THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") who specialises in advising on the acquisition of shares and other securities.

This document comprises an Admission Document for the purposes of, and it has been drawn up in accordance with, the AIM Rules. Application has been made for the admission of the whole of the issued ordinary share capital of the Company to trading on the AIM Market of the London Stock Exchange plc ("AIM"). It is expected that Admission will become effective and dealings in the Ordinary Shares will commence at 8.00am on 21 September 2005.

This document does not constitute an offer to the public in accordance with Section 85 of FSMA and is not a prospectus as defined in the AIM Rules. Accordingly, this document has not been approved by the Financial Services Authority pursuant to Section 85 of FSMA.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk than that associated with larger or more established companies tends to be attached. AIM securities are not admitted to the Official List. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The AIM Rules are less demanding than those of the Official List and it is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. Further, neither the UK Listing Authority nor the London Stock Exchange plc have examined or approved the contents of this document. The Ordinary Shares are not dealt on any other recognised investment exchange and no other such applications have been made.

The Directors of the Company, whose names are set out on page 6 of this document, accept individual and collective responsibility for the information contained in this document and for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The whole of the text of this document should be read. You should be aware that an investment in the Company involves a high degree of risk. Prospective investors should carefully read the section entitled "Risk Factors" in Part II of this document.

Cellcast plc

(Incorporated and registered in England & Wales under the Companies Act 1985 with registered number 05342662)

Placing of 7,044,000 new Ordinary Shares of 3 pence each and Vendor Placing of 2,634,167 Existing Ordinary Shares of 3 pence each all at 71 pence per share

and

Admission to AIM

Nominated Adviser and Broker
Daniel Stewart & Company plc

Financial Adviser
Merchant Capital plc

Daniel Stewart & Company plc, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively as the Company's Nominated Adviser and Broker for the purposes of the AIM Rules and the responsibilities of Daniel Stewart & Company plc, as Nominated Adviser, are owed solely to London Stock Exchange plc and are not owed to the any other person. Merchant Capital Plc, which is authorised and regulated by the Financial Services Authority, is acting as the Company's Financial Adviser.

Persons receiving this document should note that, in connection with the matters described in this document, Daniel Stewart & Company plc and Merchant Capital plc are acting exclusively for the Company in relation to the Placing and Admission and will not be responsible to any other person for providing the protections afforded to customers of each of them nor for providing advice in relation to the contents of this document or any other matter, transaction or arrangement referred to herein. This document has been approved by Daniel Stewart & Company plc for the purposes of Section 21 of FSMA. Neither Daniel Stewart & Company plc nor Merchant Capital plc has authorised the contents of this document for any other purpose and no representation or warranty, express or implied, is made by Daniel Stewart & Company plc or Merchant Capital plc as to any of the contents or completeness of this document.

The information contained in this document has been prepared solely for the purposes of Admission and is not intended to be relied upon by any subsequent purchaser of the Ordinary Shares and accordingly no duty of care is accepted in relation to them. No action has been taken or will be taken in any jurisdiction outside the United Kingdom by either of the Company, Daniel Stewart & Company plc or Merchant Capital plc that would permit a public offer of Ordinary Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document. Persons into whose possession this document comes are required by the Company, Daniel Stewart & Company plc and Merchant Capital plc to inform themselves about and to observe any restriction as to the Placing and the distribution of this document.

