during which he fulfilled various management and directorship roles across Corporate Sales, Business Development, Channel Management, Device Strategy, Product Management and Commercial Partnerships. Since 2004, Ivan has operated as an independent consultant, principally for Research In Motion.

Phil Murphy (52) — Non-executive Director

Phil joined the Mobile Streams Board as a non-executive director in 2004. Previously he held a variety of senior positions within global companies including: vice president, Warner Music Asia Pacific; senior vice president, Sony Music Europe and senior vice-president Real Networks (worldwide excluding the US). Phil has a BA in Economics from Fitzwilliam College, Cambridge.

Peter Tomlinson (48) — Non-Executive Director

Appointed to the Board in 2000, Peter has over 20 years' experience in the mobile phone arena, principally with Nokia where he was responsible for setting up the joint venture operations in China and managing the Asia Pacific Distribution process for Nokia Asia Pacific's management board. Peter has also held senior positions with Brightpoint and Motorola Asia Pacific, and is currently employed by GN Netcom, part of the GN Great Nordic group of companies.

(c) Senior Management

Glenn De Smidt (35) — Executive Vice President, Technology

Glenn joined Mobile Streams in 2004 as EVP Technology, with responsibility for developing and deploying the Musia technology platform in the UK, US and Latin America, including migration from legacy platforms, deployment of new products and services, integration points and technologies. Prior to joining the Company, Glenn worked as technical director of the telephony services provider Arrow Interactive, a subsidiary of Trinity Mirror plc. Glenn also spent 6 years with Vodafone in a range of IT Development roles.

Robert Fleischer (43) — Executive Vice President, Asia Pacific

Robert joined Mobile Streams in 2004 to set up its Asia Pacific operations, which are run out of Australia. Prior to this, Robert worked within Corporate Marketing for the US Value Added Services platform vendor Comverse Network Systems. Robert holds a Bachelor of Commerce degree from the University of New South Wales.

Martyn McGoun (36) — Executive Vice President, UK/Europe

Martyn joined Mobile Streams in 2004 as VP for UK Sales before assuming responsibility for all UK operations in 2005. Before joining the Company, Martyn spent 10 years at Oracle, where he fulfilled several Sales and Account Management roles. Martyn holds a BSc in Information Systems Management from Bournemouth University.

Warren Platt (43) — Executive Vice President, Global Business Development

Warren joined Mobile Streams in February 2004 and is responsible for marketing Mobile Streams' services within the Company's North American subsidiary and for the business development activities and management of the Company's Latin American operations in Argentina, Brazil, Chile, Colombia and Mexico. Warren served in a number of senior business development roles covering EMEA, APAC and the Americas for companies including Bulletin.net, Telecom Wireless Solutions and Cambridge Positioning Systems, where he was Vice President of Business Development for the Americas. Warren holds accreditations from both Motorola and the Nokia Academy.

(d) Employees

As at 31 December 2005, the date of the Company's latest audited accounts, the Company had 61 employees, including the Executive Directors. Employees are employed in the following functions and locations:

Table 4: **Employees by Function and Location**

	Sales & Commercial	Technology	Operations	Administration	Total
Corporate	—	5	5	4	14
UK	6	2	7	1	16
Asia	1	—	1	—	2
Latin America Corporate	1	—	—	—	1
Argentina	2	6	1	1	10
Chile	1	1	—	—	2
Brazil	3	1	1	—	5
Mexico	1	—	1	—	2
US	2	2	4	1	9
Total	17	17	20	7	61

Source: Mobile Streams

During the most recent financial year to 31 December 2005, the Company employed three temporary employees on average.

12. Share Schemes

The Company has established three share option schemes, namely, the EMI Scheme, the ISO Sub-Plan and the Global Plan 2006 (together the "Schemes"). A summary of the rules of each of the Schemes is set out in paragraphs 10.1, 10.3 and 10.5 of Part IV of this document. Under the rules of the EMI Scheme and the Global Plan 2006, the number of Ordinary Shares under option at any one time will not exceed 12.5 per cent. of the Company's issued share capital from time to time and the Board has entered into an undertaking that this limit shall also apply to options granted under the ISO Sub-Plan. Options under the Schemes have been granted over 2,235,625 Ordinary Shares in aggregate to Directors and employees and the Company intends to grant options to incoming employees over 41,650 Ordinary Shares which would in total represent approximately 7.1 per cent. of the Enlarged Issued Share Capital.

In January 2005, the Company granted Jitesh Sodha an option to subscribe for such number of Ordinary Shares as, when taken together with the options held by Mr Sodha pursuant to the EMI Scheme, is equal to two per cent. of the issued share capital of the Company on Admission. Further details of Mr Sodha's option (including the exercise period and price), together with details of his current EMI Options, are set out in paragraphs 7.2 and 11.6 of Part IV of this document. In September 2005, the Company granted Roger Parry an option to subscribe for such number of Ordinary Shares as is equal to the lesser of 2.5 per cent. of the issued share capital of the Company on Admission and £600,000 divided by the Placing Price. Further details of Mr Parry's option (including the exercise period and price) are set out in paragraph 11.4 of Part IV of this document.

13. Corporate Governance

The Directors recognise the importance of sound corporate governance and intend that the Company will comply with the main provisions of the Combined Code and the Quoted Companies Alliance Guidelines published on 13 July 2005 in so far as appropriate given the Company's size and stage of development.

The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and corporate actions. Following Admission, the Company intends to hold a minimum of 6 Board meetings every year.

The Company will upon Admission establish properly constituted audit, remuneration and nomination committees of the Board with formally delegated duties and responsibilities.

The audit committee will have primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It will receive and review reports from the Company's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The audit committee will meet at least twice every year and will have unrestricted access to the Company's auditors. Members of the audit committee will be Peter Tomlinson (chairman), Roger Parry, Ivan Donn and Phil Murphy.

The remuneration committee will review the performance of the executive directors and make recommendations to the Board on matters relating to their remuneration and terms of employment. The remuneration committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration committee will meet at least twice every year. Members of the remuneration committee will be Phil Murphy (chairman), Roger Parry, Ivan Donn and Peter Tomlinson.

The nomination committee will regularly review the required structure and size of the Board compared to its current position, make recommendations to the Board with regard to any changes and give full consideration to succession planning for directors and other senior executives in the course of its work. The committee will meet once every year and will be composed of Roger Parry (chairman), Phil Murphy, Peter Tomlinson and Ivan Donn.

The Company has adopted a code for Directors' and applicable employees' share dealings which is appropriate for an AIM-listed company. The Directors will comply with Rule 21 of the AIM Rules relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Group's applicable employees.

14. Accounting Reference Date and Dividend Policy

The Company's financial year end is 31 December. The Company's first reported results following Admission will be in respect of the 6 months ending 30 June 2006. Thereafter, it will, in accordance with the AIM Rules, report results made up to 30 June and 31 December each year.

In light of the stage of its development, the Directors intend to focus on the growth of the Company and will generally use surplus cash to further this strategy for the foreseeable future. Following this period, the Directors intend to adopt a progressive dividend policy, reflecting the development of earnings and cash flow generated by the Company.

15. Details of the Placing

Bridgewell has conditionally placed, as agent for the Company and pursuant to the Placing Agreement, 6,896,551 Placing Shares, representing, in aggregate, approximately 21.4 per cent. of the Enlarged Issued Share Capital of the Company. The Placing is conditional, *inter alia*, on Admission taking place on 15 February 2006, or such later date as Bridgewell and the Company may agree, being not later than 31 March 2006. After the expenses of the Placing and Admission payable by the Company, estimated to be £1.0 million in total including VAT, the Placing is expected to raise £5.0 million for the Company.

The Placing Shares will, when issued, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of this document.

Application has been made for the Placing Shares to be admitted to AIM. The Placing Shares have not been marketed in whole or in part to the public in conjunction with the application for Admission. It is expected that Admission will take place on 15 February 2006.

In addition, Bridgewell has agreed, as agent for the Selling Shareholders and pursuant to the Placing Agreement, to place 1,076,250 Existing Ordinary Shares. The Sale Shares represent, in aggregate, approximately 3.3 per cent. of the Enlarged Issued Share Capital.

Liberty Media's subsidiary TPI has been granted pre-emption rights pursuant to the Shareholders' Agreement under which TPI will have the right to purchase its *pro rata* portion of any equity securities that the Company proposes to offer on the same terms and conditions in order to maintain its percentage ownership interest in the Company. Further details of the Shareholders' Agreement are set out in paragraph 11.9 of Part IV of this document.

16. Reasons for the Placing and Use of Proceeds

The Directors believe that the proceeds of the Placing will provide Mobile Streams with the financial flexibility necessary for it to capitalise on the opportunities available in its markets. In addition, the Directors believe that Admission will enhance the Company's credibility amongst its customers and partners and assist in the recruitment, retention and incentivisation of key staff to ensure the Company's continued development. The Directors anticipate using the Placing proceeds as set out below:

- *Invest in content creation and licensing (c. 40 per cent.)* — to provide the financial resources to invest in the creation and licensing of high quality content in order to develop the channels it has identified as well suited to the mobile environment and to enable Mobile Streams to offer advance payments to rights holders, which the Directors believe will enhance the Company's competitive position by allowing it to negotiate a greater proportion of content deals on an exclusive basis.

- *Enhance distribution (c. 40 per cent.)* — to assist the Company in strengthening its existing international network through the addition of staff and resources, and to allow Mobile Streams to invest in its off-portal activities, such as developing relationships with search engines and marketing its branded websites.
- *Develop Musia Technology Platform (c. 20 per cent.)* — to allow Mobile Streams to commit further resources to enable the Company to derive revenues from licensing Musia to third parties.
- *Bolt-on acquisitions* — to permit Mobile Streams, where appropriate, to make acquisitions in order to pursue the strategies detailed in paragraph 9 above.

17. Settlement and Dealings

The Articles permit the Company to issue shares in uncertificated form in accordance with the Uncertificated Securities Regulations 2001. The Company has applied for the Existing Ordinary Shares and the Placing Shares to be admitted to CREST and it is expected that the Existing Ordinary Shares and the Placing Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. Accordingly, settlement of transactions in the Existing Ordinary Shares and Placing Shares following Admission may take place in the CREST system if the individual Shareholder so wishes.

CREST is a paperless settlement procedure which allows securities to be evidenced without a certificate and transferred other than by written instrument. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

Notwithstanding the election by placees as to the form of delivery of the Placing Shares, no temporary documents of title will be issued. All documents or remittances sent by or to a placee, or as it may direct, will be sent through the post at the placee's risk.

18. Orderly Market Arrangements

Simon Buckingham has undertaken to Bridgewell and Mobile Streams not to dispose of any Ordinary Shares in which he is interested until the date twelve months from Admission. Such undertaking will not apply to any disposal of Ordinary Shares made by Mr Buckingham with the prior written consent of Bridgewell or in other limited circumstances (including pursuant to an intervening court order or takeover offer for the Company).

In addition to this initial twelve month period, Simon Buckingham has undertaken to Bridgewell and Mobile Streams that for a further period of twelve months he will only effect a disposal of Ordinary Shares in which he is interested through Bridgewell or the Company's Broker from time to time so as to ensure an orderly market in the share capital of the Company.

Further details of the lock-in arrangements are set out in paragraph 11.3 of Part IV of this document.

19. Taxation

The attention of investors is drawn to the information regarding taxation in relation to the Placing and Admission which is set out at paragraph 17 of Part IV of this document. These details are, however, intended only as a general guide to the current tax position under UK taxation law for certain types of investor. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers.

20. Additional Information

Prospective investors should read the whole of this document which provides additional information on the Company and the Placing and not rely on summaries or individual parts only. In particular, the attention of investors is drawn to the risk factors set out in Part II of this document and the additional information set out in Part IV of this document.

PART II

RISK FACTORS

The investment described in this document may not be suitable for all those who receive it. Before making a final decision, investors are advised to consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

Prospective investors should be aware that an investment in the Company is speculative and involves a high degree of risk. In addition to the other information contained in this document, the Directors believe that the following risk factors are the most significant for potential investors and should be considered carefully in evaluating whether to make an investment in the Company and, in particular, should be read in conjunction with the accountants' report in Part III of this document. If any of the risks described in this document actually occur, the Company may not be able to conduct its business as currently planned and its financial condition, operating results and cash flows could be seriously harmed. In that case, the market price of the Ordinary Shares could decline, and all or part of an investment in the Ordinary Shares could be lost. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect on the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements. The risks listed are not set out in any particular order of priority.

1. Contracts with Mobile Network Operators

While Mobile Streams maintains relationships with numerous MNOs in the various territories in which it operates, a small number of MNOs account for a substantial proportion of the Company's business. Contracts with MNOs are typically entered into on the basis of an initial twelve month term, following which notice periods as short as 30 days apply. The loss or underperformance of any of the Company's contracts with MNOs could result in lower than expected turnover, and could adversely affect Mobile Streams' business, financial condition and operating results. Contracts with MNOs establish the proportion of the purchase price of a product receivable by Mobile Streams. The renegotiation of any of the Company's contracts with MNOs could result in lower than expected turnover or operating margins, and could adversely affect Mobile Streams' business, financial condition and operating results.

The Company seeks wherever possible to enter into contracts with MNOs on an exclusive basis, such that Mobile Streams is the sole provider of a range of products to an MNO's portal. If Mobile Streams is unable to negotiate such contracts in the future, or should any existing contracts become non-exclusive, the business, financial condition and operating results of the Company could be harmed.

2. Contracts with rights holders

The majority of content provided by Mobile Streams is licensed from rights holders, and the Company's ability to enter into revenue share agreements with MNOs and to attract customers through its own portals will depend to a significant extent upon the range and quality of content that Mobile Streams is able to source from rights holders. While Mobile Streams is not dependent on any single rights holder for its entertainment content, the termination or non-renewal of any existing licensing relationship could result in lower than expected turnover, and could adversely affect Mobile Streams' business, financial condition and operating results.

Mobile Streams seeks to maximise its turnover by sourcing entertainment content that it anticipates will attract high demand from consumers. The Company can give no assurance that it will predict consumer demand for entertainment content successfully. Should Mobile Streams not be able to do so, its business, financial condition and operating results could be adversely affected.

3. Competition

The Company's business, financial condition and operating results may be adversely affected by competition from alternative providers of some or all of its products. Some of the products which Mobile Streams supplies, such as truetones, can be sold directly to MNOs by major record labels without the need for an intermediary. In order to compete successfully, the Company will need to continue to develop its relationships with rights holders and MNOs. Other products can be transmitted to mobile devices without the need for an intermediary via alternative technologies such as Bluetooth and infrared.

The Company's competitors, and potential competitors, include larger companies who have greater capital, research, marketing, financial and personnel resources than those of Mobile Streams. There can be no assurance that the Company's competitors and potential competitors will not succeed in developing products or technologies which would render the Company's products obsolete or otherwise uncompetitive.

