

**MOBILE STREAMS PLC**

**FINANCIAL STATEMENTS**

**FOR THE FOR THE YEAR ENDED**

**31 DECEMBER 2008**

**Company no 03696108**

MOBILE STREAMS PLC

Company registration number: 03696108

Registered office: The Media Centre  
19 Bolsover Street  
London  
WC1W 5NA

Directors: S D Buckingham  
M Carleton  
J A Colquhoun  
I A L Donn  
R G Parry  
P Tomlinson

Chairman: R G Parry

Secretary: J A Colquhoun

Bankers: National Westminster Bank plc  
PO Box 13  
30 Market Place  
Newbury  
RG14 1AS

Auditors: Grant Thornton UK LLP  
Registered Auditors  
Chartered Accountants  
Grant Thornton House  
Melton Street  
Euston Square  
London  
NW1 2EP

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**CHAIRMAN'S STATEMENT**

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Group revenue in 2008 was £8.4m, a 7% decrease on 2007 (£9.1m). Trading EBITDA\* was a profit of £200,000 for the period (2007: £1.2m). Loss before tax was £2.3m (2007: £4.7m).

The Company underwent substantial restructuring in the second half of 2007 allowing the successful stabilisation of the business in 2008. The Company focused in 2008 on its key customer relationships and core operations, which in part led to the planned reduction in revenues seen year on year. Revenue was also impacted by the continued immaturity of the Mobile Internet with frequently changing regulatory regimes.

The Company has started 2009 with a lower cost base and simpler organisational structure enabling it to focus on its key customers whilst continuing to investigate and invest in new business opportunities.

**Outlook and Trading**

So far in 2009 the traditional on-portal operator business has been stable and the Group continues to develop off-portal mobile internet services led by [www.ringtones.com](http://www.ringtones.com). Current trading has been around the EBITDA breakeven level and, whilst the year ahead is hard to predict, based on our current knowledge, the Board expects trading in 2009 to be similar to 2008.

**Roger Parry**  
**Chairman**

\*Calculated as profit before tax, interest, amortisation, depreciation, share compensation expense and impairment of assets.

**CHIEF EXECUTIVE'S STATEMENT**

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During 2008 Mobile Streams has continued to transform itself following the restructuring in late 2007 in order to stabilise business and provide a solid platform for the future. We have benefited from operating efficiencies having focused on our key partners, providing them with greater levels of innovation, support and attention; this has enabled us to significantly reduce our overheads and generate a modest trading profit\* for the year.

We have added further depth to our already extensive content library with new licensing arrangements including The Press Association and Turner Broadcasting System (Cartoon Network) as well as expanding existing relationship to new territories.

Investment in our proprietary technology continued during the year but at a much lower level, building on the robust architecture developed over the previous 3 years. This has lead to enhanced retailing capabilities that are being leveraged throughout the business, delivering enhanced user experience and maintaining our position at the forefront of the industry.

I remain excited by the ongoing changes in the mobile media industry and am committed to exploring new business models to complement our established 'on-portal' operator business and the emergent 'off-portal' business marketed directly to the consumer.

**Simon Buckingham**  
**Chief Executive Officer**

\*Calculated as profit before tax, interest, amortisation, depreciation, share compensation expense and impairment of assets.

**FINANCIAL REVIEW**

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Group revenue in 2008 was £8.4m, a 7% decrease on 2007 (£9.1m). The Group generated a profit of £200,000 (2007: £1.2m) at trading EBITDA\* level. Loss before tax was £2.3m (2007: £4.7m). Overall gross margin was 48.1% (2007: 54.9%).

Included within Operating loss for the year were £800,000 non-cash impairment charges relating the write down of intangible assets recognised following the acquisition of Mobile Streams Europe GmbH (£300,000) and minority investments made during 2007 (£500,000). Full details can be found in notes 12 and 13.

The Group had net cash inflows from operations of £500,000 (2007: outflow £0.4m) due to the trading profit and reduction in working capital.

Basic earnings per share amounted to a loss of 6.945 pence per share (2007: loss of 12.024p).

Adjusted earnings per share (excluding depreciation, amortisation, impairments and share compensation expense) amounted to a profit of 0.177p (2007: loss of 1.785p).

**James Colquhoun**  
**Finance Director**

\*Calculated as profit before tax, interest, amortisation, depreciation, share compensation expense and impairment of assets.

**DIRECTORS' REPORT**

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The Directors present their report and the financial statements of the Company for the year ended 31 December 2008.

The principal activity of the group is the provision of technology and services for the publication of content, primarily for distribution on wireless devices.

**Results and dividends**

The trading results for the year and the Group's/Company's financial position at the end of the year are shown in the attached financial statements, and are discussed further in the Business Review below.

The Company will not be paying a dividend this year.

**BUSINESS REVIEW**

**Financial overview**

During the period the Company saw revenue decline by 7% compared with the prior year to £8.4m (2007: £9.1m).

The improved operating losses were cut by 50% to £2.4m (2007: loss £4.8m) due to significantly reduced operating expenses and lower non-cash charges for asset write downs.

Included within Operating loss for the year were £800,000 non-cash impairment charges relating the write down of intangible assets recognised following the acquisition of Mobile Streams Europe GmbH (£300,000) and minority investments made during 2007 (£500,000). Full details can be found in notes 12 and 13.

The Company's cash balance remains unchanged at £2.3m (2007: £2.3m) as a result of much lower capital expenditure and a trading profit\* of £200,000.

The Directors are pleased that the overhead is now broadly aligned with the revenues that the business is generating.

**Financial performance**

Financial performance for the year has been analysed as follows:

	<b>Year to 31 December 2008</b>	<b>Year to 31 December 2007</b>	<b>Change</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Revenue	<b>8,442</b>	9,098	(656)
Gross profit	<b>4,057</b>	4,990	(933)
Trading EBITDA*	<b>203</b>	(1,239)	1,442
Loss before tax	<b>(2,306)</b>	(4,656)	2,381
Cash	<b>2,260</b>	2,301	(41)

After the expansion and losses incurred in 2007, the Company's prime objective was to generate a trading profit\* and to preserve cash resources. This resulted in the reduction in revenues, significant reduction in operating losses and the trading profit generated in 2008.

\*Calculated as profit before tax, interest, amortisation, depreciation, share compensation expense and impairment of assets.



**Strategy**

The Directors consider there to be one class of business, being the distribution of media content to the mobile phone. The Group's revenues are generated through relationships with mobile operators, content aggregators and retailing directly to the consumer.

A more detailed review of company performance can be found in the financial review.

**Principal risks and uncertainties**

The management of the business and the nature of the Group's strategy are subject to a number of risks.

The Directors have set out below the principal risks facing the business.

**Contracts with Mobile Network Operators (MNOs)**

While Mobile Streams maintains relationships with numerous MNOs in the various territories, a small number of operators account for a high portion of the Company's business.

As the Company grows, management are using geographic and product diversity to counter this risk.

**Contracts with rights holders**

The majority of content provided by Mobile Streams is licensed from rights holders. While Mobile Streams is not dependent on any single rights holder for its entertainment content, termination, non-renewal or significant renegotiation of a contract could result in lower revenue.

The Company continues to enter into new content licensing arrangements to mitigate these risks.

**Competition**

Competition from alternative providers could adversely affect operating results by either providing price pressure, or by replacement.

Products and pricing of competitors are continuously monitored to ensure the Group is able to react quickly to changes in the market.

**Evolution of mobile entertainment content**

Mobile entertainment content is constantly evolving in terms of what is popular, how it is distributed and business models.

Management continues to review changes in the market, explore new business models and form new relationships with content partners.

**Fluctuations in currency exchange rates**

Approximately 86% of our revenue relates to overseas operations. As a Company, we are therefore exposed to foreign currency fluctuations and the financial condition of the Company may be adversely impacted by foreign currency fluctuations.

Currency exposure is not hedged.

**Dependencies on key executives and personnel**

The success of the business is substantially dependent on the Executive Directors and senior management team.

The Company has incentivised all key and senior personnel with stock options and has taken out key main insurance policies on its Chief Executive Officer, Simon Buckingham.

**Intellectual Property Rights**

The protracted and costly nature of litigation, particularly in North America, may make it difficult to take a swift or decisive action to prevent infringement of the Company's intellectual property rights.

Although the Directors believe that the Company's content and Vuesia technology platform and other intellectual property rights do not infringe the IP rights of others, third-parties may assert claims of infringement which could be expensive to defend or settle. The Company holds suitable insurance to reduce the risk and extent of financial loss.

**Technology Risk**

A significant portion of the future revenues are dependent on the Company's technology platforms. Instability or interruption of availability for an extended period could have an adverse impact on the Company's financial position.

Mobile Streams has invested in resilient hardware architecture and continues to maintain software control processes to minimise this risk.

**Management controls and reporting procedures and execution**

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 upon its ability to expand whilst improving operational, financial and management risk.

**Regulatory Risk**

The Company may be affected by the prevailing regulatory and legal environment.

Management works closely with its key partners to ensure that the Company adapts to, and remains compliant with, legal and regulatory changes.

**Cash / Tax Risk**

The Group operates in many markets and under many different tax jurisdictions. A specific ruling or change in tax regime could result in higher tax payments or increase the difficulty of repatriation of funds from those markets. The Group engages local tax advisers in its core markets to monitor changes in tax regulation and to ensure tax compliance.

**Financial risk management objectives and policies**

The Group uses various financial instruments. These include cash and various items, such as trade receivables and trade payables that arise directly from its operations. The numerical disclosures relating to these policies are set out in notes to the financial statements.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below. The Company does not currently use derivative products to manage foreign currency or interest rate risks.

The main risks arising from the Group's financial instruments are market risk, currency risk, liquidity risk and credit risk. The Directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

**Market risk**

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk. In this review interest rate and price risk have been ignored as they are not considered material risks to the business. The Group's policies for currency risk is set out below.

**Currency risk**

The Group is exposed to translation and transaction foreign exchange risk. Currently, there is generally an alignment of assets and liabilities in a particular market, and no hedging instruments are used. In Latin American markets, cash in excess of working capital is converted into a hard currency such as US Dollars. The Company will continue to review its currency risk position as the overall business profile changes.