This document does not constitute an offer, or the solicitation of an offer, to subscribe for or buy Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

CONTENTS

DEFINITIONS

The following definitions apply throughout this document and the accompanying Application Form, unless the context otherwise requires:

"Act"	the Companies Act 1985 (as amended)
"Admission"	the admission of the Existing Ordinary Shares and the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	the AIM market operated by the London Stock Exchange
"AIM Rules"	the rules applicable to companies whose shares are traded on AIM published by the London Stock Exchange
"Atlas"	Atlas Group of Companies Limited, a company registered in Bermuda with company number 31654
"Atlas Option"	the call option granted by Atlas to SMS Media over 100 per cent. of its Ordinary Shares in the Group pursuant to the Atlas Option Agreement
"Atlas Option Agreement"	the agreement dated 11 August 2005 between Atlas and SMS Media relating to the Atlas Option (as amended), further details of which are set out in paragraph 6.4 of Part IV of this document
"BSkyB"	British Sky Broadcasting Limited
"Cellcast" or "the Company"	Cellcast plc
" Cellcast UK"	Cellcast UK Limited, a company incorporated and registered in England and Wales with company number 4327957
"Cellcast Content"	means the Group's mobile and participation TV applications and formats including but not limited to branded and interactive TV shows, gameshows and competitions, dating and chat, interactive astrology and psychic readings, auctions and reverse auctions and gaming, gambling and voting formats
"Code"	The City Code on Takeovers and Mergers issued by the Panel
"Combined Code"	the Combined Code on corporate governance and the code of best practice included in the appendix to the listing rules of the UK Listing Authority
"Concert Party"	SMS Media, Sardik and Atlas, being the current shareholders of the Company as at the date of this document
"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the Operator (as defined in the CREST Regulations)
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3775)
"Daniel Stewart"	Daniel Stewart & Company plc, Nominated Adviser and Broker to the Company
"Directors" or "Board"	the directors of the Company as at the date of this document, whose names appear on page 7 of this document
"€"	Euros

"EMI Option"	an enterprise management incentive granted pursuant to the rules of the EMI Scheme
"EMI Scheme"	the Company's share option scheme under the provisions of ITEPA, known as the Cellcast plc Enterprise Management Incentive Scheme, details of which are set out in paragraph 10.1 of Part IV of this document
"Enlarged Issued Share Capital"	the share capital of the Company following Admission as enlarged by the issue of the Placing Shares
"Existing Ordinary Shares"	the 21,302,911 issued Ordinary Shares in the capital of the Company as at the date of this document
"Globecast"	Globecast UK Limited, a company incorporated and registered in England and Wales with company number 2434039
"Group" or "Group Companies"	the Company and the Subsidiaries
"ITEPA"	the Income Tax (Earnings and Pensions) Act 2003
"London Stock Exchange"	London Stock Exchange plc
"Merchant Capital"	Merchant Capital plc, financial adviser to the Company
"Official List"	the Official List of the UK Listing Authority
"Ordinary Shares"	ordinary shares of 3 pence each in the capital of the Company
"Panel"	the Panel on Takeovers and Mergers
"Placees"	subscribers of Placing Shares
"Placing"	the proposed conditional placing by Daniel Stewart as agent for the Company of the Placing Shares at the Placing Price pursuant to the Placing Agreement
"Placing Agreement"	the conditional agreement dated 16 September 2005 between the Company(1), the Directors (2) and Daniel Stewart (3) relating to the Placing, further details of which are set out in paragraph 11.2 of Part IV of this document
"Placing Price"	71 pence per Ordinary Share
"Placing Shares"	7,044,000 new Ordinary Shares to be issued pursuant to the Placing
"Sardik"	Sardik Limited, a company incorporated and registered in Mauritius with company number 6/2000/7845
"SARs"	the Rules Governing Substantial Acquisitions of Shares, issued by the Panel
"Shareholders"	holders of Ordinary Shares
"Share Option Plan"	the Company's unapproved share option plan known as the Cellcast plc Share Option Plan, details of which are set out in paragraph 10.3 of Part IV of this document
"SMS Media"	SMS Media Limited, a company incorporated and registered in Hong Kong with company number 762101
"Subsidiaries"	Cellcast UK, Gamecast UK Limited and TV You! Plc
"Top Up TV"	Top Up TV Limited, a company incorporated in England and Wales with company number 4418933