4. Evolution of mobile entertainment content

Mobile entertainment content is constantly evolving, and Mobile Streams anticipates that it will experience significant change in the mix of products which it provides. Historically, monophonic and polyphonic ringtones have both been significant contributors, however these products are expected to decline as a proportion of the Company's turnover as consumers switch to newer products such as truetones and video clips. Truetones and video clips typically require a greater proportion of the retail price to be paid away as royalties, thereby resulting in lower margins for the Company. The rate and extent of the change in the Company's business mix may have a significant impact on the operating results of the Company.

5. Deployment of advanced mobile handsets

The future growth of the mobile entertainment market will depend substantially upon the penetration of 3G enabled handsets, which allow consumers to access and store advanced content such as video clips. Should the take-up of 3G enabled handsets proceed at a slower rate than the Company expects, consumer demand for the existing range of entertainment products may be harmed, and could have an adverse impact on the Company's business, financial condition and operating results.

6. On-portal distribution

Mobile Streams primarily reaches consumers through on-portal distribution, under which it supplies content for use on portals owned by MNOs. As the owners of these portals, MNOs control the pricing of the available content. The Company's income from MNOs is typically based on a given proportion of the retail price of each download, and so any reduction of this retail price could result in lower than expected turnover, and could adversely affect Mobile Streams' business, financial condition and operating results.

On-portal distribution does not require Mobile Streams to invest heavily in advertising or marketing expenditure, as it relies on the placement of content on portals owned by MNOs. As the mobile entertainment market develops, MNOs may decide to reduce or discontinue the development of their own portals, and adopt an off-portal model under which mobile entertainment companies would sell directly to consumers. Any such development may require Mobile Streams to increase its expenditure on advertising and marketing, and may have an adverse impact on the Company's business, financial condition and operating results.

7. International customer base

Mobile Streams generates a significant part of its revenues from customers outside of the UK. The Company expects that its sales will continue to be made across a number of geographical regions for the foreseeable future and as a result, the occurrence of any negative international political, economic or geographical events could result in significant revenue shortfalls. These shortfalls could cause the Company's business to be harmed. Some of the risks of doing business internationally include:

- fluctuations in exchange rates;
- unexpected changes in regulatory environments;
- imposition of tariffs and other barriers and restrictions;
- burdens of complying with a variety of foreign laws;
- political and economic instability; and
- changes in diplomatic and trade relationships.

8. Geographical expansion

The Company has already expanded its area of operations from the UK to a number of territories in North America, Latin America, Europe and the Asia Pacific region. A proportion of the proceeds of the Placing will be used for the further development of the Company's overseas operations. Any failure by the Company to successfully launch and manage its international operations could have an adverse effect on the Company's business, financial condition and operating results.

9. Dependence on key executives and personnel

The Company's future success is substantially dependent, in particular, on each of the executive Directors and the Company's senior management. The Company intends to incentivise its key employees with share options and encourage them to remain with Mobile Streams, however the retention of their services cannot be guaranteed. Furthermore, as Mobile Streams expands, it will need to recruit and integrate additional personnel. In a period of high growth, the loss of the services of one or more of the executive Directors, senior management and other key employees, or the inability to recruit and effectively integrate additional personnel, as required, could have an adverse effect on the Company's business, financial condition and operating results.

10. The Company's Intellectual Property Rights

The protracted and costly nature of litigation, particularly in North America, may make it difficult to take swift or decisive action to prevent infringement of the Company's intellectual property rights. No assurance is given that the Company will develop products which are capable of bring protected or that any protection gained will be sufficiently broad in its scope to protect the Company's intellectual property and exclude competitors from developing and/or using similar competing technology.

11. Third Party Intellectual Property Rights

Although the Directors believe that the Company's content and Musia technology platform and the Company's other intellectual property rights do not infringe the intellectual property rights of others, third parties may assert claims that the Company has violated a patent or infringed a particular copyright, trade mark or other proprietary right or confidential information belonging to them. Any such intellectual property claims, with or without merit, could be time consuming, expensive to litigate or settle and could divert management resources and information.

12. Royalty rate

The terms of the Joint On-line Licence ("JOL") under which the Company pays royalties to the Mechanical Copyright Protection Society ("MCPS") and Performing Rights Society ("PRS") on each ringtone that it sells are currently under dispute as the British Phonographic Industry, digital service providers and MNOs are arguing that the MCPS and the PRS should accept a lower percentage of the price paid by downloaders and are challenging the JOL before the Copyright Tribunal. Currently the rate is 15 per cent. but the BPI and the other applicants have argued for a reduction to 8 per cent. The MCPS currently rejects this rate. The Company cannot predict whether the royalty fee that the Copyright Tribunal will fix will be higher or lower than the Company currently pays to the MCPS and the PRS. If it is higher then the Company's business, financial condition and operating results may be adversely affected.

13. Technology risks

The Company's future revenues are to an extent dependent on its Musia technology platform. Any instability of this platform or any interruption to its availability for an extended period, including its internet service connectivity, could have an adverse effect on the Company's business, financial condition and operating results. The Company intends to generate revenues from Musia in the future in the form of platform licensing contracts with media companies. Whilst the Directors are optimistic about the potential for platform licensing revenues, Mobile Streams does not generate such revenues at present and there is no certainty that this activity will be capable of achieving the anticipated revenues in the future.

14. Management controls and reporting procedures

The ability of the Company to implement its strategy in a competitive market requires effective planning and management control systems. The Company's future growth will depend on its ability to expand and improve operational, financial and management information and control systems in line with the Company's growth. It will also depend on the Company's ability to develop services in line with the trends followed by its target customers, to leverage and expand its customer base and to provide quality products and services to its customers. Failure to do so could have an adverse effect on the Company's business, financial condition and operating results.

15. Liquidity of the Ordinary Shares and volatility of their price

It may be more difficult for an investor to realise his or her investment in an AIM traded company than in a company whose securities are listed on the Official List of the UK Listing Authority. AIM has been in existence since June 1995 but its future success and liquidity as a market for the Ordinary Shares cannot be guaranteed. The trading price of Ordinary Shares may be subject to wide fluctuations in response to a range of events and factors, such as variations in operating results, announcements of technological innovations or new products and services by Mobile Streams or its competitors, changes in financial estimates and recommendations by securities analysts, the operating share price performance of other companies that investors may deem comparable to the Company, the general market perception of technology-based companies and news reports relating to trends in the Company's markets. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Company's performance. Prospective investors should be aware that the value of the Ordinary Shares could go down as well as up and investors may therefore not recover their original investment, especially as the market in the Ordinary Shares may have limited liquidity.

16. Regulatory risks

The Company may be affected by the prevailing regulatory and legal environment relating to content control, exploitation and access including, but not limited to, compliance with the Independent Committee for the Supervision of Standards of Telephone Information Services ("ICSTIS") Code of Practice, Tenth Edition, January 2004 (Amended July 2005) and data protection legislation. Existing and possible future law, regulation and action could cause additional cost, expenditure, delays and restrictions in the activities of the Company, the extent of which cannot be predicted. Generally businesses in the Company's position do not have responsibility for the content, or the viewing or use of which it may facilitate. This position could however alter and before commencing certain services in some jurisdictions the Company may need to obtain permissions, licences or regulatory approvals and there is no assurance that these will be obtained. Further, no assurance can be given that new laws, rules and regulations will not be enacted or existing laws, rules and regulations will not be applied in a manner which could limit or curtail certain of the Company's services in certain jurisdictions. As well as changes to the law which affect the Company's position, the Company may be affected by changes in the law that prohibit the provision of its services by some of its content providers.

17. Future acquisitions

The Company may in the future seek to pursue its strategy through the acquisition of other companies, businesses or assets. As consideration for such acquisitions, the Company may seek to issue Ordinary Shares. There can be no guarantee that sellers of target companies, businesses or assets will be prepared to accept shares traded on AIM as consideration, and this may limit the Company's ability to grow its activities and pursue its strategy. The difficulties involved in integrating any companies, businesses or assets acquired by Mobile Streams may divert financial and management resources from the Company's core business, which could adversely affect Mobile Streams' business, financial condition and operating results.

18. Future prospects

The Company's capital requirements will depend on numerous factors, including its ability to maintain and expand its penetration of the markets in which it operates. The Company cannot predict accurately the timing and amount of its capital requirements. If its capital requirements vary materially from its plans, the Company may require future financing. Market conditions may prevent additional funds from being raised which could restrict the development of the Company. The value of an investment in the Company is dependent upon the Company achieving its strategic aims. Whilst the Directors are optimistic about the prospects for the Company, there is no certainty that the business will be capable of achieving the anticipated revenues or growth.

PART IIIA

FINANCIAL INFORMATION ON THE GROUP

Historical financial information for the three years ended 31 December 2005

1. Introduction

The financial information on Mobile Streams plc set out in this Part III A has been prepared solely for the purpose of this AIM Admission Document and does not constitute audited statutory accounts within the meaning of section 240 of the Companies Act.

2. Basis of Preparation

The financial information set out below for the three years ended 31 December 2005 is based on the audited consolidated financial statements of the Group.

This information has been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards.

3. Responsibility

The Directors of Mobile Streams plc are responsible for the financial information and the contents of the AIM Admission Document in which it is included.

4. Accounting Policies

Basis of consolidation

The consolidated financial information incorporates the financial information relating to the Company and all of its subsidiaries. Intra-group sales and profits are eliminated fully on consolidation.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings are included in the Group profit and loss from the date of acquisition.

Turnover

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT. Where the Company is selling directly to the end customer, the turnover is the amount paid by that customer excluding sales taxes. Where the customer contracts with a third party, through which Mobile Streams is distributing its content, turnover is that portion that is payable to Mobile Streams including royalties and commissions. Revenue is recognised when goods are supplied to a customer.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of the tangible fixed assets over their estimated useful lives. The following rates and methods have been applied:

Plant and equipment	33% straight line
Office furniture	25% reducing balance
Media platform costs	33% straight line

Media platform costs represent the cost of the initial development of websites and media platforms which support the Company's core operations and generate directly a proportion of the Group's sales. The capitalisation is based on matching the cost with anticipated revenues in future periods. The Company has invested in a new media platform during 2005 and has capitalised the direct staff costs incurred during the creation of this asset. The expected useful economic life of the platform is estimated to be 3 years and the asset is being depreciated on this basis.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered.

Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

Transactions in foreign currencies are translated at the exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves. All other exchange differences are dealt with through the profit and loss account.

Operating leases

Rentals in respect of leases are charged to the profit and loss in equal amounts over the lease term.

5. Consolidated Profit and Loss Accounts

	Note	*Year ended 31 December 2003* £	*Year ended 31 December 2004* £	*Year ended 31 December 2005* £
Turnover	9.1	1,450,773	2,921,593	5,071,411
Cost of sales		(522,033)	(1,014,443)	(2,196,570)
Gross profit		928,740	1,907,150	2,874,841
Operating costs		(724,066)	(1,908,757)	(2,811,370)
Operating profit/(loss)		204,674	(1,607)	63,471
Net interest payable		(20,826)	(10,920)	(31,367)
Profit/(loss) on ordinary activities before taxation	9.4	183,848	(12,527)	32,104
Tax on profit/(loss) on ordinary activities	9.6	(50,272)	(85,904)	(159,028)
Profit/(loss) on ordinary activities after taxation		133,576	(98,431)	(126,924)

All transactions arose from continuing operations.

6. Statement of Total Recognised Gains and Losses

	Year ended 31 December 2003 £	*Year ended 31 December 2004* £	*Year ended 31 December 2005* £
Profit/(loss) for the financial year	133,576	(98,431)	(126,924)
Currency translation differences on foreign currency net investments	1,709	7,309	24,242
Total recognised gains/(losses) relating to the year	135,285	(91,122)	(102,682)

7. Consolidated Balance Sheets

	Note	Year ended 31 December 2003 £	Year ended 31 December 2004 £	Year ended 31 December 2005 £
Fixed assets				
Tangible assets	9.8	15,196	31,309	247,300
Current assets				
Debtors	9.10	305,124	646,655	1,523,981
Cash at bank and in hand		167,238	258,033	268,175
		472,362	904,688	1,792,156
Creditors: amounts falling due within one year	9.11	(407,810)	(1,047,258)	(2,170,787)
Net current assets/(liabilities)		64,552	(142,570)	(378,631)
Total assets less current liabilities		79,748	(111,261)	(131,331)
Provisions for liabilities and charges	9.12	—	—	(17,596)
Net assets/(liabilities)		79,748	(111,261)	(148,927)
Capital and reserves				
Called up share capital	9.13	875	1,000	1,004
Share premium account	9.15	99,900	99,900	164,912
Profit and loss account	9.15	(21,027)	(212,161)	(314,843)
Total shareholders' funds/(deficit)		79,748	(111,261)	(148,927)

8. Consolidated Cash Flow Statements

	Note	Year ended 31 December 2003 £	Year ended 31 December 2004 £	Year ended 31 December 2005 £
Net cash inflow from operating activities	9.18	227,296	282,198	259,634
Returns on investments and servicing of finance				
Net interest paid		(20,826)	(10,920)	(31,367)
Taxation				
Corporation tax paid		—	(61,291)	(47,831)
Capital expenditure				
Payments to acquire tangible fixed assets		(17,784)	(27,106)	(256,587)
Equity dividends paid		(45,002)	(100,012)	—
Cash inflow/(outflow) before financing		143,684	82,869	(76,151)
Financing				
Issue of share capital (net of expenses paid)		—	—	65,001
Net cash inflow from financing		—	—	65,001
Increase/(decrease) in net cash		143,684	82,869	(11,150)
Reconciliation to net cash flow to movement in net funds				
Increase/(decrease) in net cash		143,684	82,869	(11,150)
Foreign currency movements		1,527	7,926	21,292
Change in net funds resulting from cash flows		145,211	90,795	10,142
Net funds brought forward		22,027	167,238	258,033
Net funds carried forward		167,238	258,033	268,175

9. Notes to the Financial Information

9.1 *Segmental reporting*

The directors consider there to be one class of business, being the creation and publication of mobile phone content.

A split of turnover, profit/(loss) before taxation and net assets/(liabilities) by geographical segment is set out below:

	Year ended 31 December 2003 £	*Year ended 31 December 2004* £	*Year ended 31 December 2005* £
Turnover by origin and destination of sales:			
Europe	1,220,670	2,390,116	2,967,874
North America	230,103	509,142	839,475
South America	—	22,335	1,264,062
	1,450,773	2,921,593	5,071,411
Profit/(loss) before taxation:			
Europe	222,839	275,674	(132,377)
North America	(38,991)	30,192	(20,574)
South America	—	(318,393)	185,055
	183,848	(12,527)	32,104
Net assets/(liabilities):			
Europe	123,603	133,006	250,769
North America	(43,855)	(3,450)	(182,082)
South America	—	(240,817)	(217,614)
	79,748	(111,261)	(148,927)

9.2 *Directors emoluments*

	Year ended 31 December 2003 £	*Year ended 31 December 2004* £	*Year ended 31 December 2005* £
All Directors			
Aggregate emoluments	119,930	145,615	197,903
Pension contributions	1,000	12,000	6,000
	120,930	157,615	203,903
Highest paid director			
Aggregate emoluments	118,922	134,074	90,000
Pension contributions	1,000	12,000	6,000
	119,922	146,074	96,000

There were no payments to directors or director related entities other than those noted above.