**Liquidity risk**

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The Group currently has no borrowing arrangements in place and prepares cashflow forecasts which are reviewed at Board meetings to ensure liquidity.

**Credit risk**

The Group's principal financial assets are bank deposits, cash and trade receivables. The credit risk associated with the bank deposits and cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from the Group's trade receivables. Most of the Group's trade debtors are large mobile network operators or media groups. Whilst historically credit risk has been low management continuously monitors its financial assets and performs credit checks on prospective partners.

## DIRECTORS' REPORT

**Directors and their interests**

The present membership of the Board together with their beneficial interests in the shares of the Company are set out below. All Directors following served on the Board throughout the year.

**Shares held or controlled by Directors**

	<b>Ordinary shares of £0.002 each 31 December 2008</b>	Ordinary shares of £0.002 each 31 December 2007
S D Buckingham	18,257,500	18,257,500
M Carleton	-	-
J A Colquhoun	-	-
I A L Donn	402,500	352,500
P Tomlinson	40,000	40,000
R G Parry	181,183	181,183

**Options**

The table below summarises the exercise terms of the various options over ordinary shares of £0.002 (2007: £0.002) each which have been granted, and were still outstanding at 31 December 2008 and 31 December 2007.

	Options Held at 1 Jan 2008	Options Granted during the year	Options exercised during the year	Gain on exercise of options	Options held at 31 December 2008	Exercise price	Earliest date from which exercisable	Latest expiry date
	Number	Number	Number	£	Number	£		
R G Parry <sup>1</sup>	689,655	-	-	-	689,655	0.8700	15 Feb 2008	14 Feb 2016
J Colquhoun <sup>2</sup>	24,500	-	-	-	24,500	0.4600	17 Aug 2007	16 Aug 2016
J Colquhoun <sup>2</sup>	25,500	-	-	-	25,500	0.4000	7 Dec 2007	6 Dec 2016
J Colquhoun <sup>3</sup>	-	25,000	-	-	25,000	0.0225	11 Apr 2009	10 Apr 2018

1. Mr Parry's options were granted on 15 February 2006 and can be exercised from the first anniversary of the grant date (33%), second anniversary of the grant date (67%) and third anniversary of grant date (100%).

2. Mr Colquhoun was appointed a director in May 2007. The options held by Mr Colquhoun were granted as part of the EMI share option scheme before his appointment as a director. 33.33% of these options may be exercised on or after the first anniversary of the grant date or the date, 66.67% of these options may be exercised on or after the second anniversary of the grant date, 100% may be exercised on or after the third anniversary of the grant date.

DIRECTORS' REPORT

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3. Since being appointed as a Director Mr Colquhoun was granted additional share options as part of the EMI share options scheme, 33.33% of these options may be exercised on or after the first anniversary of the grant date or the date, 66.67% of these options may be exercised on or after the second anniversary of the grant date, 100% may be exercised on or after the third anniversary of the grant date.

**Post balance sheet events**

There have been no material post balance sheet events.

**Research and development**

During the year the Group continued to invest in the development of its Vuesia media platform. During the year £300,000 of costs have been incurred. These costs have been capitalised as intangible assets in the balance sheet and are being amortised over their expected life in accordance with Group accounting policies

**Policy on payment on trade payables**

It is the Group's policy to settle supplier accounts in accordance with individual terms of business. The number of day's purchases outstanding at the year end in respect of the Company were 50 days (2007: 69 days)

**Going Concern**

The Group had cash balances of £2.3m at the year end and no borrowings. Having reviewed cashflow forecasts and budgets for the year ahead the Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

**Statement of Directors' responsibilities**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the Company accounts under UK GAAP. The financial statements are required by law to give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

**DIRECTORS' REPORT**

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The Directors, to the best of their knowledge, state that:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that it faces.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Auditors**

Grant Thornton UK LLP have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

By order of the board

**J A Colquhoun**  
**Company Secretary**

23 March 2009

## **REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MOBILE STREAMS PLC**

We have audited the group financial statements of Mobile Streams Plc for the year ended 31 December 2008 which comprise the accounting policies, the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in shareholders' equity, and notes 1 to 26. These group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of Mobile Streams Plc for the year ended 31 December 2008.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors' responsibilities for preparing the Annual Report and the group financial statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the group financial statements give a true and fair view and whether the group financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited group financial statements. The other information comprises only the Directors' report, the Chairman's statement, the Chief Executives statement and the Financial review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements. Our responsibilities do not extend to any other information.

## **BASIS OF AUDIT OPINION**

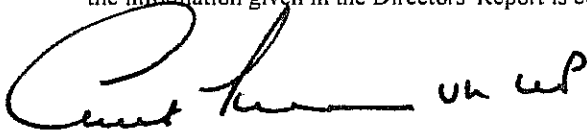
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the group financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the group financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 group financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the group financial statements.

## **OPINION**

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2008 and of its loss for the year then ended;
- the group financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



GRANT THORNTON UK LLP  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS  
LONDON

23 March 2009



## ACCOUNTING POLICIES

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of preparation**

The consolidated financial statements of Mobile Streams are for the year ended 31 December 2008. They have been prepared in accordance with applicable International Financial Reporting Standards as adopted by the EU. All references to IFRS in these statements refer to IFRS as adopted by the EU.

Preparation of financial statements in accordance with IAS 1 requires the use of some key assumptions and other sources of estimation uncertainty. It requires management of Mobile Streams to exercise judgement when applying accounting policies. The specific areas involving a higher degree of judgement and/or complexity and areas where assumptions/estimates are significant to the financial statements are disclosed in note 2. The historical cost convention has been applied, except as modified to take account of the revaluation of certain financial instruments, as set out in the accounting policies.

#### **Consolidation - subsidiaries**

Subsidiaries are all entities over which the group has the power to govern the operating and financial policies generally accompanying a shareholding of more than half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control is lost.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition, in line with IFRS 3, Business Combinations. Any assets acquired and liabilities and contingent liabilities assumed that are identifiable are measured initially at their fair values at the acquisition date. Goodwill is stated after separating out identifiable intangible assets. The excess of the cost of a business combination over the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of a business combination is less than the fair value, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated in full. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The separate financial statements and needs of the company are presented on pages 51-59, which are prepared in accordance with UK GAAP.

#### **Foreign currency translation**

##### **(a) Presentational currency**

The consolidated and parent company financial statements are presented in British pounds, the functional currency of the parent entity is also British pounds.

## ACCOUNTING POLICIES

### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date the transaction occurs. Any exchange gains or losses resulting from these transactions and from the translation of monetary assets and liabilities at balance date are recognised in the income statement.

### (c) Group companies

The financial results and position of all group entities that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- i assets and liabilities for each balance sheet are translated at the closing exchange rate at the date of balance sheet
- ii income and expenses for each income statement are translated at average exchange rates (unless it is not a reasonable approximation, in which case translated at dates of transactions)
- iii all resulting exchange differences are recognised as a separate component of equity (cumulative translation reserve)

### Property, plant and equipment

All property, plant and equipment (PPE) are stated at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the purchase of the items.

Depreciation is calculated to write off the cost of property, plant and equipment less estimated residual value on a straight line basis over their estimated useful life. The following rates and methods have been applied:

Leasehold improvements	Over the life of the lease
Plant and equipment	33% straight line
Office furniture	Between 10% and 33% straight line

The asset's residual value and useful life is reviewed, and adjusted if required, at each balance sheet date. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Gains/losses on disposal of assets are determined by comparing proceeds received to the carrying amount. Any gain/loss is included in the income statement.

### Intangible assets

#### (a) Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of net identifiable assets of the acquired entity at the date of acquisition. This goodwill for subsidiaries is included in intangible assets. Intangibles acquired in a business combination are acquired at fair value. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for impairment testing. Excess of the fair value of net assets over the cost of the combination is recognised immediately after acquisition in the income statement.

## ACCOUNTING POLICIES

### (b) Customer relationships

Customer relationships represent relationships that have been acquired through business combinations. To meet this definition, the intangibles must be identifiable either by being separable, or by arising from contractual or other legal rights. Intangibles acquired through business combinations are recognised at fair value. Where a reliable estimate of useful life of the intangible can be obtained, the intangible asset is to be amortised using the straight line basis, over the useful life. Where there is an indication of impairment of intangibles, the intangible will be tested for impairment. The estimated useful life of customer relationships is 3 years.

### (c) Technology based assets

Technology based assets represent assets that have been acquired through business combinations. To meet this definition, the intangibles must be identifiable either by being separable, or by arising from contractual or other legal rights. Intangibles acquired through business combinations are recognised at fair value. Where a reliable estimate of useful life of the intangible can be obtained, the intangible asset is to be amortised using the straight line basis, over the useful life. Where there is an indication of impairment of intangibles, the intangible will be tested for impairment. The estimated useful life of technology based assets is 3 years.

### (d) Non-compete agreement

The non-compete agreement was acquired through the business combination of Mobile Streams (Hong Kong) Limited. To meet this definition, the intangible must be identifiable either by being separable, or by arising from contractual or other legal rights. Intangibles acquired through business combinations are recognised at fair value. The estimated useful life of the non-compete agreement is 3.5 years. The intangible asset is to be amortised using the straight line basis, over the useful life. Where there is an indication of impairment of intangibles, the intangible will be tested for impairment.

### (e) Media content

Media content represents intangible assets that have acquired from third parties and also these that are internally generated. Content expenditure is charged to income in the year in which it is incurred unless it meets the recognition criteria of IAS 38 Intangible Assets. For internally generated media content to meet the criteria of an intangible the Group must demonstrate the following criteria. Firstly the technical feasibility of completing the asset so that it will be available for use, its intention to complete the intangible (or sell it), its ability to use or sell the intangible, that the intangible will generate future economic benefit, adequate resources are available to complete the intangible and the expenditure can be reliably measured. Intangible assets, if capitalised, are amortised on a straight-line basis over the period of the expected benefit. Amortisation commences when the asset is ready for use.

Intangibles acquired from third parties are recognised at cost. Where a reliable estimate of useful life of the intangible can be obtained, the intangible asset is to be amortised using the straight line basis, over the useful life. Where there is an indication of impairment of intangibles with a definite life, the intangible will be tested for impairment. The estimated useful life of content is 2 years.