During the three years one director participated in a self administered money purchase pension scheme.

9.3 *Employee information*

The average monthly number of persons (including executive directors) employed by the group during the period was:

	Year ended 31 December 2003 Number	*Year ended 31 December 2004 Number*	*Year ended 31 December 2005 Number*
By activity			
Management	3	4	6
Administration	14	26	45
	17	30	51

	Year ended 31 December 2003 £	*Year ended 31 December 2004 £*	*Year ended 31 December 2005 £*
Staff costs (for the above persons):			
Wages and salaries	378,045	1,038,155	1,602,929
Social Security Costs	31,633	70,660	136,159
Pension costs	1,000	12,000	6,000
Less: staff costs capitalised within media platform costs	—	—	(176,908)
	410,678	1,120,815	1,568,180

9.4 *Profit/(loss) on ordinary activities before taxation*

	Year ended 31 December 2003 £	*Year ended 31 December 2004 £*	*Year ended 31 December 2005 £*
The profit/(loss) on ordinary activities before taxation is stated after charging:			
Depreciation of tangible fixed assets — owned	32,860	10,376	43,561
Hire of plant and machinery under operating leases	3,708	11,023	47,519
Auditors' remuneration			
Audit fees — group	14,425	14,250	25,500
Other services	—	—	33,500

Auditor's remuneration for other services is in relation to tax compliance and advisory work.

9.5 *Net Interest Payable*

	Year ended 31 December 2003 £	*Year ended 31 December 2004 £*	*Year ended 31 December 2005 £*
Bank interest payable	25,352	14,657	37,484
Interest receivable	(4,526)	(3,737)	(6,117)
	20,826	10,920	31,367

9.6 *Tax on profit/(loss) on ordinary activities*

	Year ended 31 December 2003 £	Year ended 31 December 2004 £	Year ended 31 December 2005 £
Current tax:			
United Kingdom corporation tax at 30%	50,272	83,127	63,321
Overseas taxation	—	2,777	78,111
	50,272	85,904	141,432
Deferred tax:			
Origination and reversal of timing differences	—	—	17,596
Tax charge on profit/(loss) on ordinary activities	50,272	85,904	159,028

The tax charge is higher than that based upon the standard rate of corporation tax. The differences are explained below.

Tax reconciliation

	Year ended 31 December 2003 £	Year ended 31 December 2004 £	Year ended 31 December 2005 £
Profit/(loss) on ordinary activities before tax	183,848	(12,527)	32,104
Profit/(loss) multiplied by the standard rate of tax in the UK — 30%	55,154	(3,758)	9,631
Expenses not deductible for tax purposes	3,174	3,087	2,835
Excess of capital allowances over depreciation	(1,250)	(2,664)	(659)
Overseas taxation and losses	(6,806)	89,239	147,221
	50,272	85,904	159,028

The Company has £453,540 trading losses to offset against future trading profits. At this stage no deferred tax asset has been recognised until such time as the expansion of the relevant companies within the group beyond their initial set up phase deem it appropriate.

9.7 *Dividends*

	Year ended 31 December 2003 £	Year ended 31 December 2004 £	Year ended 31 December 2005 £
Final paid: £51.43 per share	45,002	—	—
Final paid: £114.30 per share	—	100,012	—
Total dividends and appropriations	45,002	100,012	—

9.8 *Tangible fixed assets*

	Office Furniture, Plant and Equipment £	*Media Platform Development* £	*Total* £
Cost			
At 1 January 2003	46,309	60,000	106,309
Foreign exchange translation differences	(604)	—	(604)
Additions	17,784	—	17,784
At 31 December 2003	63,489	60,000	123,489
Foreign exchange translation differences	(765)	—	(765)
Additions	27,106	—	27,106
At 31 December 2004	89,830	60,000	149,830
Additions	61,944	194,643	256,587
At 31 December 2005	151,774	254,643	406,417
Accumulated depreciation			
At 1 January 2003	34,510	40,000	74,510
Foreign exchange translation differences	923	—	923
Charge for the period	12,860	20,000	32,860
At 31 December 2003	48,293	60,000	108,293
Foreign exchange translation differences	(148)	—	(148)
Charge for the period	10,376	—	10,376
At 31 December 2004	58,521	60,000	118,521
Foreign exchange translation differences	(2,965)	—	(2,965)
Charge for the period	25,203	18,358	43,561
At 31 December 2005	80,759	78,358	159,117
Net book amount			
At 31 December 2003	15,196	—	15,196
At 31 December 2004	31,309	—	31,309
At 31 December 2005	71,015	176,285	247,300

9.9 *Subsidiary Undertakings*

Interests in subsidiaries as at 31 December 2005

	Proportion held		
	Directly by Mobile Streams Ltd	*By other group companies*	*Country of incorporation*
Mobile Streams Inc.	100%	—	USA
Mobile Streams De Argentina SRL	50%	50%	Argentina
Mobile Streams De Brasil Midia Digital Para Celulares Ltda	36%	64%	Brazil
Mobile Streams Chile Ltda	50%	50%	Chile
Mobile Streams De Colombia Ltda	50%	50%	Columbia
Mobile Streams of Mexico S De RL De CV	50%	50%	Mexico

All the subsidiaries' issued shares were ordinary shares and their principal activities were the creation and publication of mobile phone content.

9.10 *Debtors*

	Year ended 31 December 2003 £	Year ended 31 December 2004 £	Year ended 31 December 2005 £
Trade debtors	275,288	573,548	1,457,531
Other debtors	29,836	73,107	66,450
	305,124	646,655	1,523,981

9.11 *Creditors: amounts falling due within one year*

	Year ended 31 December 2003 £	Year ended 31 December 2004 £	Year ended 31 December 2005 £
Trade creditors	225,950	241,829	712,841
Corporate taxation	50,272	74,885	168,486
Other taxation and social security	49,946	110,905	49,403
Other creditors	4,717	18,517	119,363
Accruals and deferred income	76,925	601,122	1,120,694
	407,810	1,047,258	2,170,787

9.12 *Provisions for liabilities and charges*

	Year ended 31 December 2003 £	Year ended 31 December 2004 £	Year ended 31 December 2005 £
Deferred tax liability			
At beginning of year	—	—	—
Current year charge	—	—	17,596
At end of year	—	—	17,596

9.13 *Called up share capital*

	Year ended 31 December 2003	Year ended 31 December 2004	Year ended 31 December 2005
Authorised			
	Number of £1 shares	*Number of £0.0001 shares*	*Number of £0.002 shares*
Ordinary shares	1,000	10,000,000	27,000,000
	£	£	£
Ordinary shares	1,000	1,000	54,000
Called up and allotted			
	Number of £1 shares	*Number of £0.0001 shares*	*Number of £0.002 shares*
Allotted, called up and fully paid Ordinary shares	875	8,750,000	439,667
Allotted and called up Ordinary shares	—	1,250,000	62,500
	875	10,000,000	502,167
	£	£	£
Allotted, called up and fully paid Ordinary shares	875	875	879
Allotted and called up Ordinary shares	—	125	125
	875	1,000	1,004

By a special resolution dated 27 August 2004, the authorised share capital of the Company of 1,000 ordinary shares of £1 each was subdivided into 10,000,000 shares of £0.0001 each.

62,500 (2004:1,250,00) ordinary shares allotted to Mr S Buckingham for £125 on 12 November 2004 remain unpaid at 31 December 2005. Whilst Mr S Buckingham held the legal title to the shares, it was the intention that the shares be held on trust for benefit of the employees of the Company generally and not by Mr Buckingham as beneficial owner. The issue was part of a programme to encourage wider employee share ownership in the Company. These shares have subsequently been forfeited on 16 January 2006 (refer to note 9.20).

On 12 September 2005 Mr R Parry purchased 43,334 ordinary shares of £0.0001 each. A share premium of £1.4999 was paid per share.

On 16 December 2005 Mr R Parry purchased 6 ordinary shares of £0.0001 each. A share premium of £2.4899 was paid per share. At 31 December 2005 these shares remain unpaid.

On 16 December 2005 the Company undertook a 1 for 20 share consolidation.

The total consideration for the shares issued in the year ended 31 December 2005 was £65,016 (£15 of which remain unpaid at 31 December 2005) giving rise to a share premium of £65,012.

Options

The table below summarises the exercise terms of the various options over ordinary shares of £0.002 (2004: £0.0001, 2003: £1) each which have been granted, and were still outstanding at 31 December 2005, 31 December 2004 and 31 December 2003.

Date Issue	*Issue price*	*Period of option* *Earliest date*	*Latest date*	*At 31 December 2003 Ordinary shares of £1 each Number*	*At 31 December 2004 Ordinary shares of £0.0001 each Number*	*At 31 December 2005 Ordinary shares of £0.002 each Number*
Enterprise Management Incentive Scheme						
19 Nov 2004	£1.56*	19 Nov 2005**	18 Nov 2014	—	300,000	15,000
1 Mar 2005	£1.56*	1 Mar 2006**	28 Feb 2015	—	—	10,000
23 May 2005	£1.56*	23 May 2006**	22 May 2015	—	—	500
1 Jul 2005	£1.56*	1 Jul 2006**	30 Jun 2015	—	—	100
ISO Sub-Plan						
19 Nov 2004	£1.56*	19 Nov 2005***	18 Nov 2014	—	300,000	15,000
29 Mar 2005	£1.56*	29 Mar 2006***	28 Mar 2015	—	—	875

* Original issue price was £0.078. Due to the 1 for 20 share consolidation that took place on 16 December 2005 the adjusted issue price is £1.56.

** 50 per cent. of the issued options can be exercised on the later of the first anniversary of the grant date (date shown above) or the date the Company's shares are traded on a stock exchange. 100 per cent. of the issued options can be exercised on the later of the second anniversary of the grant date or the date the Company's shares are traded on a stock exchange.

*** 100 per cent. of the issued options can be exercised on the later of the first anniversary of the grant date (date shown above) or the date the Company's shares are traded on a stock exchange.

In addition to the above options the following agreements are also in place:

Mr R Parry was given the option on 12 September 2005 to acquire the lesser of 2.5 per cent. of the issued share capital on the date of an Initial Public Offering and the number of shares equal to £600,000 on Admission. The exercise price shall be equal to the market value of ordinary shares at the date of admission. The earliest these options can be exercised is from the first anniversary of Admission (33 per cent.), second anniversary of Admission (33 per cent.) and third anniversary (33 per cent.). The latest date they can be exercised is the day before their tenth anniversary.

Mr J Sodha was given a non-dilutive option agreement to acquire shares totalling 2 per cent. of the issued share capital immediately following an Initial Public Offering, reduced by the amount of options already held by him through the Enterprise Management Incentive Scheme.

9.14 *Reconciliation of movement in shareholders' funds*

	Year ended 31 December 2003 £	Year ended 31 December 2004 £	Year ended 31 December 2005 £
Profit/(loss) for the financial year	133,576	(98,431)	(126,924)
Dividends and appropriations (note 9.7)	(45,002)	(100,012)	—
Exchange differences	1,709	7,309	24,242
Proceeds from ordinary shares issued for cash (notes 9.13 and 9.15)	—	125	65,016
Net increase/(decrease) in shareholders' funds	90,283	(191,009)	(37,666)
Opening Shareholders' funds	(10,535)	79,748	(111,261)
Closing Shareholders' funds	79,748	(111,261)	(148,927)

9.15 *Reserves*

	Share premium £	Profit and loss account £
Balance at 1 January 2003	99,900	(111,310)
Issue of share capital	—	—
Profit retained for the year	—	133,576
Dividends paid		(45,002)
Net exchange differences	—	1,709
Balance as at 31 December 2003	99,900	(21,027)
Issue of share capital	—	—
Loss for the year	—	(98,431)
Dividends paid		(100,012)
Net exchange differences	—	7,309
Balance as at 31 December 2004	99,900	(212,161)
Issue of share capital	65,012	—
Loss for the year	—	(126,924)
Net exchange differences	—	24,242
Balance as at 31 December 2005	164,912	(314,843)

9.16 *Contingent liabilities*

The Society of Composers, Authors & Music Publishers of Canada (SOCAN) have petitioned the Copyright Board for payment of a 10 per cent. royalty on all ringtone sales made in Canada. The outcome of the hearing is still outstanding and could result in a retroactive decision which will require Mobile Streams and other ringtone suppliers to pay SOCAN. Mobile Streams calculates that the maximum liability would be Canadian $168,000 (2004: $79,000, 2003: $Nil). Mobile Streams has not accrued for this liability as the directors are of the opinion that the Company will not have a retrospective liability.

Except for the above, the Group had no contingent liabilities at 31 December 2005, 2004 or 2003.

9.17 *Financial commitments*

Operating lease commitments

At 31 December 2005 the group had annual commitments under non-cancellable operating leases expiring as follows:

	As at 31 December 2003	*As at 31 December 2004*	*As at 31 December 2005*
	£	*£*	*£*
Land and Buildings expiry:			
Within one year	—	10,789	43,857
Within two to five years	10,789	—	30,066
After five years	—	—	—
Other			
Within one year	—	—	45,222
Within two to five years	—	—	12,718
After five years	—	—	—
	10,789	10,789	131,863

9.18 *Reconciliation of operating profit/(loss) to net cash inflow from operating activities*

	Year ended 31 December 2003	*Year ended 31 December 2004*	*Year ended 31 December 2005*
	£	*£*	*£*
Operating profit/(loss)	204,674	(1,607)	63,471
Depreciation charge	32,860	10,376	43,561
Increase in debtors	(258,846)	(341,406)	(877,326)
Increase in creditors	248,608	614,835	1,029,928
Net cash inflow from operating activities	227,296	282,198	259,634

9.19 *Related party transactions*

During 31 December 2005, 2004 and 2003 the Company received administrative services from Newbury Kitchen Studio Limited in the sum of £2,500 in 2005 (2004: £3,000, 2003: £3,000) on normal commercial terms. Mr S Buckingham's parents are controlling shareholders in Newbury Kitchen Studio Limited.

9.20 *Post Balance Sheet Events*

On 5 January 2006, TruePosition Inc. subscribed for 77,829 ordinary shares. A premium of £46.548 was paid per share.

On 16 January 2006, the 62,500 ordinary shares of £0.002 held by Mr S Buckingham on trust for the employees of the Company were forfeited for non-payment of a call made on these shares on 9 December 2005. Whilst Mr S Buckingham held the legal titles to these shares, it was the intention that the shares be held on trust for the benefit of the employees of the Company generally and not by Mr S Buckingham as beneficial owner. The issue was part of a programme to encourage wider employee share ownership in the Company.

On 23 January 2006, £49,679.616 of the share premium account was capitalised by way of a bonus issue of fully paid ordinary shares to the existing shareholders in the Company on a 48 for 1 basis.

On 1 February 2006, the Company re-registered as a public limited company.

PART IIIB

ACCOUNTANTS' REPORT ON THE FINANCIAL INFORMATION ON THE GROUP

Grant Thornton

The Directors
Mobile Streams plc
26B Northbrook Street
Newbury
Berkshire RG14 1DJ

and

The Directors
Bridgewell Securities Limited
Old Change House
128 Queen Victoria Street
London EC4V 4BJ

9 February 2006

Dear Sirs

Mobile Streams plc (the "Company")
and its Subsidiaries (together the "Group")

We report on the financial information set out in paragraphs 1 to 9.20 of Part IIIA of the AIM admission document dated 9 February 2006 of the Company (the "AIM Admission Document"). This financial information has been prepared for inclusion in the AIM Admission document on the basis of the accounting policies set out in paragraph 4. This report is required by Paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

As described in paragraph 3 the Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in paragraph 2 to the financial information and in accordance with the applicable financial reporting framework.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the AIM Admission Document, and to report our opinion to you.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the AIM Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its results, cash flows and recognised gains and losses and changes in equity for the periods then ended in accordance with the basis of preparation and in accordance with the applicable reporting framework as described in paragraph 2 and has been prepared in a form that is consistent with the accounting policies adopted in the Company's latest annual accounts.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

GRANT THORNTON UK LLP

PART IIIC

PRO FORMA STATEMENT OF NET ASSETS

The following is an unaudited pro forma statement of net assets of the Mobile Streams Group which has been prepared on the basis set out in the notes below. The unaudited pro forma statement of net assets has been prepared for illustrative purposes only to show the effects on the net assets of the Mobile Streams Group as if the admission to AIM and related placing had taken place on 31 December 2005. Because of its nature the unaudited pro forma statement of net assets may not give a true picture of the financial position of the Mobile Streams Group.

	Mobile Streams Group (Note 1)	*(Note 2)*	*(Note 3)*	*Pro forma Mobile Streams Group*
	£	£	£	£
Fixed assets				
Tangible assets	247,300	—	—	247,300
Current assets				
Debtors	1,523,981	—	—	1,523,981
Cash at bank and in hand	268,175	5,999,999	(1,000,341)	5,267,833
	1,792,156	5,999,999	(1,000,341)	6,791,814
Creditors: amounts falling due within one year	(2,170,787)	—	—	(2,170,787)
Net current (liabilities)/assets	(378,631)	5,999,999	(1,000,341)	4,621,027
Total assets less current liabilities	(131,331)	5,999,999	(1,000,341)	4,868,327
Provisions for liabilities and charges	(17,596)	—	—	(17,596)
Net (liabilities)/assets	(148,927)	5,999,999	(1,000,341)	4,850,731

Notes

1 Net liabilities of the Mobile Streams Group at 31 December 2005 as extracted from the Accountants' Report presented in Part IIIA of the AIM Admission Document.

2 Placing of 6,896,551 Ordinary shares of 0.2 pence each at 87 pence per share.

3 Mobile Streams Group's net costs in relation to the admission of its shares to trading on AIM.

4 This pro forma statement of net assets does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

5 No adjustment has been made for trading or changes in the Mobile Streams Group's working capital since 31 December 2005.

PART IIID

ACCOUNTANTS' REPORT ON THE PRO FORMA STATEMENT OF NET ASSETS

Grant Thornton

The Directors
Mobile Streams plc
26B Northbrook Street
Newbury
Berkshire RG14 1DJ

and

The Directors
Bridgewell Securities Limited
Old Change House
128 Queen Victoria Street
London EC4V 4BJ

9 February 2006

Dear Sirs

Pro Forma Statement of Net Assets

We report on the pro forma statement of net assets set out in Part IIIC of the AIM Admission Document dated 9 February 2006, which has been prepared, for illustrative purposes only, to provide information about how the admission to AIM and related placing might have affected the financial information presented.

Responsibilities

It is the responsibility of the directors of Mobile Streams plc to prepare the pro forma statement of net assets as though it had been prepared in accordance with paragraph 20.2 of Annex I of the Prospectus Regulation attached to the AIM Rules.

It is our responsibility to form an opinion as though it had been required by paragraph 7 of Annex II of the PD Regulation attached to the AIM Rules as to the proper compilation of the pro forma statement of net assets and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the pro forma statement of net assets, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma statement of net assets with the directors of Mobile Streams plc.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with reasonable assurance that the pro forma statement of net assets has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Mobile Streams plc.

Opinion

In our opinion:

(a) the pro forma statement of net assets has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of Mobile Streams plc.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the AIM admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM admission document in compliance with Paragraph (a) of Schedule Two of the AIM Rules.

Yours faithfully

GRANT THORNTON UK LLP

PART IV

ADDITIONAL INFORMATION

1. The Company

1.1 The Company is domiciled in the United Kingdom and was incorporated and registered in England and Wales on 15 January 1999 as a private limited company with the name Mobile Lifestreams Limited and registered number 03696108. On 16 July 2001 the Company's name was changed by special resolution to Mobile Streams Limited. The liability of its members is limited.

1.2 The Company is governed by and its securities were created under the Act.

1.3 The Company was re-registered as a public company limited by shares with the name Mobile Streams plc on 1 February 2006, under which it currently trades.

1.4 The Company's registered office and principal place of business is located at 26B Northbrook Street, Newbury, Berkshire RG14 1DJ. The telephone number of the Company's registered address and principal place of business is 01635 230224.

1.5 The Company has no administrative, management and supervisory bodies other than the Board of Directors, the Remuneration Committee, the Audit Committee and the Nomination Committee all of which have no members other than Directors. Details of the composition and constitution of the three Committees are summarised in Part I of this document.

1.6 The Company's auditors during the financial period ended 31 December 2003 were Lloyd & Co. who are members of the Institute of Chartered Accountants in England and Wales. The Company's auditors for the financial period ended 31 December 2004 and 31 December 2005 are Grant Thornton UK LLP who are members of the Institute of Chartered Accountants in England and Wales.

2. The Group

2.1 To the best of the knowledge of the Company and save as disclosed in paragraph 7 of this Part IV, there are no persons who directly or indirectly control the Company, where control means owning 30 per cent. or more of the voting rights attaching to the share capital of the Company.

2.2 The Company is not aware of any arrangements which may at a subsequent date result in a change in control of the Company.

2.3 The Company is the holding company, directly or individually, of the following subsidiaries:

Name	*Holding*	*Country of incorporation*
Mobile Streams Inc.	100%	United States
Mobile Streams de Argentina*	100%	Argentina
Mobile Streams do Brazil Midia Digital Para Cellulares Ltda**	100%	Brazil
Mobile Streams Columbia Limitada*	100%	Columbia
Mobile Streams Chile Limitada*	100%	Chile
Mobile Streams of Mexico, S. de R.L. de C.V.*	100%	Mexico

**50 per cent. of the share capital of these companies is held directly by the Company and the remaining 50 per cent. is held through Mobile Streams Inc.*

***42.87 per cent. of the share capital of this company is held directly by the Company and the remaining 57.11 per cent. is held through Mobile Streams Inc.*

3. Securities being offered/admitted

3.1 The Ordinary Shares are ordinary shares of £0.002 in the capital of the Company and were created under the Act and are to be issued in British Pounds Sterling.

3.2 The Ordinary Shares may be held in certificated form or under the CREST system, which is a paperless settlement procedure enabling securities to be evidenced and transferred otherwise than by a written instrument in accordance with the Uncertificated Securities Regulations 2001. The Company's Registrars are responsible for keeping the Company's register of members. The International Security Identification Number of the Ordinary Shares is GB00B0WJ3L68.

3.3 The dividend and voting rights attaching to the Ordinary Shares are set out in paragraph 6 of this Part IV.

3.4 The Ordinary Shares have no right to share in the profits of the Company other than through a dividend, distribution or return of capital.

3.5 Each Ordinary Share is entitled on a *pari passu* basis with all other issued Ordinary Shares to share in any surplus on a liquidation of the Company. No Shareholder has different voting rights to other Shareholders.

3.6 The holders of Ordinary Shares will have the benefit of the pre-emption provisions contained in Section 89 et. seq. of the Act.

3.7 The Ordinary Shares have no redemption or conversion provisions.

3.8 The Placing Shares were created by an ordinary resolution passed on 23 January 2006 increasing the authorised share capital of the Company to £77,374 divided into 38,687,000 Ordinary Shares of 0.2 pence each.

3.9 The Directors were authorised to allot and issue the Placing Shares pursuant to:

(a) an ordinary resolution passed on 23 January 2006 authorising them pursuant to section 80 of the Act to allot ordinary shares with an aggregate nominal value of up to £23,374;

(b) a special resolution passed on 23 January 2006 authorising them pursuant to section 95 of the Act to allot the Placing Shares for cash pursuant to the authority referred to in 3.9(a) above as if s89(1) of the Act did not apply to such allotment.

3.10 It is anticipated the Placing Shares will be issued on 15 February 2006, the date of Admission.

3.11 The Ordinary Shares are freely transferable provided that such shares are fully paid, the Company has no lien over such shares, the instrument of transfer is duly stamped, is in favour of not more than four joint transferees and is in respect of only one class of shares.

3.12 The Placing Shares will be subject to the Code. Under Rule 9 of the Code ("Rule 9"), any person, or group of persons acting in concert, who acquires, whether by a series of transactions over a period of time or not, shares which taken together with shares already held by him or shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company which is subject to the Code, or any person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights and such person, or any person acting in concert with him, acquires additional shares which increase his percentage of the voting rights, is normally required by the Panel to make a general offer in cash to acquire the remaining shares in the company to all its shareholders at not less than the highest price paid by him or any persons acting in concert with him within the preceding twelve months. Rule 9 is subject to a number of dispensations.

In addition, in the event an offeror acquires at least nine-tenths in value of the issued share capital of the Company to which the offer relates the offeror may, in accordance with the procedure set out in sections 428-430 of the Act, require the holders of any shares he has not acquired to sell them subject to the terms of the offer, and such Shareholders may in turn require the offeror to purchase such shares on the same terms.

3.13 No person has made a public takeover bid for the Company's issued share capital in the financial period to 31 December 2005 or in the current financial period.

3.14 A shareholder is required pursuant to sections 198 to 210 of the Act to notify the Company when he acquires or disposes of shares in the capital of the Company in which he has a material interest (as defined in the Act) and the aggregate nominal value of such shares is equal to or in excess of 3 per cent. of the nominal value of the Company's share capital.

3.15 The Ordinary Shares will be subject to the SARs. Rule 1 of the SARs provides that no person may, in any period of 7 days, acquire shares carrying voting rights in the Company, or rights over such shares, representing 10 per cent. or more of the voting rights if such acquisition, when aggregated with any shares or rights over shares which are already held by that person, would carry 15 per cent. or more, but less that 30 per cent., of the voting rights of the Company. Rule 1 of the SARs is subject to a number of dispensations, including if the acquisition of shares is from a single shareholder and it is the only such acquisition within any period of 7 days.

3.16 A shareholder is required pursuant to Rule 3 of SARs to notify the Company, the Panel and a Regulatory Information Service of an acquisition of shares carrying voting rights in the Company, or rights over such shares, and of his total holding of shares in the Company if, as a result of the aforementioned acquisition, he comes to hold, with any shares or rights over shares already held by him, shares or rights over shares representing 15 per cent. or more of the voting rights in the Company or his holding of shares or rights over shares already represents 15 per cent. or more of the voting rights and, as a result of the acquisition, is increased to or beyond any whole percentage figure.

4. Share Capital of the Company

4.1 The authorised and issued share capital of the Company as at 31 December 2005 was as follows:

Authorised share capital			*Issued and fully paid up share capital*	
£	*Number*		*£*	*Number*
54,000	27,000,000	Ordinary Shares	1,004.33	502,167

4.2 The authorised and issued share capital of the Company following the Placing and Admission will be as follows:

Authorised share capital			*Issued and fully paid up share capital*	
£	*Number*		*£*	*Number*
77,374	38,687,000	Ordinary Shares	64,508	32,253,855

4.3 The Placing will result in the allotment and issue of 6,896,551 Ordinary Shares, diluting existing holders of Ordinary Shares by 21.4 per cent.

4.4 The Company has no shares not representing capital. No Ordinary Shares are held by or on behalf of the Company or by any of its subsidiaries. The Company has made no undertaking to increase its share capital.

4.5 The par value of each Ordinary Share is £0.002.

4.6 The Company has no issued Ordinary Shares that are not fully paid up.

4.7 The Company was incorporated with an authorised share capital of £1,000 divided into 1,000 ordinary shares of £1 each of which two shares were nil paid to the Subscribers to the Memorandum of Association of the Company. On 15 January 1999 the subscriber shares were transferred to Simon David Buckingham.

4.8 On 27 August 2004, the Company, by written resolution, sub-divided its authorised share capital of 1,000 ordinary shares of £1 into 10,000,000 ordinary shares of £0.0001 each.

4.9 On 7 September 2005, the Company, by written resolution, increased its authorised share capital from £1,000 to £1,004.33 by the creation of 43,334 ordinary shares of £0.0001 each.

4.10 On 16 December 2005, the Company, by written resolution, increased its authorised share capital from £1,004.33 to £1,100 by the creation of 956,666 ordinary shares of £0.0001 each.

4.11 On 16 December 2005, pursuant to resolutions of the Company passed on that date:

(a) every 20 ordinary shares of £0.0001 in the capital of the Company were consolidated into 1 ordinary share of £0.002 each; and

(b) the authorised share capital of the Company was increased from £1,100 to £54,000 by the creation of 26,450,000 ordinary shares of £0.002 each.

4.12 On 16 January 2006, the Directors resolved to forfeit 62,500 Ordinary Shares held by Simon David Buckingham for nil consideration in accordance with the Articles of Association of the Company in place at that time.

4.13 On 23 January 2006, £49,679.616 of the share premium account was capitalised and applied to allot and issue, credited as fully paid, 24,839,808 Ordinary Shares to the Shareholders of the Company at that time in proportion to their current shareholdings.