## ACCOUNTING POLICIES

### (f) Media platform development

Media platform developments represent intangible assets that have internally generated including capitalised direct staff costs. Platform expenditure is charged to income in the year in which it is incurred unless it meets the recognition criteria of IAS 38 Intangible Assets. To meet this criteria the Group must demonstrate the technical feasibility of completing the asset so that it will be available for use, its intention to complete the intangible (or sell it), its ability to use or sell the intangible, that the intangible will generate future economic benefit, adequate resources to complete the intangible and the expenditure can be reliably measured. Intangible assets, if capitalised, are amortised on a straight-line basis over the expected useful life. Where there is an indication of impairment of intangibles with a definite life, the intangible will be tested for impairment. The estimated useful life of media platform development is 2 years.

### (g) Software

Software represents assets that have been acquired from third parties. To meet this definition, the intangibles must be both identifiable and either separable, or arise from contractual or other legal rights. Intangibles acquired from third parties are stated at cost less accumulated amortisation and impairment losses. Where a reliable estimate of useful life of the intangible can be obtained, the intangible asset is to be amortised using the straight line basis, over the useful life. Where there is an indication of impairment of intangibles with a definite life, the intangible will be tested for impairment.

Amortisation is shown in "depreciation, amortisation and impairment" in the income statement.

### Impairment of assets

Assets that have an indefinite useful life, such as goodwill, are not subject to amortisation, but are instead tested annually for impairment and also tested whenever an event or change in situation indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are also tested for impairment whenever an event or change in situation indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement as the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is determined by the higher of the fair value of an asset less costs to sell and the value in use. In order to assess impairment, assets are grouped at the lowest levels for which separate cash flows can be identified (cash-generating units).

Impairment is shown in "depreciation, amortisation and impairment" in the income statement.

### Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with financial institutions, and other short-term highly liquid investments with original maturities of three months or less.

## ACCOUNTING POLICIES

### Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not provided on initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. Deferred income tax is determined using tax rates known by the balance sheet date and are expected to apply when the deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax liabilities are provided in full, with no discounting.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statements, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

### Provisions

Provisions, including those for legal claims, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability, including risks specific to the liability.

### Financial Assets

#### a) Loans and receivables

Cash and trade receivables are classified as loans and receivables. Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where there is no intention of trading. They are included as current assets, unless maturity is greater than 12 months after balance sheet date. Trade receivables are included in trade and other receivables in the balance sheet. Trade receivables are recognised initially at fair value and later measured at amortised cost using the effective interest method, less provision for impairment. An impairment provision for trade receivables is established when there is evidence the Group will not be able to collect all amounts due according to the terms of the receivables. The provision is calculated as the difference between the receivable's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash represents the nominal value in Mobile Streams controlled bank accounts at the period end.

#### b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They form part of non-current assets unless management intends to dispose of the

## ACCOUNTING POLICIES

investment within 12 months of balance sheet date. The Groups available for sale investments consist of unlisted securities, are shown at their fair value.

All available-for-sale financial assets are measured at fair value at balance sheet date, with subsequent changes in value recognised in equity. Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired. In the case of impairment, any loss previously recognised in equity is transferred to the income statement. Losses recognised in the income statement on equity instruments are not reversed through the income statement but charged to equity. Losses recognised in prior period consolidated income statements resulting from the impairment of debt securities are reversed through the income statement, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

The Group assesses at each balance sheet date whether there is evidence that financial assets are impaired.

### Financial Liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are recorded initially at fair value, net of direct issue costs.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

#### Trade payables

The Group's financial liabilities consist of trade and other payables, which are measured subsequent to initial recognition at amortised cost using the effective interest rate method.

All interest-related charges are reported in the income statement are included in the income statement line items "finance costs".

### Revenue recognition

Revenue includes the fair value of sale of goods and services, net of value-added tax, rebates and discounts and after eliminating intercompany sales within the Group. Revenue is recognised as follows:

#### a) Sales of goods

Sales of goods are recognised when a Group entity has delivered media content to the end consumer, who has accepted the product and collectability of the related receivable is reasonably assured from the customer.

#### b) Rendering of services

Rendering of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction, on the basis of the actual service provided as a proportion of the total services to be provided.

## ACCOUNTING POLICIES

### c) Interest income

Interest receivable is recognised in the income statement using the effective interest method. If the collection of interest is considered doubtful, it is suspended and excluded from interest income in the income statement.

### d) Deferred income

Revenue that has been collected from customers but where the above conditions are not met is recorded in the balance sheet under other debtors and deferred income and released to the income statement when the conditions are met.

## Share based payments

Employees (including Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

### Equity settled transactions

The Group has applied the requirements of IFRS 2 Share-based Payments to all grants of equity instruments.

The cost of equity settled transactions with employees is measured by reference to the fair value at the grant date of the equity instruments granted. The fair value is determined by using the Black-Scholes method.

The cost of equity-settled transactions is recognised, together with a corresponding increase in retained earnings, over the periods in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest. Market conditions are taken into account in determining the fair value of the options granted, at grant date, and are subsequently not adjusted for. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

No expense or increase in equity is recognised for awards that do not ultimately vest. Awards where vesting is conditional upon a market condition are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

## ACCOUNTING POLICIES

### Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are charged to the share premium account.

### Shares to be issued

Shares to be issued are recorded in Balance Sheet when the Group has an obligation to issue shares. Shares to be issued relate to deferred consideration on the acquisition of Mobile Streams Europe GmbH (formerly Cyoshi Mobile GmbH). The shares are valued at the market value as at the date of acquisition.

### Leased assets

In accordance with IAS 17, all the Groups leases are determined to be operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

Operating leases are leases in which the risks and rewards of ownership are not transferred to the lessee.

### Equity balances

#### a) Called up share capital

Called up share capital represents the nominal value of cash received from shares on issue at the time of our Initial Public Offering.

#### b) Share premium

The share premium account represents the incremental paid up capital above the nominal value of the shares issued at the time of our Initial Public Offering.

#### c) Translation Reserve

The translation reserve represents the revaluation at the balance sheet date of Mobile Streams quasi capital loans to its fully controlled subsidiaries.

#### d) Merger Reserve

The merger reserve represents the excess over nominal value of the fair value of consideration received for equity shares issued allotted directly to acquire another entity meeting the specific requirements of section 131 of the Companies Act 1985. The conditions of the relief include:

- Securing at least 90% of the nominal value of equity of another Company.
- The arrangement provides for allotment of equity shares in the issuing Company.



**ACCOUNTING POLICIES****Standards and interpretations not yet applied**

The following new Standards and Interpretations, which are yet to become mandatory, have not been applied in the 2008 group financial statements.

<b>Standard or Interpretation</b>		<b>Effective for in reporting periods starting on or after</b>
IAS 1	Presentation of Financial Statements (revised 2007)	1 January 2009
IFRS 2	Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations	1 January 2009
IAS 23	Borrowing Costs (revised 2007)	1 January 2009
IAS 32	Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
IAS 27	Consolidated and Separate Financial Statements (Revised 2008)	1 July 2009
IFRS 3	Business Combinations (Revised 2008)	1 July 2009
IFRS 8	Operating Segments	1 January 2009
IFRIC 13	Customer Loyalty Programmes	1 July 2008

**Standards management expect to effect the Group****Amendment to IAS 1 Presentation of Financial Statements (effective from 1 January 2009)**

This amendment affects the presentation of owner changes in equity and introduces a statement of comprehensive income. Preparers will have the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of other comprehensive income). This amendment does not affect the financial position or results of the Group but will give rise to additional disclosures. Management is currently assessing the detailed impact of this amendment on the Group's financial statements.

**Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective from 1 January 2009)**

This amendment affects share based payments. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. Under IFRS 2, a cancellation of equity instruments is accounted for as an acceleration of the vesting period. Therefore any amount unrecognised that would otherwise have been charged is recognised immediately. Any payments made with the cancellation (up to the fair value of the equity instruments) is accounted for as the repurchase of an equity interest. Any payment in excess of the fair value of the equity instruments granted is recognised as an expense.

Vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. Under IFRS 2, features of a share-based payment that are not vesting conditions should be included in the grant date fair value of the share-based payment. The fair value also includes market-related vesting conditions. This will not affect the Group as the only current condition on share based payments relates to service.

## ACCOUNTING POLICIES

### Implementation of IFRS 8 Business Combinations

IFRS 8 identifies business segments based on any business activities whose operating results are regularly reviewed by the chief operating decision maker (CODM). This is often described as a management approach. The concept of primary and secondary segments does not exist in IFRS 8.

The implementation of IFRS 8 will require Mobile Streams to reconsider its allocation of goodwill for the purpose of annual impairment testing. If a reallocation of goodwill is necessary, goodwill impairment testing should be based on the new IFRS 8 segment structure from the annual period in which IFRS 8 is first implemented. Any impairment identified should be recorded as an expense in current period earnings. In other words, we consider that the new approach to goodwill impairment testing (based on the IFRS 8 segment structure) should be applied prospectively. This amendment does not affect the financial position or results of the Group but will give rise to additional disclosures. Management is currently assessing the detailed impact of this amendment on the Group's financial statements.

No other standard is expected to effect the financial statements.

The Group does not intend to apply any of these pronouncements early.

MOBILE STREAMS PLC

Financial Statements for the year ended 31 December 2008

**CONSOLIDATED INCOME STATEMENT**

	Notes	2008 £000's	2007 £000's
Revenue		8,422	9,098
Cost of sales		(4,365)	(4,108)
<b>Gross profit</b>		<b>4,057</b>	<b>4,990</b>
Selling and marketing costs		(370)	(623)
Administration expenses		(3,478)	(5,127)
Other operating expenses		(6)	(116)
Depreciation, amortisation and impairment	5	(2,621)	(3,357)
Share based compensation		48	(240)
Restructuring costs		-	(363)
<b>Operating loss</b>		<b>(2,370)</b>	<b>(4,836)</b>
Finance income	6	64	180
<b>Loss before income tax</b>		<b>(2,306)</b>	<b>(4,656)</b>
Income tax (expense)/credit	9	(203)	432
<b>Loss for period</b>		<b>(2,509)</b>	<b>(4,224)</b>
<b>Attributable to:</b>			
Attributable to equity shareholders of Mobile Streams Plc		(2,509)	(4,224)
<b>Total and continuing earnings per share</b>		<b>Pence per share</b>	<b>Pence per share</b>
Basic and diluted	7	(6.945)	(12.024)

MOBILE STREAMS PLC

Financial Statements for the year ended 31 December 2008

**CONSOLIDATED BALANCE SHEET**

	Notes	2008 £000's	2007 £000's
<b>Assets</b>			
<b>Non-current</b>			
Goodwill	12	977	977
Intangible assets	12	910	2,516
Property, plant and equipment	11	203	409
Available for sale financial assets	13	-	467
		<b>2,090</b>	<b>4,369</b>
<b>Current</b>			
Trade and other receivables	14	2,153	3,248
Cash and cash equivalents	15	2,260	2,301
		<b>4,413</b>	<b>5,549</b>
<b>Total assets</b>		<b>6,503</b>	<b>9,918</b>
<b>Equity</b>			
<b>Equity attributable to the equity holders of Mobile Streams Plc</b>			
Called up share capital	19	73	71
Share Premium		10,310	10,468
Shares to be issued	19	-	479
Translation reserve		(525)	(182)
Retained earnings		(8,558)	(6,001)
Merger Reserve		635	-
<b>Total equity</b>		<b>1,935</b>	<b>4,835</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Deferred tax liabilities	17	63	306
<b>Current</b>			
Trade and other payables	16	3,827	4,283
Provisions	18	287	442
Current tax liabilities		391	52
		<b>4,505</b>	<b>4,777</b>
<b>Total liabilities</b>		<b>4,568</b>	<b>5,083</b>
<b>Total equity and liabilities</b>		<b>6,503</b>	<b>9,918</b>

The financial statements were authorised by the Board of Directors and were signed on its behalf by:



**J A Colquhoun**  
**Finance Director**  
 23 March 2009

**CONSOLIDATED STATEMENT OF EQUITY**

	Equity attributable to the equity holders of Mobile Streams Plc						
	Called up share capital	Share premium	Shares to be issued	Trans- lation reserve	Retained earnings	Merger reserve	Total Equity
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Balance at 1 January 2007</b>	69	10,290	637	(178)	(2,017)	-	8,801
Exchange differences on translation of foreign operations	-	-	-	(4)	-	-	(4)
Net income recognised directly in equity	-	-	-	(4)	-	-	(4)
Loss for the year to 31 December 2007	-	-	-	-	(4,224)	-	(4,224)
<b>Total recognised income and expense for the period</b>	-	-	-	(4)	(4,224)	-	(4,228)
Employee share based compensation	-	-	-	-	240	-	240
Shares issued	2	178	-	-	-	-	180
Shares to be issued	-	-	(158)	-	-	-	(158)
<b>Balance at 31 December 2007</b>	71	10,468	479	(182)	(6,001)	-	4,835
<b>Balance at 1 January 2008</b>	71	10,468	479	(182)	(6,001)	-	4,835
Exchange differences on translation of foreign operations	-	-	-	(343)	-	-	(343)
Net income recognised directly in equity	-	-	-	(343)	-	-	(343)
Loss for the year to 31 December 2008	-	-	-	-	(2,509)	-	(2,509)
<b>Total recognised income and expense for the period</b>	-	-	-	(343)	(2,509)	-	(2,852)
Employee share based compensation	-	-	-	-	(48)	-	(48)
Shares issued	2	-	(479)	-	-	477	-
Transfer to Merger Reserve	-	(158)	-	-	-	158	-
<b>Balance at 31 December 2008</b>	73	10,310	-	(525)	(8,558)	635	1,935

**CONSOLIDATED CASH FLOW STATEMENT**

	Notes	2008 £000's	2007 £000's
<b>Cash flows from (absorbed by) operating activities</b>			
Result for the period after tax		(2,509)	(4,656)
Adjustments			
Share based payments		(48)	240
Depreciation	5	252	123
Amortisation	5	1,559	1,028
Impairment of intangibles and goodwill	5	291	2,206
Impairment of assets held for sale	5	519	-
Interest received	6	(64)	(180)
Changes in trade and other receivables		1,095	(505)
Changes in trade and other payables		(456)	1,384
Income tax paid		(108)	(64)
<b>Total cash flows from operating activities</b>		<b>531</b>	<b>(424)</b>
<b>Cash flows from/(absorbed by) investing activities</b>			
Additions to property, plant and equipment		(58)	(180)
Additions to other intangible assets		(307)	(1,282)
Available for sale financial assets		-	(87)
Interest received		64	180
<b>Total cash flows from investing activities</b>		<b>(301)</b>	<b>(1,369)</b>
<b>Cash flows from financing activities</b>			
Issue of share capital (net of expenses paid)		-	23
<b>Total cash flow from financing activities</b>		<b>-</b>	<b>23</b>
<b>Net change in cash and cash equivalents</b>		<b>230</b>	<b>(1,770)</b>
Cash and cash equivalents at beginning of period		2,301	4,073
Exchange (losses) on cash and cash equivalents		(271)	(2)
<b>Cash and cash equivalents at end of period</b>	<b>15</b>	<b>2,260</b>	<b>2,301</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Mobile Streams Plc (the Company) and its subsidiaries (together 'the Group') provide technology and services for the publication of content, primarily for distribution on wireless devices. The Group has subsidiaries based around the world in Europe, Asia, North America and Latin America. The Group has made various strategic acquisitions to build its market share in these regions.

The Company is a public limited company incorporated in the United Kingdom. The address of its registered office is The Media Centre, 19 Bolsover Street, London, W1W 5NA.

The Company is listed on the London Stock Exchange's Alternative Investment Market.

These consolidated financial statements have been approved for issue by the Board of Directors on 23 March 2009.

### 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are evaluated on a regular basis and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

#### 2.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. These estimates, by definition, will rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### (a) Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amount of cash-generating units has been determined based on value-in-use calculations. These calculations require estimates to be made. Refer to note 12.

##### (b) Income taxes

The Group is subject to income taxes in various jurisdictions. Judgement is required in determining the worldwide provision for income taxes. There are many transactions/calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different to what is initially recorded, such differences will impact the income tax and deferred tax provisions.

##### (c) Intangible assets

The Group is required to identify and assess the useful life of intangible assets and determine if there is a finite or indefinite life. Judgement is required in determining if an intangible asset has a finite life and the extent of this finite life in order to calculate the amortisation charge on the asset. The Group tests annually whether intangible assets have suffered any impairment, in accordance with the accounting policy. The recoverable amount of cash-generating units have been determined based on value-in-use calculations. These calculations require estimates to be made. Where there is no observable market value for an intangible asset, management will make use of a valuation technique to determine the value of an intangible if there is no evidence of a market value. In doing so certain assumptions and estimates will be made. Refer to note 12.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

## d) Share based payments

The Group is required to measure the fair value of equity settled transactions with employees at the grant date of the equity instruments. The fair value is determined by using the Black-Scholes method. This requires assumptions regarding interest free rates, share price volatility and expected life of an employee share option. The volatility of the Company's share price on each date of grant was calculated as the average of volatilities of share prices of companies in the Peer Group on the corresponding dates. The volatility of share price of each company in the Peer Group was calculated as the average of annualized standard deviations of daily continuously compounded returns on the Company's stock, calculated over 1, 2, 3, 4 and 5 years back from the date of grant, where applicable. The risk-free rate is the yield to maturity on the date of grant of a UK Gilt Strip, with term to maturity equal to the life of the option. In our experience the expected life of an employee share option is 5 years.

## e) Deferred taxation

Judgement is required by management in determining whether the Group should recognise a deferred tax asset. Management considered whether there is sufficient certainty its tax losses available to carry forward would ultimately be offset against future earnings, this judgement impacts on the degrees to which deferred tax assets are recognised (see note 9).

## f) Seasonal/ Cyclical Trends

Historically the scale of mobile media content is subject to seasonal fluctuations with peak demand falling in the second half of each year. This trend was less obvious in 2007 and did not was not prevalent in 2008.

**3. DIRECTORS' AND OFFICERS' REMUNERATION AND INTERESTS**

The Directors are regarded as the key management personnel of the Mobile Streams Plc.

Charges in relation to remuneration received by key management personnel for services in all capacities during the years ended 31 December 2008 are as follows:

	2008 £000's	2007 £000's
Short- term employee benefits		
- salaries/remuneration	307	240
- social security costs	29	24
	<u>336</u>	<u>264</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****4. SERVICES PROVIDED BY THE GROUP'S AUDITOR AND NETWORK FIRMS**

During the year the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor at costs detailed below:

	2008 £000's	2007 £000's
Fees payable to company auditor for the audit of parent company and consolidated accounts	60	64
Non-Audit services:		
Fees payable to the Company's auditor and its associates for other services:		
The audit of company's subsidiaries pursuant to legislation	5	5
Interim procedures	11	15
Tax compliance and advisory services	4	7
	<u>80</u>	<u>91</u>

**5. DEPRECIATION, AMORTISATION AND IMPAIRMENT**

	2008 £000's	2007 £000's
Depreciation	252	123
Amortisation	1,559	1,028
Impairment of goodwill	-	1,496
Impairment of content	-	181
Impairment of other intangibles	291	529
Impairment of assets held for sale	519	-
	<u>2,621</u>	<u>3,357</u>

**6. FINANCE INCOME/EXPENDITURE**

	2008 £000's	2007 £000's
Interest receivable	64	121
Other interest receivable	-	59
	<u>64</u>	<u>180</u>
Bank interest payable	-	-
Net interest receivable	<u>64</u>	<u>180</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****7. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	<b>31 December 2008</b>	<b>31 December 2007</b>
	<b>Pence per share</b>	<b>Pence per share</b>
Basic and diluted earnings per share	(6.945)	(12.024)
	<b>£000's</b>	<b>£000's</b>
Loss for the financial period	<u>(2,509)</u>	<u>(4,224)</u>
<b>For adjusted earnings per share</b>	<b>£000's</b>	<b>£000's</b>
Loss for the financial period	(2,509)	(4,224)
Add back: share compensation expense/(credit)	(48)	240
Add back: impairment of intangibles and goodwill	291	2,206
Add back: depreciation and amortisation	1,811	1,151
Add back: impairment of assets held for sale	519	-
Adjusted profit (loss) for the period	<u>64</u>	<u>(627)</u>
<b>Weighted average number of shares</b>	<b>Number of shares</b>	<b>Number of shares</b>
For basic earnings per share	36,125,445	35,128,404
For diluted earnings per share	36,896,742	35,128,404
	<b>Pence per share</b>	<b>Pence per share</b>
Adjusted basic earnings per share	0.177	(1.785)
Adjusted diluted earnings per share	0.173	(1.785)