4.14 On 23 January 2006, pursuant to resolutions of the Company passed on that date:

(a) the authorised share capital of the Company was increased from £54,000 to £77,374 by the creation of 11,687,000 Ordinary Shares;

(b) the Directors were generally and unconditionally authorised in accordance with Section 80 of the Act to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to an aggregate nominal amount of £23,374 (being an amount equal to the whole of the authorised but unissued share capital of the Company), such authority to expire on the date 15 months from the date of the resolution or, if earlier, the next annual general meeting of the Company unless varied, revoked or renewed by the Company in general meeting; and

(c) the Directors were authorised pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the authority referred to in sub-paragraph 4.13(b) above as if Section 89(1) of the Act did not apply to such allotment provided that such power was limited to:

(i) the allotment of equity securities for cash in connection with the Placing up to an aggregate nominal amount of £11,300;

(ii) the allotment of 1,495,774 Ordinary Shares upon exercise by TPI of its warrants to subscribe for Ordinary Shares pursuant to the Warrant, the details of which are set out in paragraph 11.8 below;

(iii) the allotment of Ordinary Shares pursuant to the option arrangements between the Company and each of Roger Parry, Linda Buckingham and Jitesh Sodha, the details of which are set out in paragraphs 11.4 to 11.6 below;

(iv) the allotment of equity securities for cash in connection with rights issues to holders of Ordinary Shares where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under the laws or requirements of any regulatory body or any recognised stock exchange in any territory; and

(v) the allotment of equity securities in addition to any allotted pursuant to sub-paragraphs 4.13(c)(i) to (iv) above up to a maximum aggregate nominal value of £7,083.

4.14 Save as set out in this paragraph 4, paragraph 10 and paragraph 11, no share or loan capital of the Company is proposed to be issued or is under option or agreed, conditionally or unconditionally, to be put under option.

5. Memorandum of Association

The Memorandum of Association of the Company provides that its principal object and purpose is to carry on the business of a general commercial company. Its objects and purposes are set out in full in clause 4 of the Memorandum of Association.

6. Articles of Association

The Articles were adopted by special resolution of the Company passed on 23 January 2006 and include provisions to the following effect:

6.1 *Votes of Shareholders*

Subject to any rights or restrictions as to voting attached to any class of shares, at any general meeting, on a show of hands, every shareholder who is present in person has one vote and, in the case of a poll, every shareholder present in person or by proxy has one vote for every share of which he is the holder. No shareholder is entitled to vote at a general meeting either personally or by proxy if he or any person appearing to be interested in shares held by him has been duly served with a notice under section 212 of the Act and is in default for the prescribed period in supplying to the Company the information required thereby or, unless the Directors determine otherwise, if any calls from him have not been paid.

6.2 *General Meetings of Shareholders*

All general meetings which are not annual general meetings are extraordinary general meetings. General meetings may be called by directors, whenever they think fit or within 28 days of receipt of a requisition of members served in accordance with the Act. If there are insufficient directors in the UK to form a quorum, any director or two members may convene an extraordinary general meeting, in the same manner as nearly as possible as that in which meetings may be convened by the directors.

An annual general meeting and an extraordinary general meeting for the passing of a special resolution or a resolution appointing a person a director shall be called by twenty-one days' notice at least and all other extraordinary general meetings shall be called by at least fourteen days' notice.

6.3 *Class Rights*

The special rights attached to any class of shares may, subject to any applicable law, be altered or cancelled, either with the consent in writing of the holders of three fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of that class.

The provisions of the Articles applicable to general meetings apply *mutatis mutandis* to class meetings but the necessary quorum is two persons holding or representing by proxy not less than one third of the issued shares of that class except where there is only one holder of the relevant class of shares in which case the quorum shall be that holder.

6.4 *Changes to Share Capital*

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its shares into shares of a larger amount, cancel any shares not taken or agreed to be taken by any person and sub-divide its shares into shares of a smaller amount.

6.5 *Reduction of Share Capital*

The Company may by special resolution (and, with court approval where required) reduce its authorised or issued share capital or any capital redemption reserve and any share premium account in any way subject to authority required by law. Subject to applicable law, the Company may purchase its own shares.

6.6 *Directors*

(a) A director is not required to hold any qualification shares.

(b) The amount of any fees payable to Directors shall be determined by the Directors provided that they shall not in any year exceed an aggregate amount of £150,000 or such other sum as may from time to time be approved by ordinary resolution. Any such fees shall be divisible among the Directors as they may agree, or failing agreement, equally. The Directors are also entitled to be repaid all expenses properly incurred by them respectively in the performance of their duties. Any director holding an executive office or otherwise performing services which in the opinion of the Directors are outside the scope of his ordinary duties as a director may be paid such remuneration as the Directors may determine.

(c) The Directors may establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of, and give donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of the Company or any other company which is a subsidiary of the Company or is allied to or associated with the Company or any such subsidiary of any such other company ("associated companies") and the families and dependants of any such persons and the Directors shall have power to purchase and maintain insurance against liability for any persons who are or were at any time directors, officers, employees or auditors of the Company, its associated companies and for trustees of any pension fund in which employees of the Company or its associated companies are interested.

(d) The Directors may from time to time appoint one or more of their body to be the holder of any executive office (including the office of chairman, deputy chairman, managing director or chief executive) on such terms and for such period as they may determine.

(e) Subject to the provisions of applicable law and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a director notwithstanding his office:

   (i) may be a party to, or otherwise interested in, any contract, transaction or arrangement with the Company or in which the Company is otherwise interested;

   (ii) may be a director or other officer of, or employed by, or a party to, any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;

   (iii) may hold any other office or place of profit under the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of director and may act in a professional capacity to the Company on such terms as to remuneration and otherwise as the Directors may arrange; and

   (iv) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such contract, transaction or arrangement or from any interest in any such body corporate, and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

(f) Save as specifically provided in the Articles, a director may not vote in respect of any contract, transaction or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company. A director will not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(g) Subject to applicable law, a director is (in the absence of some material interest other than is indicated below) entitled to vote (and will be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:

(i) the giving of any guarantee, security or indemnity to a third party in respect of money lent or obligations incurred by him at the request or for the benefit of the Company or any of its subsidiary undertakings;

(ii) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(iii) any contract, transaction, arrangement or proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting thereof;

(iv) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company;

(v) any contract or arrangement in which he is interested directly or indirectly and whether as an officer or shareholder or otherwise, provided that he does not hold an interest (as defined in sections 198-211 of the Act) in one per cent. or more of the issued shares of any such body corporate;

(vi) any proposal concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to the directors and employees of the Company or any of its subsidiaries;

(vii) any arrangement for the benefit of employees of the Company or of any of its subsidiaries under which the Director benefits in a similar manner to the employees; and

(viii) any proposal, contract, transaction or arrangement concerning the purchase or maintenance of insurance for the benefit of directors or persons who include directors.

(h) Subject to any applicable law, the Company may by ordinary resolution suspend or relax the provisions summarised under sub-paragraphs (vi) and (vii) above either generally or in relation to any particular matter, or ratify any transactions not duly authorised by reason of a contravention of such provision.

6.7 *Transfer of shares*

All transfers of shares may be effected by transfer in any usual form or in any other form acceptable to the Directors and shall be executed by or on behalf of the transferor and, if the share is partly paid, the transferee.

6.8 *Dividends*

There are no fixed dates on which a divided entitlement arises. The Company may by ordinary resolution from time to time declare dividends to be paid to Shareholders, although the amount of the dividend cannot exceed the amount recommended by the Directors. In addition the Directors may pay interim dividends if justified by the profits of the Company available for distribution.

The dividend payment to each Shareholder shall be calculated proportionately to the amounts paid up on each issued Share. All dividend payments shall be non-cumulative.

All unclaimed dividends may be used for the benefit of the Company until claimed and shall not attract interest. Any dividend which remains unclaimed twelve years after the date the dividend becomes due for payment shall, at the option of the Directors, be forfeited and shall revert to the Company.

There are no dividend restrictions attaching to the Ordinary Shares, provided they are fully paid up. Payments of dividends may be made by any method the Directors consider appropriate and on a cash dividend there are no special arrangements for non-resident Shareholders. The Directors may make such arrangements as they consider expedient in connection with a dividend payment in shares to deal with any legal or other difficulties that may arise in any territory in which non-resident shareholders are present.

6.9 *Borrowing Powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital, or any part thereof, and, subject to applicable law, to issue debentures and other securities.

6.10 *Rights of Shares*

The Ordinary Shares rank *pari passu* as a class in terms of preference, restriction and all other rights.

7. Directors' and Other Interests

7.1 The interests of the Directors as at the date of this document and as expected to be immediately following the Placing and Admission are as follows:

Name	*Number of Ordinary Shares prior to the Placing and Admission*	*Percentage of the issued Ordinary Share capital prior to the Placing and Admission*	*Number of Ordinary Shares immediately following the Placing and Admission*	*Percentage of Enlarged Issued Share Capital*
Simon David Buckingham	18,007,500	71.02	18,007,500	55.83
Jitesh Himatlal Sodha	—	—	—	—
Roger George Parry	106,183	0.42	106,183	0.33
Ivan Alexander Louis Donn	612,500	2.42	332,500	1.03
Peter Tomlinson	612,500	2.42	—	—
Phillip Anthony Murphy	—	—	—	—

7.2 Jitesh Sodha was granted options over 490,000 Ordinary Shares under the EMI Scheme on 1 March 2005 exercisable at a price of 3.183 pence per Ordinary Share. In addition, Roger Parry and Jitesh Sodha have been granted stand-alone options, further details of which are set out in paragraphs 11.4 and 11.6 of this Part IV respectively. Other than the aforementioned, no other Directors have been granted any options to subscribe for Ordinary Shares.

7.3 Save as disclosed in sub-paragraph 7.1 above and this sub-paragraph 7.3 the Company is not aware of any interest (within the meaning of Part VI of the Act) in the Company's ordinary share capital which amounts or would, immediately following the Placing and Admission, amount to 3 per cent. or more of the Company's issued ordinary share capital other than the following:

Name	*Number of Ordinary Shares prior to the Placing and Admission*	*Percentage of the issued Ordinary Share capital prior to the Placing and Admission*	*Number of Ordinary Shares immediately following the Placing and Admission*	*Percentage of Enlarged Issued Share Capital*	*Warrants*
TruePosition Inc.	5,712,371	22.53	5,712,371	17.71	1,495,774
Schroder Investment Management Limited	—	—	1,494,253	4.63	—
Fidelity Investment Services Limited	—	—	1,458,439	4.52	—
Société Générale Asset Management UK Limited	—	—	1,091,954	3.39	—
New Star Asset Management Limited	—	—	997,602	3.09	—

7.4 The voting rights of the Shareholders set out in paragraphs 7.1 and 7.3 do not differ from the voting rights held by other Shareholders in the company.

7.5 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors.

7.6 Save as disclosed in this paragraph 7, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.

7.7 None of the Directors nor any member of their immediate families has any interest in any financial product (including without limitation, a contract for difference or a fixed odd bet) whose value include or in part is determined directly or indirectly by reference to the Placing Shares.

8. Directors' Service Agreements/Letters of Appointment

8.1 By an agreement dated 5 January 2006, Simon Buckingham entered into a service agreement with the Company pursuant to which he will continue as the Chief Executive Officer and will be entitled to £120,000 per annum and a bonus at the absolute discretion of the Remuneration Committee. Under the terms of the agreement Simon Buckingham is to perform his role out of the Mobile Streams Inc. offices in New York, America, his agreement will continue unless terminated by either party giving to the other not less than 6 months' written notice. The agreement contains customary restrictive covenants. Upon termination, no benefits (other than those accruing during the notice period) are due to the director.

8.2 In addition to his executive service agreement, Simon Buckingham entered into a secondment agreement with the Company on 5 January 2006 with an effective commencement date of on 1 December 2005, pursuant to which Simon Buckingham is seconded to Mobile Streams Inc, as its President and Chief Executive Officer, whilst remaining an employee of the Company. Under the terms of this agreement Simon Buckingham is entitled to medical cover for himself and his spouse/partner and any children under the age of 21. In addition he is entitled to be reimbursed his relocation expenses for his move to America and his return to the UK of up to £8,000 on each occasion. The terms of his secondment agreement are terminable by either party giving to the other not less than 6 months' written notice and will automatically terminate in the event that his above mentioned executive service contract is terminated.

8.3 By an agreement dated 5 January, Jitesh Sodha entered into a service agreement with the Company pursuant to which he will act as the Chief Financial Officer and will be entitled to £115,000 per annum together with a bonus at the absolute discretion of the Remuneration Committee and share options over 2 per cent. of the issued share capital of the Company. His appointment shall continue unless terminated by either party giving to the other not less than 6 months' written notice. The agreement contains customary restrictive covenants. Upon termination, no benefits (other than those accruing during the notice period) are due to the director.

8.4 By a letter of appointment dated 5 January 2006, the Company entered into an agreement with West Eight Investments Limited to provide the services of Roger Parry as a non-executive director and the chairman of the Company. Under the terms of the letter of appointment, West Eight Investments Limited is entitled to a fee of £30,000 per annum in respect of the services which it provides to the Company. West Eight Investments Limited is engaged to provide the services of Roger Parry for not more than 15 days per annum, unless otherwise agreed between the Company and West Eight Investments Limited. The letter of appointment also provides for payment of an additional £1,500 per day for each additional days' work undertaken by Roger Parry for the Company pursuant to the letter of appointment, over and above 15 days per annum (on average). Provided that Admission takes place and West Eight Investments Limited has made the services of Roger Parry available for up to 25 days in the period up to and including Admission, such that Roger Parry has assisted with the selection of Nominated Advisers and has attended road shows on behalf of the Company, West Eight Investments Limited shall be entitled to a bonus of £40,000, to be paid within five working days of Admission. The letter of appointment is terminable by either party giving to the other not less than 6 months' written notice, provided that such notice may not expire earlier than the first anniversary of Admission. Upon termination, no benefits (other than those accruing during the notice period) are due to West Eight Investments Limited.

8.5 By a letter of appointment dated 16 January 2006, the Company entered into a new agreement with Phil Murphy Associates Limited to provide the services of Phillip Murphy as a non-executive director of the Company. The terms of this letter of appointment are conditional upon Admission and the letter of appointment is terminable by either party giving to the other not less than 6 months' written notice. Under the terms of the letter of appointment, Phil Murphy Associates Limited is entitled to a fee of £20,000 per annum in respect of the services which it provides to the Company. Phil Murphy Associates Limited is engaged to provide the services of Phillip Murphy for not more than 20 days per annum (on average), unless otherwise agreed between the Company and Phil Murphy Associates Limited. The letter of appointment also provides for payment of an additional £1,250 per day for each additional days' work undertaken by Phillip Murphy for the Company pursuant to the letter of appointment, over and above 20 days per annum. Upon termination, no benefits (other than those accruing during the notice period) are due to Phil Murphy Associates Limited.

8.6 By a letter of appointment dated 5 January 2006, the Company entered into a new agreement with Business Excellence Limited to provide the services of Peter Tomlinson as a non-executive director of the Company. The terms of this letter of appointment are conditional upon Admission and the letter of appointment is terminable by either party giving to the other not less than 3 months' written notice. Under the terms of the letter of appointment, Business Excellence Limited is engaged to provide the services of Peter Tomlinson for not more than 20 days per annum, unless otherwise agreed between the Company and Business Excellence Limited. Business Excellence Limited is entitled to a fee of £20,000 per annum in respect of the services which it provides to the Company. In the event that Business Excellence Limited or Peter Tomlinson hold shares in the Company, the £20,000 fee will not be payable. Upon termination, no benefits (other than those accruing during the notice period) are due to Business Excellence Limited.