The adjusted EPS has been calculated to reflect the underlying profitability of the business by excluding non-cash charges for depreciation, amortisation, impairments and share compensation expense.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****8. DIRECTORS AND EMPLOYEES**

Staff costs during the year were as follows:

	2008 £000's	2007 £000's
Wages and salaries	2,047	3,360
Social security costs	201	449
Pension costs	-	-
	<u>2,248</u>	<u>3,809</u>
Less: staff costs capitalised within media platform costs	<u>(133)</u>	<u>(732)</u>
	<u>2,115</u>	<u>3,077</u>

The average number of employees during the year was:

	2008 Number	2007 Number
Management	6	7
Administration	60	94
	<u>66</u>	<u>101</u>

Remuneration in respect of Directors was as follows:

	2008 £000's	2007 £000's
Emoluments	<u>336</u>	<u>278</u>
	<u>336</u>	<u>278</u>

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2008 £000's	2007 £000's
Emoluments	<u>158</u>	<u>104</u>
	<u>158</u>	<u>104</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****9. INCOME TAX EXPENSE**

The tax charge is based on the loss for the year and represents:

	2008	2007
	£000's	£000's
<b>Loss for the year before taxation</b>	<b>(2,306)</b>	<b>(4,656)</b>
Loss multiplied by standard rate of corporation tax in the United Kingdom of 28.5%	<u>(657)</u>	<u>(1,397)</u>
<b>Expected tax expense</b>	<b>(657)</b>	<b>(1,397)</b>
<b>Adjustment for tax-rate differences</b>	<b>21</b>	<b>15</b>
<b>Adjustment for non-deductible expenses</b>		
Expenses not deductible for tax purposes in the current year	270	837
Deductions following exercise of EMI options	-	(66)
Relating to goodwill impairment/amortisation	-	(344)
Excess of depreciation over capital allowances	331	348
Movement on losses not provided	(97)	-
Prior year tax adjustments	211	37
Overseas taxation and losses	<u>124</u>	<u>138</u>
<b>Actual tax expense, net</b>	<b>203</b>	<b>(432)</b>
<b>Comprising</b>		
Current tax expense	446	(3)
Deferred tax expense/(credit) resulting from the origination and reversal of temporary differences	<u>(243)</u>	<u>(429)</u>
	<b>203</b>	<b>(432)</b>

Please refer to note 17 for information on the entity's deferred tax assets and liabilities.

The Group has approximately £1.9m trading losses to offset against future trading profits. At this stage no deferred tax asset has been recognised and will not be recognised until such time as the expansion of the relevant companies within the Group beyond their initial set up phase deems it appropriate.

**10. DIVIDENDS**

No dividend was paid or proposed during the year nil (2007: £nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****11. PROPERTY, PLANT AND EQUIPMENT**

	Leasehold improvements £000's	Office furniture, plant and equipment £000's	Total £000's
<b>Cost</b>			
At 1 January 2008	44	588	632
Additions	-	58	58
Disposals	-	(112)	(112)
Translation adjustments	-	(5)	(5)
<b>At 31 December 2008</b>	<b>44</b>	<b>529</b>	<b>573</b>
<b>Depreciation</b>			
At 1 January 2008	12	211	223
Provided in the year	21	231	252
Disposals	-	(112)	(112)
Translation adjustments	-	7	7
<b>At 31 December 2008</b>	<b>33</b>	<b>337</b>	<b>370</b>
<b>Net book amount at 31 December 2008</b>	<b>11</b>	<b>192</b>	<b>203</b>

	Leasehold improvements £000's	Office furniture, plant and equipment £000's	Total £000's
<b>Cost</b>			
At 1 January 2007	44	461	505
Additions	-	127	127
Disposals	-	-	-
Translation adjustments	-	-	-
<b>At 31 December 2007</b>	<b>44</b>	<b>588</b>	<b>632</b>
<b>Depreciation</b>			
At 1 January 2007	4	96	100
Provided in the year	8	115	123
Disposals	-	-	-
Translation adjustments	-	-	-
<b>At 31 December 2007</b>	<b>12</b>	<b>211</b>	<b>223</b>
<b>Net book amount at 31 December 2007</b>	<b>32</b>	<b>377</b>	<b>409</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****12. GOODWILL AND INTANGIBLE ASSETS**

Mobile Streams' intangible assets comprise its Vuesia Media Platform, acquired customer relationships, technology-based assets, non-compete agreements, and media content. Other intangibles consists of customer relationships, technology based assets, and non-compete agreements. Intangible assets are amortised in line with the Groups accounting policies.

	Media platform development and software £000's	Media content £000's	Goodwill £000's	Other intangibles £000's	Total £000's
<b>Cost</b>					
At 1 January 2008	2,128	332	2,473	2,364	7,297
<b>Additions</b>					
- internally generated	303	-	-	-	303
- externally acquired	4	-	-	-	4
<b>Disposal</b>	(265)	-	-	-	(265)
Translation adjustments	(13)	-	-	-	(13)
<b>At 31 December 2008</b>	<b>2,157</b>	<b>332</b>	<b>2,473</b>	<b>2,364</b>	<b>7,326</b>
<b>Accumulated amortisation and impairment</b>					
At 1 January 2008	768	253	1,496	1,287	3,804
Amortisation	1,096	31	-	432	1,559
Impairment	-	-	-	291	291
Depreciation on Disposal	(223)	-	-	-	(223)
Translation adjustments	8	-	-	-	8
<b>At 31 December 2008</b>	<b>1,649</b>	<b>284</b>	<b>1,496</b>	<b>2,010</b>	<b>5,439</b>
<b>Net book value at 31 December 2008</b>	<b>508</b>	<b>48</b>	<b>977</b>	<b>354</b>	<b>1,887</b>
	Media platform development and software £000's	Media content £000's	Goodwill £000's	Other intangibles £000's	Total £000's
<b>Cost</b>					
At 1 January 2007	978	151	2,464	2,364	5,957
<b>Additions</b>					
- internally generated	1,040	-	-	-	1,040
- externally acquired	110	181	9	-	300
<b>At 31 December 2007</b>	<b>2,128</b>	<b>332</b>	<b>2,473</b>	<b>2,364</b>	<b>7,297</b>
<b>Accumulated amortisation and impairment</b>					
At 1 January 2007	271	15	-	284	570
Amortisation	497	57	-	474	1,028
Impairment	-	181	1,496	529	2,206
<b>At 31 December 2007</b>	<b>768</b>	<b>253</b>	<b>1,496</b>	<b>1,287</b>	<b>3,804</b>
<b>Net book value at 31 December 2007</b>	<b>1,360</b>	<b>79</b>	<b>977</b>	<b>1,077</b>	<b>3,493</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****Impairment**

Subsequent to the annual impairment test for 2008, the carrying amount of goodwill is allocated to the Mobile Steams (Hong Kong) Limited and was unchanged on the prior year at £977,000.

The recoverable amounts for the cash-generating unit presented above was determined based on value-in-use calculations, covering a five year forecast assuming growth from further developing the existing customer relationships and broadening the content repertoire offering. The valuation is wholly based on our budgets which has been prepared by senior management and reviewed and approved by the board of directors. Growth and discount rates used in the valuation of cash-generating units were 2% and 6% respectively.

Key assumptions relating to the valuation of intangibles were based on past experience. This includes assumptions for discount rate, growth rates and projected cashflows for cash generating units.

**Other intangible assets**

The impairment review of Mobile Streams' (Hong Kong) Limited and The Nickels Group showed no indication of impairment.

The valuation for Europe GmbH was adjusted in 2008 for a decline in on portal revenues and slower than expected increase in off-portal revenues. Impairment testing, taking into account these developments, resulted in the full impairment of the intangible assets associated with this cash generating unit.

The impairment loss of £291,000 (2007: nil) was included in "depreciation, amortisation and impairment" in the income statement and attributed as follows:

	Customer £000's	Technology £000's	Total £000's
Mobile Streams' GmbH	220	71	291
	<u>220</u>	<u>71</u>	<u>291</u>

Apart from the consideration described in determining the value in use of the cash generating units described above, the management of Mobile Streams is not currently aware of any other probable changes that would necessitate changes in its key estimates.

Mobile Streams' other intangible assets comprise acquired customer relationships, technology based assets, own software development and media content. The carrying amounts for the reporting periods under review can be analyzed as follows:

	The Nickels Group	2008 Mobile Streams GmbH	Mobile Streams Hong Kong	Total
	£000's	£000's	£000's	£000's
Customer	5	-	18	23
Technology-based	-	-	323	323
Non-compete	-	-	5	5
	<u>5</u>	<u>-</u>	<u>346</u>	<u>351</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	The Nickels Group	2007 Mobile Streams GmbH	Mobile Streams Hong Kong	Total
	£000's	£000's	£000's	£000's
Customer	7	443	25	475
Technology-based	-	140	450	590
Non-compete	-	-	12	12
	<u>7</u>	<u>583</u>	<u>487</u>	<u>1077</u>

## 13. IMPAIRMENT OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

During 2006, the Group, through its wholly owned subsidiary Mobile Streams Inc, made an investment in Mobile Greetings Inc in the form of interest bearing convertible loan stock. This was subsequently converted to share capital in the 2007 financial year. As at 31 December 2007 the total value attributed to the investment was £430,000 and was shown as financial assets held for sale and accrued interest receivable. Mobile Greetings' principal activities are the creation and publication of mobile phone content.

The Group, through the parent company also invested £89,000 in FunkySexyCool Inc in the 2007 financial year.

The Company continues to monitor the carrying value of its investments, and for indicators of impairment in accordance with IAS39. Due to the worsening economic climate and uncertain nature of realising an economic benefit both holdings have been fully impaired. Management has used its judgment in concluding that a full impairment of both Mobile Greetings Inc and FunkySexyCool Inc was required in accordance with IAS 39. The discounted cash flow method of valuation has been applied where possible to assist with the estimation of the current fair value of financial assets.

	2008 £000's	2007 £000's
<b>Financial assets held for sale</b>		
At 1 January 2008	467	382
Accrued interest converted to common stock in Mobile Greeting Inc	<u>52</u>	<u>-</u>
	<b>519</b>	<b>382</b>
Additions	-	85
Impairment	<u>(519)</u>	<u>-</u>
<b>At 31 December 2008</b>	<b>-</b>	<b>467</b>

## 14. TRADE AND OTHER RECEIVABLES

	2008 £000's	2007 £000's
Trade receivables	1,109	1,480
Accrued receivables	559	1,068
Other taxes	-	85
Prepayments	<u>485</u>	<u>615</u>
	<b>2,153</b>	<b>3,248</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

The carrying value of trade receivables is considered a reasonable approximation of fair value.

All of Mobile Streams trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables, on the basis of age and collectability were found to be impaired and a provision of £211,000 (2007: £37,000) has been recorded accordingly.

In addition, some of the unimpaired trade receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

	2008 £000's	2007 £000's
Not more than 3 months	49	48
More than 3 months but not more than 6 months	-	15
More than 6 months but not more than 1 year	-	1
More than 1 year	-	-

**Provision for doubtful reconciliation**

	2008 £000's	2007 £000's
Opening provision for doubtful debts	37	0
Expense for the period	174	37
Closing provision for doubtful debts	211	37

**15. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include the following components:

	2008 £000's	2007 £000's
Cash at bank and in hand	<u>2,260</u>	<u>2,301</u>

**16. TRADE AND OTHER PAYABLES**

	2008 £000's	2007 £000's
Trade payables	982	1,051
Other taxation and social security	72	152
Other payables	224	237
Accruals and deferred income	<u>2,549</u>	<u>2,843</u>
	<u><b>3,827</b></u>	<u><b>4,283</b></u>

All amounts are short term. The carrying values are considered to be a reasonable approximation of fair value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****17. DEFERRED TAXATION ASSETS AND LIABILITIES**

	Balance 1 Jan 2007 £000's	Recognised in income £000's	Balance 1 Jan 2008 £000's	Recognised in income £000's	Balance 31 Dec 2008 £000's
Deferred tax liability on intangible assets	650	(344)	306	(243)	63
	<u>650</u>	<u>(344)</u>	<u>306</u>	<u>(243)</u>	<u>63</u>

Deferred tax on intangibles has decreased as a result of impairment and amortisation. The Company has not recognised deferred tax assets in respect of tax written values in excess of book values and will not do so until it is reasonable to do.

**18. PROVISIONS**

	Onerous contracts £000's	Other £000's	Trade receivables £000's	Total £000's
Balance 1 January 2008	130	275	37	442
Movement	(130)	(199)	174	(155)
Balance 31 December 2008	<u>-</u>	<u>76</u>	<u>211</u>	<u>287</u>

During 2007 the Company entered into a number of contracts with ongoing service and financial obligations, in some instances the cost of the ongoing obligations are in excess of the anticipate future associated revenues, where this is the case the anticipated future losses have been provided for. Future losses were estimated based on current and forecasted analysis of the relevant contacts, all of which have been discharged during 2008.

Provisions have also been made for legal costs and compensation payments required to settle litigation relating to intellectual property rights infringement. Due to the inherent uncertainties of the outcome of such claims management has estimated the total cost of settlement based on advice received from legal advisers. Management anticipates that all outstanding claims will be concluded during 2009.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****19. SHARE CAPITAL**

	Number of shares (000's)
<b>Balance at 1 January 2008</b>	35,648
New share issues	620
<b>Balance at 31 December 2008</b>	<u>36,268</u>

The Company only has one class of shares.

The total number of shares issued is 36,268,192 (December 2006: 35,647,924) with a par value of £0.002 per share. All issued shares are fully paid.

	2008 £000's	2007 £000's
Authorised 69,150,000 ordinary shares of £0.002 each (2007: 69,150,000)	138	138
Allotted, called up and fully paid: 36,268,192 ordinary shares of £0.002 each (2007: 35,647,924 ordinary shares of £0.002 each)	73	71

On 9 May 2008 the Company issued 620,268 fully paid ordinary shares of £0.002 per share at a value of £0.77 per share as part of the consideration for the purchase of the share capital of Mobile Streams Europe GmbH (formerly Cyoshi Mobile GmbH).

**Shares to be issued**

	2008 £000's	2007 £000's
Balance 1 January	479	637
Movement	<u>(479)</u>	<u>(158)</u>
Balance 31 December	<u>-</u>	<u>479</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**Options**

The table below summarises the exercise terms of the various options over ordinary shares of £0.002 each which have been granted, and were still outstanding at 31 December 2008 and 31 December 2007.

Date of issue	Exercise price	Period of option		At 31	At 31
		Earliest date	Latest date	December 2008	December 2007
				Ordinary shares of £0.002 each	Ordinary shares of £0.002 each
				Number	
<b>Enterprise Management Incentive Scheme</b>					
19 Nov 2004	£0.03183*	19 Nov 2005**	18 Nov 2014	59,000	275,625
01 Mar 2005	£0.03183*	1 Mar 2006**	28 Feb 2015	-	-
01 Feb 2006	£0.8163	1 Feb 2007***	31 Jan 2016	23,000	117,600
17 Aug 2006	£0.46	17 Aug 2007****	16 Aug 2016	33,500	33,500
07 Dec 2006	£0.40	7 Dec 2007****	06 Dec 2016	170,800	287,550
25 Jul 2007	£0.28	25 Jul 2008****	24 Jul 2017	91,000	227,000
20 Sep 2007	£0.225	20 Sep 2008****	19 Sep 2017	22,000	320,000
10 Apr 2008	£0.0225	10 April 2009****	10 Apr 2018	160,000	-
<b>ISO Sub-Plan</b>					
19 Nov 2004	£0.03183*	19 Nov 2005***	18 Nov 2014	12,250	12,250
<b>Global Share Option Plan</b>					
19 Nov 2004	£0.03183*	19 Nov 2005**	18 Nov 2014	-	-
01 Feb 2006	£0.03183*	19 Nov 2005**	31 Jan 2016	30,625	116,375
01 Feb 2006	£0.8163	1 Mar 2006**	31 Jan 2016	9,800	52,675
19 Apr 2006	£0.76	19 Apr 2007****	18 Apr 2016	69,156	207,468
02 Aug 2006	£0.465	2 Aug 2007****	01 Aug 2016	-	116,426
08 Aug 2006	£0.465	8 Aug 2007****	07 Aug 2016	10,000	210,000
17 Aug 2006	£0.46	17 Aug 2007****	16 Aug 2016	1,225	44,225
07 Dec 2006	£0.40	7 Dec 2007****	06 Dec 2016	39,450	208,450
27 Jun 2007	£0.39	27 Jun 2008****	26 Jun 2017	66,250	66,250
20 Sep 2007	£0.225	20 Sep 2007****	19 Sep 2017	200,000	360,000
10 Apr 2008	£0.0225	10 April 2009****	10 Apr 2018	160,000	-
<b>Stand Alone Option Plans</b>					
01 Feb 2007	£0.03183*	1/2/2006*****	31 Jan 2016	10,000	24,500
15 Feb 2007	£0.87	15 Feb 2007****	14 Feb 2016	689,655	689,655
15 Feb 2007	£0.002	1 Mar 2006*****	28 Feb 2015	-	-

\* Original issue price was £0.078. Due to recapitalisation the adjusted issue price is £0.03183.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

\*\* 50% 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 shares are traded on a stock exchange. 100% of the issued options can be exercised on the later of the second anniversary of the grant date or the date the shares were traded on a stock exchange.

\*\*\* 100% 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 shares are traded on a stock exchange.

\*\*\*\* 33.33 % of issued options can be exercised on or after the first anniversary of the grant date, 66.67% of the issued options can be exercised on or after the second anniversary of the grant date, 100% of the issued options can be exercised on or after the third anniversary of the grant date.

\*\*\*\*\* Options exercisable immediately issued to employee who left the company after a number of years of service.

\*\*\*\*\* Options issued pursuant to a non-dilute agreement upon IPO.

**20. SHARE BASED PAYMENTS**

The Group operates a number of share option schemes in order to attract and maintain key staff. The remuneration committee can grant options over shares in the Company to employees of the Group. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of grant. The contractual life of an option is 10 years. The Company has made only one grant during 2008. Details of the option plans in place and exercise periods are shown above in note 19. Exercise of an option is subject to continued employment. Options were valued using the Black-Scholes option-pricing model. The fair value per option granted during the year and the assumptions used in the calculation are shown below:

Date of grant	10 Apr 2008	10 Apr 2008	10 Apr 2008
Share price at grant (£)	0.0225	0.0225	0.0255
Exercise price (£)	0.0225	0.0225	0.0255
Shares under option	106,667	106,667	106,666
Vesting period (years)	1	2	3
Volatility	64.58%	64.58%	64.58%
Option Life (years)	10	10	10
Expected life (years)	5	5	5
Risk-free rate	5.14%	5.14%	5.14%
Dividend yield	0.00%	0.00%	0.00%
Fair value (£)	0.0063	0.0089	0.0108

The volatility of the Company's share price on each date of grant was calculated as the average of volatilities of share prices of companies in the Peer Group on the corresponding dates. The volatility of share price of each company in the Peer Group was calculated as the average of annualized standard deviations of daily continuously compounded returns on the Company's stock, calculated over 1, 2, 3, 4 and 5 years back from the date of grant, where applicable. The risk-free rate is the yield to maturity on the date of grant of a UK Gilt Strip, with term to maturity equal to the life of the option. In our experience the expected life of an employee share option is 5 years.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

	2008		2007	
	Number (000's)	Weighted average exercise price	Number (000's)	Weighted average exercise price
Outstanding at 1 January	3,370	£0.435	3,524	£0.391
Granted	370	£0.23	988	£0.251
Forfeited	(1,882)	£0.77	(341)	£0.403
Exercised	-	-	(801)	£0.026
Outstanding at 31 December	<u>1,858</u>	<u>£0.27</u>	<u>3,370</u>	<u>£0.435</u>
Exercisable at 31 December	<u>952</u>	<u>£0.49</u>	<u>1,050</u>	<u>£0.439</u>

Range of exercise prices	Weighted average exercise price	2008		2007		Number of Shares (000's)	Weighted average remaining life (years):	
		Number of Shares (000's)	Weighted average remaining life (years): Expected Contractual	Weighted average exercise price	Expected Contractual			
£0 - £0.50	0.229	864	2.9 8.8	£0.325	2,302	3.0	8.9	
£0.51 - £1.50	0.847	994	3.0 8.1	£0.834	1,068	3.1	8.2	

No share options were exercised during the year, the weighted average share price for options exercised in 2007 was £0.584.