8.7 By a letter of appointment dated 5 January 2006 the Company entered into a new agreement to appoint Ivan Donn as a non-executive director of the Company. The terms of this letter of appointment are conditional upon Admission and the letter of appointment is terminable by either party giving to the other not less than 3 months' written notice. Under the terms of the letter of appointment, Ivan Donn is engaged to provide his services for not more than 20 days per annum, unless otherwise agreed between the Company and him and he will be entitled to a fee of £20,000 per annum. In the event that Ivan Donn holds shares in the Company, the £20,000 fee will not be payable. Upon termination, no benefits (other than those accruing during the notice period) are due to the director.

8.8 Save as disclosed in sub-paragraphs 8.1 to 8.7 above, there are no service contracts, existing or proposed, between any Director and the Company.

8.9 There are no Directors' service contracts, or contracts in the nature of service terminable at more than 12 months' notice.

8.10 Details of the length of time in which the Directors in the financial period of the Company to 31 December 2005 have been in office and the period of their term of office are set out below:

Name	*Commencement of Period of office*	*Date of expiration of term of office*
Simon David Buckingham	15 January 1999	Annual General Meeting to be held in 2006 whereby he will stand for re-election unless otherwise intended at that time
Jitesh Himatlal Sodha	25 April 2005	Annual General Meeting to be held in 2008 whereby he will stand for re-election unless otherwise intended at that time
Roger George Parry	12 September 2005	Annual General Meeting to be held in 2008 whereby he will stand for re-election unless otherwise intended at that time
Ivan Alexander Louis Donn	1 May 2000	Annual General Meeting to be held in 2006 whereby he will stand for re-election unless otherwise intended at that time
Peter Tomlinson	10 February 2000	Annual General Meeting to be held in 2006 whereby he will stand for re-election unless otherwise intended at that time
Phillip Anthony Murphy	1 June 2004	Annual General Meeting to be held in 2007 whereby he will stand for re-election unless otherwise intended at that time

9. Additional Information on the Board

9.1 In addition to directorships of the Company, the Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this document:

Director	*Age*	*Current Directorships and Partnerships*	*Past Directorships and Partnerships*
Simon David Buckingham	32		conVISUAL AG Phone Furniture Limited
Peter Tomlinson	48	GN Netcom Xiamen China Ltd Business Excellence Ltd Anytime X	
Jitesh Himatlal Sodha	38		T-Mobile International UK Limited T-Motion Limited Refresh Mobile Limited
Ivan Alexander Louis Donn	44		Vodafone Global Commercial Services Limited
Roger Parry	52	Future plc Johnston Press plc Shakespeare's Globe Trust Limited West Eight Investments Limited Clear Channel International Limited	Clear Channel Holdings Limited Clear Channel Overseas Limited Clear Channel Solutions Limited Clear Channel UK Limited More Communications Limited Clear Media Limited (Hong Kong) More Media Limited More O'Ferrall Adshel Limited More O'Ferrall Limited Morebus Limited The Canton Property Investment Company Limited The Kildoon Property Company Limited Clear Channel Entertainment UK Holdings Clear Channel Entertainment (Music) UK Limited Midland Concert Promotions Group Limited Northcane Limited Publicitywise Limited Touring Design Limited Back Row Productions UK Limited Gumboot Dancers Limited Clear Channel Entertainment UK (Theatrical Productions) Limited Gricind Limited International Talent Booking Limited SFX (Ireland) Limited SFX Sports Group (Europe) Limited Park Associates Limited Tony Stephens Associates Limited Solo Enterprise Limited Solo Promoters Limited Solo Agency Limited Solo Concerts Limited Solo Presents Limited Solo Management Limited Solo Events Limited UK SK Limited Donington Park Leisure Limited Apollo Leisure Group Limited Clear Channel Entertainment (Theatrical) UK Limited Apollo Theatre Productions Limited Cardiff International Arena Limited Barry Clayman Corporation Limited Bescot Enterprises Limited iTouch plc

Director	Age	Current Directorships and Partnerships	Past Directorships and Partnerships
Roger Parry (continued)			Bescot Enterprises Limited iTouch plc iTouch plc More Group Australia Pty Limited Adshel Street Furniture Pty Limited Citysites Outdoor Advertising (Albert) Pty Limited Street Furniture (NSW) Pty Limited Citysites Outdoor Advertising Pty Limited Citysites Outdoor Advertising (S Aust) Pty Limited Urban Design Furniture Pty Limited Citysites Outdoor Advertising (W Aust) Pty Limited Adshel Street Furniture (NZ) Pty Limited CC Independent Media (Pty) Limited CC Independent (Pty) Limited Clear Channel Caribbean Clear Channel Bahamas Clear Channel Belgium SA Hainan White Horse Advertising Media Investment Company Limited Clear Channel More France Clear Channel Communications India Pvt Limited Clear Channel Ireland Limited Jolly Pubblicita' Spa Clear Channel Pacific Pte Limited Clear Channel Sverige AB Clear Channel Holding AG Plakanda AG Plakanda AWI AG Plakanda Ofex AG Plakanda Management AG
Phillip Anthony Murphy	52	Phil Murphy Associates Limited	

9.2 Save as disclosed above none of the Directors has:

(a) any previous names;

(b) any unspent convictions in relation to indictable offences;

(c) had any bankruptcy order made against him or entered into any voluntary arrangements;

(d) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;

(e) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(f) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he as a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(g) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or

(h) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a Company.

10. Share Option Schemes

10.1 The EMI Scheme.

The EMI Scheme was adopted on 27 August 2004.

The Rules of the EMI Scheme provide for the following:

(a) the Board may grant an option to any employee of the Company or of any qualifying subsidiary ("Group Company") who satisfies the working time requirements and does not have a material interest in a Group Company under the relevant legislation ("Eligible Employee");

(b) the Board has discretion to set the conditions of exercise, the number of shares over which the option is granted, the period during which the option may be exercised ("Exercise Period") and the exercise price per share so long as it is not less than the nominal value of a share ("Option Price");

(c) the Board may in its discretion waive, vary or amend the conditions if events occur which the Board consider that a different condition or conditions would be a fairer measure of performance and the Board reasonably consider that this would result in the condition or conditions being neither more nor less difficult to satisfy;

(d) in the event that additional conditions or limitations have been imposed and have in the opinion of the Board ceased to be capable of being satisfied or being satisfied in full as a result of a take-over, reconstruction or liquidation of the Company the option shall lapse in whole or in part as the case may be;

(e) the statutory requirements under the relevant legislation (namely schedule 5 Income Tax (Earnings and Pensions) Act 2003) ("Schedule 5") must be met including the statutory limits;

(f) options may not be transferred assigned or charged, and on any purported transfer assignment or charge the options shall immediately lapse;

(g) ordinarily options may only be exercised while the option holder is an Eligible Employee, but subject to any conditions of exercise having been fulfilled to the satisfaction of the Board, if the option holder ceases to hold office or employment with the Group, he may exercise any of his options within forty days of the date of cessation to the extent that they have vested, failing which the vested options shall lapse on the expiry of the forty day period, but any options which have not vested on the date of cessation shall lapse on that date;

(h) in the event the option holder dies his personal representatives may exercise all his options whether they have vested or not, within one year following the date of his death;

(i) if an option holder, while continuing to hold an office or employment with a Group Company, is transferred to work in another country, and as a result of the transfer he will suffer a tax disadvantage on exercising the option or become subject to restrictions on his ability to exercise the Option or to deal in the shares, he may exercise the option in the period commencing six months before and ending six months after the transfer takes place;

(j) in the event of a change of control of the Company or there is a qualifying exchange of shares under Schedule 5, an option holder may exercise his option which has vested within 40 days of completion of such events;

(k) in the event a company obtains control of the Company and offers to exchange any option under the EMI Scheme for an option over the shares in the offeror company and which would qualify as a replacement option under Schedule 5, the option holder may accept such offer within 40 days of the change of control or any qualifying exchange of shares relating thereto, but if the option is not either exercised or exchanged it shall thereafter lapse;

(l) if a notice is given for the voluntary winding-up of the Company all unvested options will immediately lapse and all vested options shall be capable of exercise for forty days and then shall lapse;

(m) the Company can require the option holder to become liable for any secondary Class 1 NIC arising on the exercise, assignment or release of an option, as a condition for the exercise of an option;

(n) the Company shall at all times keep available for allotment unissued shares at least sufficient to satisfy all options;

(o) the Board has the discretion to alter or add to the Rules provided that no alteration or addition would result in the options ceasing to satisfy the requirements of Schedule 5;

(p) the option agreement attached to the Rules provides that the option shall vest in respect of 50 per cent. of the shares under option and become capable of exercise on the later of the first anniversary of the grant date and the date the shares are traded on AIM ("Flotation") and that 100 per cent. of the shares under option will vest and be capable of exercise on the later of the second anniversary of the grant date and Flotation save that this provision shall no longer apply to options granted after Flotation.

10.2 Options granted under the EMI Scheme

As at the date of this document, the Board has granted EMI Options over 1,283,800 Ordinary Shares to employees of the Company and intends to grant options over 17,125 Ordinary Shares to incoming employees at an exercise price equal to the market value at the date of grant. The EMI Options granted prior to 2006 vest as per paragraph 10.1(p) and EMI Options granted in February 2006 vest in respect of 50 per cent. on the first anniversary of the date of grant and the remaining 50 per cent. on the second anniversary of the date of grant. The exercise price per Ordinary Share is 3.183 pence in respect of 1,158,850 Ordinary Shares under option and 81.63 pence in respect of 124,950 Ordinary Shares under option.

10.3 The ISO Sub-Plan

The ISO Sub-Plan was adopted on 27 August 2004.

The Rules of the ISO Sub-Plan provide for the following:

(a) it is intended to issue incentive stock option within the meaning of section 422 of the United States Internal Revenue Code of 1986 ("Code") and to qualify for tax treatment under section 421 of the Code;

(b) the ISO Sub-Plan is contingent upon shareholder approval within twelve months before, or after the adoption by the Board / Remuneration Committee;

(c) an Eligible Employee shall be any employee or director of the Company or a parent or subsidiary of the Company who is based in the United States and who is required to devote substantially the whole of his working time to the business of the Company and its subsidiaries;

(d) the option price shall be the same definition as set out in the rules for the EMI Scheme save that:

   (i) in the case of the shareholder owning shares equal to more than 10 per cent. of the total combined voting power of all classes of shares of the Company it shall be not less than 110 per cent. of the market value of a share on the date of grant, and the option price must be equal to or exceed, fair market value of the underlying stock at the date of grant and such option by its terms is not exercisable after the expiration of 5 years from the date such option is granted; and

   (ii) in all other cases the option price must not be less than 100 per cent. of the market value of the underlying shares at the date of grant using a good faith standard on setting the price;

(e) the option holder shall be entitled to transfer or sign or charge the option only by will or the law of descent and distribution, and is exercisable during his life time only by him;

(f) any early exercise of an option on termination of employment, in the event of a takeover, reconstruction or liquidation or in the event of a rollover of an option, the entitlement to exercise under the equivalent provisions in the EMI rules shall apply under the ISO Sub Plan save that the period shall be 3 months from the relevant date, and in the event of an option lapsing under the relevant provisions, the lapsing period shall be on the expiry of the period ending 3 months after the date of the relevant event;

(g) the provisions under schedule 5 shall not apply to any options;

(h) if an option holder becomes disabled within the meaning of section 422(c)(6) of the Code, the option holder will be able to exercise his vested options within 1 year from the cessation of employment provided that the Company has been subject to a flotation;

(i) the aggregate market value (determined at the grant date) of shares under option which shall first become exercisable in any calendar year shall not exceed US$100,000 and to the extent that such option holder holds two or more options which would become exercisable for the first time in the same calendar year, the foregoing limitation on the exercisability of such options as incentive stock options under the ISO Sub Plan shall be applied on the basis of the order in which the options are granted;

(j) the maximum aggregate number of shares which may be issued under the ISO Plan is 857,500 shares subject to outstanding options shall be available for subsequent issuance under the ISO Plan to the extent the options expire, terminate or are cancelled for any reason prior to exercise in full;

(k) should any changes be made to the shares by reason of any sub-division, stock dividend, re-capitalisation, consolidation of shares, exchange of shares, or other change effecting shares without receipt of consideration, appropriate adjustment shall be made to the maximum number of shares and to the option price under each outstanding option in order to prevent dilution or enlargement of benefits thereunder and adjustments determined by the Board and/or the remuneration committee or their properly authorised defigmee shall be binding and conclusive;

(l) if any group company is liable to account to any Revenue or other authority for any sum in respect of any tax or social security liability of the option holder on the grant of an option, the option holder may not exercise the option unless he has beforehand paid to the group company an amount sufficient to discharge the liability or alternatively the option holder may by agreement with the group company enter into some other arrangement to ensure that such amount is available to it.

10.4 Options granted under the ISO Sub-Plan

As at the date of this document, the Board has granted ISO Options over 655,375 Ordinary Shares to employees of the Company, with an exercise price per share of 3.183 pence in respect of 646,800 Ordinary Shares under ISO Option and 81.63 pence in respect of 13,650 Ordinary Shares under ISO Option. The Company intends to grant ISO Options over 8,575 Ordinary Shares at an exercise price equal to the market value on the date of grant. ISO Options granted prior to 2006 shall vest on the same terms as set out in paragraph 10.1(p) and those granted in February 2006 shall vest in respect of 50 per cent. of Ordinary Shares under option on the first anniversary of the date of grant and the remaining 50 per cent. on the second anniversary of the date of grant.

10.5 The Global Plan 2006

The Board adopted the Global Plan 2006 and approved the rules of the Global Plan 2006 (''Rules'') on 23 January 2006.