The total impact for the year relating to employee share based payment plans was a credit of £48,000 (2007: charge of £240,000), all of which related to equity-settled share based payment transactions.

**21. CAPITAL COMMITMENTS**

The Group has no capital commitments as at 31 December 2008 (2007: nil).

**22. CONTINGENT LIABILITIES**

Various intellectual property right infringements and legal claims have been made against the Group. Unless recognised as a provision (see note 18), management considers these claims to be unjustified and the probability that they will require settlement at the Group's expense is remote. This evaluation has been backed up by external independent legal advice. (2007: £Nil)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****23. OPERATING LEASES**

The Group has commitments under operating leases for land and buildings and other leases to pay the following amounts in the next twelve months.

	<b>Land and Buildings</b>		<b>Other</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Annual commitments under non-cancellable operating lease expiring:</b>				
Within one year	42	139	-	4
Within two to five years	57	157	-	-
After five years	-	-	-	-
	<u>99</u>	<u>296</u>	<u>-</u>	<u>4</u>

Lease payments recognised as an expense during the period amount to £242,000 (2007: £252,000).

**24. RELATED PARTY TRANSACTIONS**

The only related party transaction occurring during the year was the remuneration of key management personal disclosed under in note 3.

**25. SEGMENT REPORTING**

The Directors consider there to be one class of business, being the distribution of licensed mobile phone content.

As at 31 December 2008, the Group is organised into 4 geographical segments: Europe, North America, Latin American, and Asia. All operations are continuing.

All inter-segment transfers are priced and carried out at arm's length.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

The segment results for the year ended 31 December 2008 are as follows:

	Europe £000's	North America £000's	Latin America £000's	Asia £000's	Totals £000's
Total gross segment sales					
- from external customers	1,988	2,152	1,790	2,492	8,422
- from other segments	-	-	-	-	-
Segment revenues	1,988	2,152	1,790	2,492	8,422
Cost of goods sold	(1,066)	(886)	(958)	(1,802)	(4,712)
Employee expense	(1,476)	(250)	(313)	(201)	(2,240)
Depreciation and amortisation	(1,603)	(101)	(36)	(72)	(1,812)
Other operating expenses *	1,190	(1,330)	(590)	(536)	(1,266)
<b>Segment operating results</b>	<b>(967)</b>	<b>(415)</b>	<b>(107)</b>	<b>(119)</b>	<b>(1,608)</b>
Interest revenue	48	2	4	10	64
Income tax expense	(298)	(7)	(146)	5	(446)
Segment assets	10,537	2,878	1,276	1,001	15,692
Segment liabilities	(1,198)	(4,869)	(2,270)	(1,746)	(10,083)
Capital expenditure	157	195	-	-	352
Segment impaired losses	(291)	(519)	-	-	(810)

The segment results for the year ended 31 December 2007 are as follows:

	Europe £000's	North America £000's	Latin America £000's	Asia £000's	Totals £000's
Total gross segment sales					
- from external customers	3,276	1,917	2,177	1,728	9,098
- from other segments	-	-	-	-	-
Operating result	3,276	1,917	2,177	1,728	9,098
Cost of goods sold	(1,267)	(712)	(919)	(1,210)	(4,108)
Employee expense	(1,748)	(657)	(303)	(400)	(3,108)
Depreciation and amortisation	(530)	(79)	(27)	(34)	(670)
Other operating expenses	(985)	(707)	(1,015)	(422)	(3,129)
<b>Segment operating results</b>	<b>(1,254)</b>	<b>(238)</b>	<b>(87)</b>	<b>(338)</b>	<b>(1,917)</b>
Interest revenue	87	31	56	6	180
Income tax expense	(100)	-	92	5	(3)
Segment assets	11,932	3,012	1,775	990	17,709
Segment liabilities	(2,143)	(4,054)	(2,511)	(1,431)	(10,139)
Capital expenditure	1,231	77	59	100	1,467
Segment impaired losses	(1,752)	(454)	-	-	(2,206)



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

\* The credit shown in "other operating expenses" in Europe is due to the cross charging of central costs by the corporate entity to the other segments in the group.

The totals presented in the Groups operating region segments reconcile to the entity's key financial figures as presented in its financial statements as follows:

	2008 £000's	2007 £000's
<b>Segment revenues</b>		
Total segment revenues	8,422	9,098
<b>Entity's revenues</b>	<u>8,422</u>	<u>9,098</u>
<b>Segment results</b>		
Total segment operating results reported	(1,608)	(1,917)
Interest revenue	64	180
Unallocated operating income and expenses	48	(713)
<b>Entity's operating result</b>	<u>(1,496)</u>	<u>(2,450)</u>
<b>Result from equity accounted investments</b>		
Other financial result	(810)	(2,206)
<b>Entity's result for the period before tax</b>	<u>(2,306)</u>	<u>(4,656)</u>
<b>Segment assets</b>		
Total segment assets	15,692	17,709
Consolidation	(9,189)	(7,791)
<b>Entity's assets</b>	<u>6,503</u>	<u>9,918</u>
<b>Segment liabilities</b>		
Total segment liabilities	10,083	10,139
Consolidation	(5,515)	(5,056)
<b>Entity's liabilities</b>	<u>4,568</u>	<u>5,083</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****26. RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group is exposed to currency and liquidity risk, which result from both its operating and investing activities. The Group's risk management is coordinated in close co-operation with the board of Directors, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets. The most significant financial risks to which the Group is exposed to are described below. Also refer to the accounting policies.

**Foreign currency risk**

The Group is exposed to translation and transaction foreign exchange risk. The currencies where the Group is most exposed to volatility are US Dollars, Euro, and Argentine Peso.

Currently, there is generally an alignment of assets and liabilities in a particular market, and no hedging instruments are used. In Latin American markets, cash in excess of working capital is converted into a hard currency such as US Dollars. The Company will continue to review its currency risk position as the overall business profile changes.

Foreign currency denominated financial assets and liabilities, translated into local currency at the closing rate, are as follows.

	2008 £000's				2007 £000's			
	US \$	EURO €	ARS \$	Other	US \$	EURO €	ARS \$	Other
Nominal amounts								
Financial assets	859	286	1,381	775	969	308	773	1,772
Financial liabilities	351	8	292	403	907	22	368	1,331
<b>Short-term exposure</b>	<b>508</b>	<b>278</b>	<b>1,089</b>	<b>372</b>	<b>62</b>	<b>286</b>	<b>405</b>	<b>441</b>
Financial assets	-	-	-	-	-	-	-	-
Financial liabilities	-	-	-	-	-	-	-	-
<b>Long-term exposure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and financial liabilities and the British Pound to US Dollar, Euro and Argentine Peso exchange rates.

Percentage movements used for sensitivity analysis are as follows. Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

	2008	2007
US Dollar	19%	3%
EURO	17%	6%
Argentine Peso	13%	4%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

If the British Pound had strengthened against the US Dollar, Euro and Argentine Peso by the percentages above retrospectively, then this would have had the following impact:

	2008				2007			
	£000's				£000's			
	US	EURO	ARS	Total	US	EURO	ARS	Total
	\$	€	\$		\$	€	\$	
Net result for the year	11	2	10	23	2	2	8	12
Equity	258	76	25	359	31	20	3	54

If the British Pound had weakened against the US Dollar, Euro and Argentine Peso by the percentages above retrospectively, then this would have had the following impact:

	2008				2007			
	£000's				£000's			
	US	EURO	ARS	Total	US	EURO	ARS	Total
	\$	€	\$		\$	€	\$	
Net result for the year	(11)	(2)	(10)	(23)	(2)	(2)	(8)	(12)
Equity	(258)	(76)	(25)	(359)	(31)	(20)	(3)	(54)

**Liquidity risk**

The Group/Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The Group currently has no borrowing arrangement in place and prepares cashflow forecasts which are reviewed at Board meetings to ensure liquidity.

As at 31 December 2008, the Groups liabilities have contractual maturities which are summarised below:

31 December 2008	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
	£000's	£000's	£000's	£000's
Trade payables	3,673	-	-	-

This compares to the maturity of the Groups financial liabilities in the previous reporting period as follows:

31 December 2007	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
	£000's	£000's	£000's	£000's
Trade payables	4,253	30	-	-

## **REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF MOBILE STREAMS PLC**

We have audited the parent company financial statements of Mobile Streams Plc for the year ended 31 December 2008 which comprise the principal accounting policies, the balance sheet and notes 1 to 13. These parent company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the group financial statements of Mobile Streams Plc for the year ended 31 December 2008.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors' responsibilities for preparing the Annual Report, and the parent company financial statements in accordance with United Kingdom law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the parent company financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent company financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Directors' Report is consistent with the parent company financial statements. The information given in the Directors' Report includes that specific information presented in the financial review, Chief Executives statement and Chairman's statement that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited parent company financial statements. This other information comprises only the Directors' report, the Chief Executives statement, the Chairman's Statement and the Financial review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any other information.

### **BASIS OF AUDIT OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the parent company financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

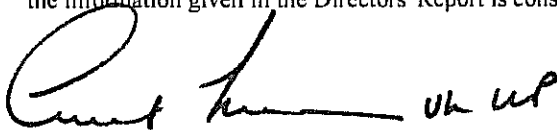
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent company financial statements are free from material misstatement, whether caused by fraud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

forming our opinion we also evaluated the overall adequacy of the presentation of information in the parent company financial statements.

**OPINION**

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008;
- the parent company financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



GRANT THORNTON UK LLP  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS  
LONDON

23 March 2009

## COMPANY ACCOUNTING POLICIES

### BASIS OF PREPARATION

As used in the financial statements and related notes, the term 'Company' refers to Mobile Streams Plc. The separate financial statements of the company are presented as required by the Companies Act 1985. As permitted by the Act, the separate financial statements have been prepared in accordance with the UK Generally Accepted Accounting Principles ("UK GAAP").

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below. The company has taken advantage of section 230 of the Companies Act 1985 and has not included the parent company income statement in the financial statements. The loss for the parent company for the year was £1,138,000. 2007: (£805,000).

The following paragraphs describe the main accounting policies. The policies have been consistently applied to all the years presented.

### TURNOVER

Turnover is the total amount receivable by the Company for goods supplied and services provided, excluding sales taxes. 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.

### INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated in the Company's balance sheet at cost less provisions for impairment.

At the beginning of the period there was a portion of the consideration deferred in relation to the acquisition of our European operation. This consideration was deferred until the previous owners met certain conditions. This deferred consideration relates to share issues in the group company. In accordance with UK GAAP Mobile Streams has revalued the outstanding equity at the end of the period and finally on delivery of the shares. The changes have been reflected through movements in equity of the company accounts.

### TANGIBLE FIXED ASSETS

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

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

Leasehold improvements	Over the life of the lease
Plant and equipment	33% straight line
Media platform development	33% - 50% straight line
Office furniture	Between 10% and 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. The capitalisation is based on matching the cost with anticipated revenues in future periods.

The Company has continued to invest in a new media platform during 2008 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 2 years and the asset is being depreciated on this basis.

## **COMPANY ACCOUNTING POLICIES**

### **INTANGIBLE ASSETS**

Intangible assets are stated at cost, net of amortisation and any provision of impairment.

Amortisation is calculated to write down the cost of intangible assets over their estimated useful lives. The following rates and methods have been applied:

Intangible assets	Between 2 and 4 years straight line
-------------------	-------------------------------------

The intangible assets represent the cost of creating original media content.

### **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 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 account in equal amounts over the lease term.

### **SHARE BASED PAYMENTS**

Employees (including Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

## COMPANY ACCOUNTING POLICIES

### Equity settled transactions

The Group has applied the requirements of Financial Reporting Standard 20 "Share Based Payments" to all grants of equity instruments.

The cost of equity settled transactions with employees is measured by reference to the fair value at the grant date of the equity instruments granted. The fair value is determined by using the Black-Scholes method.

The cost of equity-settled transactions is recognised, together with a corresponding increase in retained earnings, over the periods in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or, market conditions are taken into account in determining the fair value of options granted, at grant date, and are not subsequently adjusted for. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

No expense or increase in equity is recognised for awards that do not ultimately vest. Awards where vesting is conditional upon a market condition are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.



**COMPANY BALANCE SHEET**

	Note	2008 £000's	2007 £000's
<b>Fixed assets</b>			
Intangible assets	2	-	31
Tangible fixed assets	3	630	1,390
Investments in subsidiaries	4	1,888	2,264
Other investments		-	90
<b>Total fixed assets</b>		<b>2,518</b>	<b>3,775</b>
<b>Current Assets</b>			
Debtors	5	4,153	5,263
Cash at bank and in hand		1,119	530
Other assets		170	75
<b>Total current assets</b>		<b>5,442</b>	<b>5,868</b>
Creditors: amounts falling due within one year	6	(1,494)	(1,811)
<b>Net current assets</b>		<b>3,948</b>	<b>4,057</b>
Deferred tax liability	8	-	-
<b>Net assets</b>		<b>6,466</b>	<b>7,832</b>
<b>Capital and reserves</b>			
Called up share capital	7	73	71
Merger reserve	8	112	-
Share premium	8	10,309	10,468
Shares to be issued		-	135
Profit and loss account	8	(4,028)	(2,842)
<b>Shareholders' funds</b>		<b>6,466</b>	<b>7,832</b>

The financial statements were approved by the Board of Directors on 23 March 2009.

  
**J A Colquhoun**  
**Finance Director**

## NOTES TO COMPANY FINANCIAL STATEMENTS

## 1. DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2008 £000's	2007 £000's
Wages and salaries	1,103	1,820
Social security costs	122	172
	<u>1,225</u>	<u>1,992</u>
Less: staff costs capitalised within media platform costs	<u>(147)</u>	<u>(575)</u>
	<u><u>1,078</u></u>	<u><u>1,417</u></u>

The average number of employees during the year was:

	2008 Number	2007 Number
Management	3	4
Administration	17	31
	<u>20</u>	<u>35</u>

Remuneration in respect of Directors was as follows:

	2008 £000's	2007 £000's
Emoluments	<u>336</u>	<u>278</u>

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2008 £000's	2007 £000's
Emoluments	<u>158</u>	<u>104</u>

## NOTES TO COMPANY FINANCIAL STATEMENTS (CONTINUED)

## 2. INTANGIBLES

	Media content £000's
Cost	
At 1 January 2008	253
Additions	-
<b>At 31 December 2008</b>	<u>253</u>
Accumulated amortisation	
At 1 January 2008	222
Charge for the year	31
Impairment	-
<b>At 31 December 2008</b>	<u>253</u>
<b>Net book value at 31 December 2008</b>	<u>-</u>
Net book value at 31 December 2007	<u>67</u>

## 3. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £000's	Office furniture, plant and equipment £000's	Media platform development and software £000's	Total £000's
Cost				
At 1 January 2008	44	299	1,851	2,194
Additions	-	46	4	50
Disposals	-	(79)	-	(79)
<b>At 31 December 2008</b>	<u>44</u>	<u>266</u>	<u>1,855</u>	<u>2,165</u>
Depreciation				
At 1 January 2008	12	87	705	804
Provided in the year	22	89	668	779
Disposals	-	(48)	-	(48)
<b>At 31 December 2008</b>	<u>34</u>	<u>128</u>	<u>1,373</u>	<u>1,535</u>
<b>Net book amount at 31 December 2008</b>	<u>10</u>	<u>138</u>	<u>482</u>	<u>630</u>
Net book amount at 31 December 2007	<u>32</u>	<u>212</u>	<u>1,146</u>	<u>1,390</u>

## NOTES TO COMPANY FINANCIAL STATEMENTS (CONTINUED)

## 4. INVESTMENT IN SUBSIDIARY COMPANIES

	£000's
Cost	
At 1 January 2008	4,028
Adjustment to purchase price	(180)
Additions	50
<b>At 31 December 2008</b>	<b>3,898</b>
Amount provided	
At 1 January 2008	1,764
Provided in year	246
<b>At 31 December 2008</b>	<b>2,010</b>
<b>Net book amount at 31 December 2008</b>	<b>1,888</b>
Net book amount at 31 December 2007	2,264

## Investments in Subsidiary undertakings comprise:

	Proportion held		Total held by Group	Country of incorporation
	Directly by Mobile Streams Plc	By other Group companies		
Mobile Streams Inc.	100%	-	100%	USA
Mobile Streams De Argentina SRL	50%	50%	100%	Argentina
Mobile Streams De Brasil Midia Digital Para Celulares Ltda	79%	21%	100%	Brazil
Mobile Streams Chile Ltda	50%	50%	100%	Chile
Mobile Streams De Colombia Ltda	50%	50%	100%	Columbia
Mobile Streams of Mexico S De RL De CV	50%	50%	100%	Mexico
The Nickels Group Inc	-	100%	100%	USA
Mobile Streams Venezuela SA	100%	-	100%	Venezuela
Mobile Streams Asia Limited	100%	-	100%	UK
Mobile Streams Australia Pty Limited	-	100%	100%	Australia
Mobile Streams (Hong Kong) Limited	100%	-	100%	Hong Kong
Mobile Streams Singapore Limited	-	100%	100%	Singapore
Mobile Streams Europe GmbH	100%	-	100%	Germany

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

**NOTES TO COMPANY FINANCIAL STATEMENTS (CONTINUED)****5. DEBTORS**

	2008 £000's	2007 £000's
Trade debtors	229	606
Amounts owed by Group undertakings	3,924	4,194
Other debtors	-	463
	<u>4,153</u>	<u>5,263</u>

**6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2008 £000's	2007 £000's
Trade creditors	250	641
Corporation tax	304	-
Other taxation and social security	-	45
Amounts owed to Group undertakings	392	-
Accruals and deferred income	548	1,125
	<u>1,494</u>	<u>1,811</u>

**7. SHARE CAPITAL**

For details of share capital refer to note 19 to the Group financial statements.

**8. RESERVES**

	Merger reserve £000's	Shares to be issued £000's	Share Premium £000's	Profit and loss account £000's
At 1 January 2008	-	135	10,468	(2,842)
Shares issued/transfer to Merger reserve	112	(135)	(159)	-
Share based compensation	-	-	-	(48)
Loss for the year	-	-	-	(1,138)
<b>At 31 December 2008</b>	<u>112</u>	<u>-</u>	<u>10,309</u>	<u>(4,028)</u>

**9. SHARE CAPITAL**

For details of share capital refer to note 19 to the Group financial statements.

**NOTES TO COMPANY FINANCIAL STATEMENTS (CONTINUED)****10. CAPITAL COMMITMENTS**

The Company has no capital commitments at 31 December 2008 (2007: £138,000).

**11 CONTINGENT LIABILITIES**

As at 31 December 08 there were no contingent liabilities. (2007: £Nil)

**12. LEASING COMMITMENTS**

The Company has commitments under operating leases for land and buildings and other leases to pay the following amounts in the next twelve months.

	<b>Land and Buildings</b>		<b>Other</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Annual commitments under non-cancellable operating lease expiring:</b>				
Within one year	30	59	-	3
Within two to five years	-	12	-	-
After five years	-	-	-	-
	<u>30</u>	<u>71</u>	<u>-</u>	<u>3</u>

**13. RELATED PARTY TRANSACTIONS**

The only related party transaction occurring during the year was the remuneration of key management personal disclosed under in note 3 in the Group accounts.