The Rules provide for the following:

(a) the Board (or a committee thereof duly authorised for the purposes of the 2005 Plan) has discretion to select any employee, officer or director of the Company or of any company under the control of the Company (''Group Company'') (''Eligible Employee'') and grant an option to subscribe for hares in the Company on such terms as the Board decides;

(b) there is an overall limit for the issue of shares under options whereby the number of shares in respect of which options may be granted under the Global Plan 2006 shall not, when added to the number of shares issued or capable of being issued on the exercise of options granted by the Company or capable of being issued during the previous ten years under any other scheme approved by the Company or adopted by the Board which provides for the acquisition of shares by or on behalf of employees or directors or officers of a Group Company, exceed 12.5 per cent. of shares in issue from time to time (but excluding options which have lapsed or been surrendered);

(c) the terms of the grant of an option can include performance conditions and vesting terms but the Board has discretion to amend or cancel the performance conditions;

(d) the Board has discretion to set the price at which the option holder subscribes for shares on the exercise of the option, so long as the exercise price is not less than the nominal value of a share;

(e) the period during which the option can be exercised (''Exercise Period'') begins on the first anniversary of the date of grant and ends on the day prior to the 10th anniversary of the date of grant of the option;

(f) it is a condition of the grant of an option that the Eligible Employee indemnifies the Company and any Group Company for any income tax and NIC (or equivalent outside the UK) on the grant, exercise, disposal or release of the option;

(g) there are provisions for early exercise prior to the beginning of the Exercise Period in the event of a change of location of employment of the option holder, and on the death or injury, ill health, disability, redundancy or retirement of the option holder and in other circumstances where the option holder ceases to be an eligible employee the Board has discretion to allow exercise of the option;

(h) in the event of a change of control of the Company or the sale of the whole of the business or assets of the Company, an option holder is entitled to exercise his option prior to the beginning of the Exercise Period with the Board having discretion to waive any performance conditions and the vesting terms;

(i) if a company obtains control of the Company and it agrees to offer options over its shares in exchange for the release of the options under the Global Plan 2006 the options can be so released;

(j) early exercise of an option is allowed in the event of a winding-up of the Company;

(k) participation in the Global Plan 2006 does not represent an entitlement to remuneration or form part of the option holder's contract of employment.

10.6 Options granted under the Global Plan 2006

As at the date of this document, the Board has granted options over 296,450 Ordinary Shares under the Global Plan 2006, of which 182,525 will be exercisable at 3.183 pence per Ordinary Share and the remaining 113,925 will be exercisable at 81.63 pence per Ordinary Share. The Company intends to grant options under the Global Plan 2006 over 15,925 Ordinary Shares at an exercise price equal to the market value on the date of grant. The options shall vest and be exercisable in respect of 50 per cent. of shares under option on the first anniversary of the date of grant and in respect of the remaining 50 per cent. of shares under option on the second anniversary of the date of grant.

11. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or a member of the Group within the two years immediately preceding the date of this document and are, or may be, material:

11.1 *Placing Agreement*

A Placing Agreement dated 9 February 2006 between the Company (1), the Directors (2), the Selling Shareholders (3) and Bridgewell Securities Limited (4) pursuant to which conditional upon, *inter alia*, Admission taking place on or before 9.00 a.m. on 15 February 2006 (or such later time and or date as the Company and Bridgewell may agree being not later than 31 March 2006), Bridgewell have agreed to use reasonable endeavours to, as agent for the Company, procure subscribers for 6,896,551 new Ordinary Shares proposed to be issued by the Company at the Placing Price and, as agent for the Selling Shareholders, procure purchasers of the Sale Shares at the Placing Price.

The Placing Agreement contains warranties from the Company and the Directors and indemnities from the Company in favour of Bridgewell together with provisions which enable Bridgewell to terminate the Placing Agreement in certain circumstances prior to Admission including circumstances where any warranties are found to be untrue or inaccurate in any material respect. The liability of the Directors for breach of Warranty is limited in time and amount. Under the Placing Agreement the Company has agreed to pay Bridgewell a fee of £200,000 and commission of 4.75 per cent. of the value of the Placing Shares at the Placing Price. The aggregate fees and commissions payable under the Placing Agreement is subject to a minimum of £500,000 save where the Company and Selling Shareholders have requested but Bridgewell have failed to place such number of Placing Shares as would give fees and commissions in excess of this minimum amount.

11.2 *Nominated Adviser and Broker Agreement*

A Nominated Adviser and Broker Agreement dated 7 February 2006 between the Company (1), and Bridgewell (2) pursuant to which the Company has appointed Bridgewell to act as Nominated Adviser and Broker to the Company for the purposes of the AIM Rules. The Company has agreed to pay Bridgewell a fee of £25,000 per annum for its services as Nominated Adviser and Broker under this agreement for the first twelve months on and from Admission and £50,000 per annum thereafter. The agreement contains certain undertakings and indemnities given by the Company in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement is subject to termination on the giving of one month's notice.

11.3 *Lock-In Agreement*

A Lock-in Agreement dated 9 February 2006 between Simon David Buckingham (1), the Company (2) and Bridgewell (3) pursuant to which Mr Buckingham has undertaken to Bridgewell and the Company that he will not dispose of any interest in Ordinary Shares save with the prior consent of Bridgewell or in other limited circumstances (including pursuant to an intervening court order, the acceptance of a take-over for the Company, the execution of an irrevocable commitment to accept such take-over Offer, a disposal pursuant to a compromise or arrangement under section 425 of the Act, a disposal pursuant to a Scheme of reconstruction under the Insolvency Act 1986 and a disposal to personal representatives) until one year from the date of Admission.

Mr Buckingham has further undertaken to Bridgewell and the Company that for an additional twelve month period commencing on and from the date one year from the date of Admission, he will only effect a disposal of Ordinary Shares in which he is interested through Bridgewell or the Company's Broker from time to time so as to ensure an orderly market in the share capital of the Company. The aforementioned undertaking is subject to the price and commission offered by Bridgewell or the Company's Broker from time to time being on such terms that the net proceeds of the sale receivable by Mr Buckingham are not less than the proceeds which would be received based on market terms quoted by any other reputable stockbroker or dealer in securities.

11.4 *Stand-Alone Option Agreement — Roger Parry*

An Option Agreement between the Company (1) and Roger Parry (2) dated 12 September 2005 (the "Stand-Alone Option Agreement"), pursuant to which the Company has granted to Mr Parry the right to subscribe for such number of Ordinary Shares as is equal to the lesser of 2.5 per cent. of the issued share capital on Admission and the number of shares equal to £600,000 divided by the Placing Price (the "Option Shares"). The exercise price shall be the Placing Price and, subject to the Option Shares having vested as provided below, the exercise period commences on the first anniversary of Admission and runs until the tenth anniversary of the date of the Stand-Alone Option Agreement. The Option Shares vest under the Stand-Alone Option Agreement as follows; (i) ⅓ of the Option Shares will vest on the first anniversary of Admission, (ii) ⅓ of the Option Shares will vest on the second anniversary of Admission; and (iii) ⅓ of the Option Shares will vest on the third anniversary of Admission. The Stand-Alone Option Agreement and all rights granted pursuant thereto will lapse if Admission has not taken place prior to the date of the first anniversary of the date of the Stand-Alone Option Agreement.

11.5 *Stand-Alone Option Agreement — Linda Buckingham*

An Option Agreement was entered into between the Company (1) and Linda Buckingham (2) dated 30 January 2006, pursuant to which the Company has granted to Mrs Buckingham the right to subscribe for 24,500 Ordinary Shares in the share capital of the Company. The exercise price of the Ordinary Shares is 3.183 pence per share and the option is exercisable from Admission.

11.6 *Non-Dilutive Option Agreement*

A Non-Dilutive Option Agreement was entered into between the Company (1) and Jitesh Himatlal Sodha (2) dated 22 January 2005 pursuant to which the Company has granted Mr Sodha the right to acquire such number of Ordinary Shares as shall, when taken together with option shares held by Mr Sodha pursuant to the EMI Scheme, be equal to two per cent. of the Company's authorised share capital on Admission ("Non-Dilutive Option"). The Non-Dilutive Option Agreement was amended by a Deed of Amendment dated 5 January 2006 pursuant to which the number of option shares was amended to two per cent. of the Company's issued share capital and an additional clause was inserted which provides that the Non-Dilutive Option Agreement will lapse if Admission has not taken place within 12 months of the date of the Deed of Amendment, save in the event that the Board uses its reasonable discretion to waive such lapsing provision. The exercise price of the Non-Dilutive Option is the nominal value of the Ordinary Shares under option and it is exercisable in respect of 50 per cent. of the Ordinary Shares on the later of the first anniversary of the date of grant and Admission and in respect of the remaining 50 per cent. on the later of the secondary anniversary of the date of grant and Admission.

11.7 *Share and Warrant Purchase Agreement between TPI, the Company and Simon Buckingham, Peter Tomlinson, Ivan Donn and Benjamin Wood (the "Vendors"), dated 5 January 2006 (the "Share and Warrant Purchase Agreement")*

Pursuant to the Share and Warrant Purchase Agreement, TPI subscribed for 77,829 Ordinary Shares ("Subscribed Shares") and purchased from the Vendors 38,750 Ordinary Shares at a price of £46.56 per share, representing in aggregate 20.1 per cent. of the Company's entire issued share capital on a fully diluted basis. The Company has also agreed to grant warrants to TPI to purchase 30,526 Ordinary Shares on the terms of the warrant instrument described in paragraph 11.8 below. Under the Share and Warrant Purchase Agreement, the Company has given certain customary representations and warranties with respect to its business and that of its subsidiaries to TPI. The liability of the Company under the representations and warranties is capped at the amount it received from TPI for the Subscribed Shares and the representations and warranties survive for a period of three years from the date of the Share and Warrant Purchase Agreement.

11.8 *Warrant to purchase 30,526 ordinary shares in the Company dated 5 January 2006 (the "Warrant")*

Pursuant to the Warrant, the Company has granted TPI the right to subscribe for 30,526 Ordinary Shares ("Warrant Shares") in the Company during a five year exercise period commencing on the date of the Warrant. The exercise price is £46.55 per Warrant Share. The Warrant provides that the number of Warrant Shares and the exercise price for the Warrant Shares will be subject to proportional adjustment for, among other things, stock dividends, stock splits, combinations, recapitalisations and similar transactions and will be further subject to broad-based, weighted average anti-dilution adjustments.

The Warrant was amended on 7 February 2006 so as to adjust the exercise price per Warrant Share from £0.95 (being the original exercise price of £46.55 adjusted to take into account the bonus issue of Ordinary Shares on 23 January 2006 as described in paragraph 4.13 of this Part IV) to the lower of £0.95 and the Placing Price. The number of Warrant Shares was also necessarily adjusted in connection with the bonus issue and, as at the date of this document, 1,495,774 Ordinary Shares are the subject of the Warrant.

11.9 *Shareholders' Agreement between the Company, TPI and Simon Buckingham, Benjamin Wood, Ivan Donn, Peter Tomlinson and Roger Parry (the "Existing Shareholders") of the Company dated 5 January 2006 (the "Shareholders' Agreement")*

Pursuant to the Shareholders' Agreement, the Company and the Existing Shareholders have agreed to grant a number of rights to TPI including, without limitation, a right to board representation, certain information rights, restrictions on transfer, pre-emption rights on allotment of Ordinary Shares and rights of veto over specified actions of the Company. The Shareholders' Agreement, other than provisions with respect to information rights, Board representation and pre-emption rights, all of which are described more particularly below, will terminate upon Admission.

(i) *Board representation:* TPI will have the right to nominate one director if the total number of directors of the Company is eight or fewer (which right will increase to the right to nominate two directors if TPI exercises the entire Warrant). TPI will also have the right to nominate two directors if the total number of directors of the Company is greater than eight.

(ii) *Information rights:* the Company will deliver to TPI annual audited financial statements and, until Admission, annual budgets. The Company also will provide TPI with such other information and documents as TPI may reasonably require to enable TPI to comply with its accounting and financial reporting requirements in accordance with applicable United States securities laws and stock exchange rules.

(iii) *Pre-emption rights:* TPI will have the right to purchase its *pro rata* portion of any equity securities (including any securities convertible or exchangeable into equity securities) that the Company proposes to offer to any person, on the same terms and conditions, in order to maintain its percentage ownership interest in the Company, excluding certain shares allocated to employee incentive schemes and shares issued for consideration other than cash in connection with certain transactions.

The Shareholders' Agreement also provides that after Admission, the Company will not, without a prior vote of the shareholders of the Company, take any action to (a) enter into or modify the terms of any related party transaction, or (b) authorise or reserve for issuance to employees, directors, advisers, consultants and service providers shares of the Company in excess of 12.5 per cent. of the total equity securities of the company on a fully diluted basis. The Shareholders' Agreement provides that if at any time TPI does not own shares in the Company representing at least 10 per cent. of the Company's entire issued share capital, the Company may deliver written notice to TPI of such dilution. If within 180 days after TPI receives such notice, TPI has not increased its ownership to at least 10 per cent. of the Company's issued equity securities, the provisions described above in this section 11.9 relating to board representation and pre-emptive rights will cease to be in full force and effect.

11.10 Management Agreement between ConnectID and the Company dated 5 January 2006 (the "Management Agreement")

Pursuant to the Management Agreement, the Company will manage the operations of ConnectID for a period of five years beginning on the date of Management Agreement and will receive an annual management fee in an amount equal to US $1,000,000 in the first year of the Management Agreement and US$750,000 thereafter plus 1 per cent. of gross revenues from operations and 1 per cent. of earnings before interest, taxes, depreciation and amortisation of ConnectID, determined in accordance with US GAAP, up to a maximum aggregate annual management fee of US$2,000,000. The Management Agreement details the services to be provided by the Company with respect to ConnectID. ConnectID will have the right to terminate the Management Agreement upon 90 days' notice to the Company delivered at any time on or after the second anniversary of the Management Agreement, subject to payment to the Company of a cancellation fee. The Company will have the right to terminate the Management Agreement upon 90 days' notice to ConnectID if a change of control of the TPI or ConnectID occurs. As long as he is CEO of the Company and the Management Agreement is in effect, Simon Buckingham will act as CEO of ConnectID and the Company will have the right to nominate one member of the ConnectID board of directors.

11.11 *An Option Agreement between TPI, ConnectID and the Company dated 5 January 2006 (the "Option Agreement")*

Pursuant to the Option Agreement the Company has been granted an option to purchase 50 units in ConnectID (the "Initial ConnectID Units") representing 5 per cent. of the total membership interests in ConnectID on a fully diluted basis at an exercise price of $3,055,555.00 or US$61,111.10 per Initial Option Unit. The exercise period for the options will begin on the date of the Option Agreement and end on the earlier of (1) the fifth anniversary of the Option Agreement or (2) 30 days after termination of the Management Agreement (described in paragraph 11.10 above).

In addition, the Company has been granted the option to acquire an additional 50 units in ConnectID (the "Additional ConnectID Units") representing an additional 5 per cent. of the total membership interests in ConnectID on a fully diluted basis. The exercise price for the Additional ConnectID Units will be US$3,055,555.00 or US$61,111.10 per Additional ConnectID Unit. The number of Initial ConnectID Units and Additional ConnectID Units and the relevant exercise price will be subject to proportional adjustment for transactions undertaken by ConnectID that change the number of units in ConnectID and will be further subject to broad-based, weighted average anti-dilution adjustments.

If the Management Agreement is terminated for any reason prior to the end of its term, ConnectID has the right to repurchase all or part, according to a vesting formula set forth in the Option Agreement, of the Additional ConnectID Units for an amount equal to the exercise price paid by the Company for the Additional ConnectID Units.

Upon the exercise of the Company's option to acquire units in ConnectID, the Company, TPI and ConnectID will enter into an amended operating agreement of ConnectID, the form of which is set out as an exhibit to the Option Agreement which will contain drag and tagalong rights attaching to all the units in ConnectID and a put and call option relating to the units held by the Company.

11.12 *Side Letter addressed to SB and the Company from Liberty Media, TPI and ConnectID dated 5 January 2006 (the "Side Letter")*

Pursuant to the Side Letter, Liberty Media has agreed that for so long as Liberty Media owns, directly or indirectly, at least 10 per cent. of the issued share capital of the Company, Liberty Media will (i) use commercially reasonable efforts to support the Company's efforts to enter into strategic arrangements with (a) any of Liberty Media's affiliates or (b) any public companies in which Liberty Media has at least a 10 per cent. ownership interest that is not consolidated for financial reporting purposes, by using commercially reasonable efforts to make introductions and arrange meetings with appropriate representatives of such affiliates or other companies; and (ii) promote and will use commercially reasonable efforts to cause its controlled subsidiaries to promote the business of the Company. If requested by TPI, Simon Buckingham will be available to consult with TPI regarding other mobile media business opportunities that Liberty Media may be interested in pursuing so long as any time commitments requested by Liberty Media of Mr Buckingham do not interfere with Mr Buckingham's responsibilities to the Company, including under the Management Agreement between the Company and ConnectID.

11.13 *Brunswick Engagement Letter*

Pursuant to an engagement letter dated 16 September 2005, the Company engaged Brunswick Group Limited ("Brunswick") to undertake communications advice in connection with the Placing and Admission and with a view to developing an ongoing relationship following Admission. The Company has agreed to pay to Brunswick a one-off fee of £50,000 for the services, together with a success fee of £25,000 should Admission occur. The engagement runs for an initial period of 12 months from 20 September 2005, terminable thereafter on 3 months' notice, and the monthly fee following Admission is £3,000, to be reviewed after 12 months.

12. Dependence on Intellectual Property etc.

Details of the patents, intellectual property rights, licences or any industrial, commercial or financial contracts or new manufacturing processes which are or may be material to the business or profitability of the Group are set out in paragraphs 12.1 to 12.3 below:

12.1 *Industrial, commercial or financial contracts*

The Group's business is dependent on the following commercial contracts which are or may be material to the business or profitability of the Group:

(a) Operator and Distribution Agreements under which the Group derives a share of call revenues from the download of its content on operator platforms:

(i) Content Provider Agreement between the Company and Hutchison Whampoa 3G Contents S.a R.L. ("H3G") dated 24th August 2002 as amended by Amendment Agreements dated 10 June 2003, 8 March 2004 and 2 December 2004 under which the Company provides H3G and H3G affiliates with content for use on H3G's mobile phone service.

(ii) Content Provider Agreement between the Company, Vodafone UK Content Services Limited and Vodafone Mobile Commerce Limited (together "Vodafone") dated 16th December 2003 under which the Company provides Vodafone with content for use on Vodafone's mobile phone service.

(iii) Content Provider Agreement between the Company and O_2 Limited ("OL") dated 30 April 2004 under which the Company provides OL with content for use on OL's on-line content directory branded "Revolution".

(iv) Content Provider Agreement between the Company and Vivazzi UK Limited ("VUK") dated 30 April 2004 under which the Company provides VUK with content for use on "Vodafone Live".

(v) Licence Agreement between the Company and the Mechanical Copyright Protection Society Limited ("MCPS") which allows the Company to provide content to operators via its software platforms which is owned by members of the MCPS.

(vi) Agreement between TIM Celular S.A, TIM Sul S.A, MAXITEL S/A and TIM Nordeste Telecomunicações S.A and Mobile Streams do Brasil Midia Digital Para Cellulares Ltda dated 23 June 2004.

(vii) Agreement between Pmovil Ltda and Mobile Streams do Brasil Midia Digital Para Cellulares Ltda dated 5 November 2004.

(viii) Services Agreement between SMS Services S.A. and Mobile Streams de Argentina S.R.L dated 5 August 2005.

(ix) Content Supply Agreement between CTI and Mobile Streams de Argentina S.R.L dated 8 July 2005.

(x) Content Supply Agreement between Compañía de Radiocomunicaciones Moviles S.A. and Mobile Streams de Argentina S.R.L dated 26 April 2004.

(xi) Service Supply Agreement between Entel PCS Telecomunicaciones S.A. and Mobile Streams Chile Ltda dated 6 August 2004.

(xii) Content Supply Agreement between Telefónica Móviles Chile S.A. and Mobile Streams Chile Ltda dated 28 March 2005.

(xiii) Master Services Agreement between mBlox Inc and Mobile Streams, Inc dated 13 May 2004.

(xiv) Wireless Data Services Agreement between Dobson Cellular Systems Inc and Mobile Streams, Inc dated 24 March 2005.

(xv) Preminet Content Provider Agreement between Nokia Corporation and Mobile Streams, Inc. dated 4 January 2006

(xvi) Clearmode Content Provider Standard Service Agreement between Wmode Inc. and Mobile Streams, Inc. dated 3 November 2003 with addendum dated 1 December 2005 to extend services to Rogers Wireless Inc and Affiliates.

(xvii) BREW Application Distribution Agreement between Alltel Communications, Inc. and Mobile Streams, Inc. dated 24 August 2005.

(xviii) Agreement between Radiomovil DIPSA S.A. de C.V. and Mobile Streams of Mexico, S. de R.L. de C.V dated 25 August 2004.

(xix) Agreement between Radiomovil DIPSA S.A. de C.V. and Mobile Streams of Mexico, S. de R.L. de C.V dated 21 July 2005.

(b) Various agreements under which content owners licence their artists and/or content to the Company being:

(i) Ringtone Distribution Rights Agreement between the Company and SME Subsidiary BV dated 20 August 2004.

(ii) Content Resale Agreement between the Company and Warner Music UK Limited dated 22 February 2005.

(iii) Content Distribution Rights and Licensing Agreement for Death Row Records, Truetones, Ring Back Tones, Video and Full Track Downloads between the Company and The Nickels Group Inc dated 15 March 2005.

(iv) Letter Licensing Agreement for distribution of Hits 58 polyphonic ringtones between the Company and Warner Music UK Limited dated 6 September 2004.

(v) Mobile Content Agreement between the Company and Universal Music Mobile UK Limited dated March 2005.

(vi) Licence Agreement between Associação Brasileira dos Editores de Música and Mobile Streams do Brasil Midia Digital Para Cellulares Ltda dated 22 July 2005.

(vii) Licence Agreement between Associação Brasileira de Editoras Reunidas and Mobile Streams do Brasil Midia Digital Para Cellulares Ltda dated 2 August 2005.

(vii) Licence Agreement between SADAIC and Mobile Streams de Argentina S.R.L dated 6 October 2004.

(viii) Licence Agreement between EMI Music Publishing Chile S.A and Mobile Streams Chile Ltda dated 26 October 2005.

(ix) Ringtone and Master Licence Agreement between EMI Publishing and Mobile Streams, Inc dated 15 January 2005.

(x) Ringtone Music Rights Licence between Universal Publishing Group and Mobile Streams, Inc dated 14 July 2004.

(xi) Content Distribution Rights and Licensing Agreement between The Nickels Group and Mobile Streams Limited dated 31 March 2005.

(xii) Blanket Ringtone License Agreement between Sony/ATV Music Publishing LLC and Mobile Streams, Inc dated 13 November 2005.

(xiii) Agreement for the purpose of creating wireless device ringtones between Warner/Chappell Music, Inc. and Mobile Streams, Inc. dated 29 August 2002 and renewed via extension letter dated 10 October 2005.

(xiv) Mobile Content Licensing Agreement between Zingy, Inc. and Mobile Streams, Inc. dated 5 August 2005 with Exhibit C to cover Nextel and Boost as distribution networks with amended Exhibit C dated 21 November 2005 to cover Sprint as a distribution network.

12.2 *Intellectual property*

The Group believes that it is dependent on the following intellectual property rights which are or may be material to the business or profitability of the Group:

(a) The copyright and other intellectual property rights underlying the content that the Group either creates in-house or licences in.

(b) The Group's "CMENT" and "Musia" software applications.

(c) The Group's domain name portfolio.

12.3 The Group does not believe that it is dependent on any licences/notifications which are or may be material to the business or profitability of the Group.

13. Related Party Transactions

13.1 During the three years ending on each of 31 December 2003, 2004 and 2005 the Company received administrative services from Newbury Kitchen Studio Limited in the sum of £2,500 in 2005 (2004: £3,000; 2003: £3,000) on normal commercial terms. Mr Simon Buckingham's parents are controlling shareholders in Newbury Kitchen Studio Limited.

13.2 Since 31 December 2005, the Company has not entered into any related party transactions save for the option agreement between the Company and Linda Buckingham described in paragraph 11.5 of this Part IV.

13.3 These contracts and arrangements, as summarised above, together comprise less than one per cent. of the Company's turnover.

14. Litigation

No member of the Group is involved nor has been involved in any governmental, legal or arbitration proceedings in the previous twelve months which may have or have had in the recent past a significant effect on the Company's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against any member of the Group.

15. No Significant Change

Other than as disclosed at Paragraph 6 of Part I of this document, there has been no significant change in the financial or trading position of the Group since the end of the last financial period for which audited financial information has been published.

16. Working Capital

The Directors are of the opinion, having made due and careful enquiry and having taken into account the net proceeds of the Placing, that following Admission, the working capital available to the Company and the Group will be sufficient for its present requirements, that is for the next 12 month period following Admission.

17. Taxation

The following paragraphs are intended as a general guide only for shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade, and are based on current legislation and UK Inland Revenue practice. Any prospective purchaser of Ordinary Shares who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK, should consult his own professional adviser immediately.

17.1 *Taxation of Chargeable Gains*

For the purpose of UK tax on chargeable gains, the issue of Ordinary Shares pursuant to the Offer will be regarded as an acquisition of a new holding in the share capital of the Company.

To the extent that a shareholder acquires Ordinary shares allotted to him, the Ordinary Shares so allotted will, for the purpose of tax on chargeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will constitute the base cost of a shareholder's holding. The amount paid for the Ordinary Shares subscribed for will be eligible for taper relief allowance.

If a Shareholder disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may, depending on his circumstances, arise.

17.2 *Loss Relief*

If an investor is an individual or an investment company, relief for losses incurred by that investor on disposal of the Ordinary Shares may be available under Sections 573 to 576 of the Income and Corporation Taxes Act 1988, against income of the same or prior year.

This relief should be available provided the Company and the investor satisfy the relevant statutory requirements.

17.3 *Inheritance Tax*

Business Property Relief

Unquoted Ordinary shares representing minority interests in trading companies such as the Company potentially qualify for 100 per cent. business property relief which gives up to 100 per cent. exemption from Inheritance Tax. Therefore, where an investor makes a lifetime gift of shares or dies while still owner of the shares, no inheritance tax will be payable in respect of the value of the shares, provided certain conditions are met. The main condition is that the investor held the shares for two years before the date of transfer or death.

17.4 *Stamp duty and Stamp Duty Reserve Tax*

No stamp duty or stamp duty reserve tax ("SDRT") will generally be payable on the issue of the Ordinary Shares.

17.5 *Dividends and other Distributions*

Under current UK legislation, no tax is withheld from dividend payments by the Company and consequentially, the Company accepts no responsibility for withholding taxes at source.

Dividends paid by the Company will carry an associated tax credit of one-ninth of the cash dividend or ten per cent. of the aggregate of the cash dividend and associated tax credit. Individual shareholders resident in the UK receiving such dividends will be liable to income tax on the aggregate of the dividend and associated tax credit at the Schedule F ordinary rate (10 per cent.) or the Schedule F upper rate (32.5 per cent.).

The effect will be that taxpayers who are otherwise liable to pay tax at only the lower rate or basic rate of income tax will have no further liability to income tax in respect of such a dividend. Higher rate taxpayers will have an additional tax liability (after taking onto account the tax credit) of 22.5 per cent. of the aggregate of the individual and associated tax credit. Individual shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such dividends.

A UK resident corporate shareholder should not be liable to corporation tax or income tax in respect of dividends received from the Company unless that company is carrying on a trade of dealing in shares.

Trustees of discretionary trusts are liable to account for income tax at the rate applicable to trusts on the trust's income are required to account for tax at the Schedule F trust rate, currently 32.5 per cent.

Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident. These comments are intended only as a general guide to the current tax position in the UK as at the date of this document. The comments assume that Ordinary Shares are held as an investment and not as an asset of financial trade.

If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the UK, you should consult your professional adviser.

18. General

18.1 The gross proceeds of the Placing are expected to be £6.0 million. The total costs and expenses relating to Admission and the Placing are payable by the Company and are estimated to amount to approximately £1.0 million (excluding Value Added Tax). The net proceeds of the Placing are expected to be £5.0 million (excluding Value Added Tax).

18.2 Other than the current application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in the Ordinary Shares.

18.3 Bridgewell Securities Limited, which is authorised and regulated by the Financial Services Authority, has given and has not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.

18.4 Grant Thornton UK LLP, who are a member firm of the Institute of Chartered Accountants in England and Wales have given and have not withdrawn their written consent to the inclusion in Part IIIA of this document of their report, the references thereto and to their name in the form and context in which they appear.

18.5 The Placing Price represents a premium over nominal value of 86.8 pence per Ordinary Share.

18.6 It is expected that definitive share certificates will be dispatched by hand or first class post by 22 February 2006. In respect of uncertificated shares it is expected that Shareholders' CREST stock accounts will be credited on 15 February 2006.

18.7 Save as disclosed above, no person directly or indirectly in the last twelve months received or is contractually entitled to receive, directly or indirectly, from the Company on or after Admission (excluding in either case persons who are professional advisors otherwise than as disclosed in this document and persons who are trade suppliers) any payment or benefit from the Company to the value of £10,000 or more or securities in the Company to such value or any other benefit to such value or entered into any contractual arrangements to receive the same from the Company at the date of Admission.

18.8 Save as disclosed in this document, the Directors are not aware of any exceptional factors which have influenced the Group's activities.

18.9 As far as the Directors are aware, there are no known trends, uncertainties, demands or events that are reasonably expected to have a material effect on the Group's prospects for at least the current financial period.

18.10 As far as the Directors are aware, there are no environmental issues that may affect the Group's utilisation of its tangible fixed assets.

18.11 There are no significant investments in progress nor are there any principal future investments upon which the Board have made any firm commitments in relation thereto.

19. Availability of Admission Document

Copies of this Admission Document are available free of charge from the Company's registered office and at the offices of Bridgewell Securities Limited, Old Change House, 128 Queen Victoria Street, London EC4V 4BJ, during normal business hours on any weekday (Saturdays and public holidays excepted) and shall remain available for at least one month after Admission.

Dated: 9 February 2006

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