"UK"	the United Kingdom of Great Britain and Northern Ireland
"UK Listing Authority"	a division of the Financial Services Authority acting as a competent authority for purposes of Part IV of the Financial Services and Markets Act 2000
"Unapproved Option"	an option granted pursuant to the rules of the Share Option Plan
"United States" or "US"	the United States of America
"Vendor Placing"	the conditional placing by Daniel Stewart on behalf of Atlas of the Vendor Placing Shares at the Placing Price pursuant to the Vendor Placing Agreement
"Vendor Placing Agreement"	the conditional agreement between Atlas (1), the Company (2) and Daniel Stewart relating to the Vendor Placing, further details of which are set out in paragraph 11.12 of Part IV of this document
"Vendor Placing Shares"	2,634,167 Existing Ordinary Shares to be placed pursuant to the Vendor Placing

GLOSSARY

"3G"	means third generation wireless allowing fast access to the Internet via handheld devices and the ability to transfer both voice data (a telephone call) and non-voice data (such as downloading information, exchanging e-mail and instant messaging) via a combination of technologies
"EPG"	the Electronic Programming Guide operated by BSkyB, which acts as a classified directory for satellite television viewers by offering a menu of programming options and then presenting a range of programmes in their chosen category
"Internet Protocol"	means the method or process by which data is sent by one computer to another on the internet
"IPTV"	means Internet Protocol Television, being the process of providing television (video and/or audio) services through the use of networks which initiate, process and receive voice or multimedia communications using Internet Protocol
"IVR"	means Interactive Voice Response, being telephony technology in which someone uses a touchtone telephone to interact with a database to acquire information and respond whether by voice, fax, call back, email or other media
"Multimedia Message Service" or "MMS"	a means by which messages incorporating pictures or audio clips can be sent to and from digital mobile telephones and other devices
"PayPal"	an escrow service used by people internationally to pay for goods and/or services. PayPal is an account-based system that enables anyone with an email address to securely send and receive online payments using their credit card or bank account
"Premium Rate Telephone Services"	information and entertainment services offered via telephone (including SMS and MMS) at a premium rate cost
"PDA"	means personal digital assistant
"reverse auctions"	auctions conducted by SMS text messaging whereby the lowest unique bidder wins. Reverse auctions are used for e-purchasing and generally on the Internet and involve one buyer and many sellers. In general, the buyer specifies what they want to purchase and offers it to many suppliers. To make sure the winner is suitable the buyer pre-qualifies those suppliers who are allowed to take part.
"Short Message Service" or "SMS"	a means by which short text-based messages can be sent to and from digital mobile telephones and other devices
"streaming"	means the transmission via mobile wireless technology of audio/visual recordings or other information for reception by members of the public on mobile devices

DIRECTORS, SECRETARY AND ADVISERS

Directors	Julian Braithwaite Paul FCA	*(Non Executive Chairman)*
	Andrew Karl Reginald Wilson	*(Chief Executive Officer)*
	Bertrand Pierre Folliet	*(Chief Operating Officer)*
	Emmanuelle Erna Guicharnaud	*(Chief Financial Officer)*
	Michael Patrick Christopher Neville	*(Non Executive Director)*
Company Secretary	Emmanuelle Erna Guicharnaud	
	all of:	
	3-8 Bolsover Street London W1W 6AB	
Nominated Adviser and Broker	Daniel Stewart & Company plc Becket House 36 Old Jewry London EC2R 8DD	
Financial Adviser	Merchant Capital Plc Aldermary House 10-15 Queen Street London EC4N 1TX	
Solicitors to the Company	Memery Crystal 44 Southampton Buildings London WC2A 1AP	
Solicitors to the Placing	Finers Stephens Innocent LLP 179 Great Portland Street London W1W 5LS	
Reporting Accountants	CLB Littlejohn Frazer 1 Park Place Canary Wharf London E14 4HJ	
Auditors	Baker Tilly 2 Bloomsbury Street London WC1B 3ST	
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA	
Bankers	HSBC 39 Tottenham Court Road London W1T 2AR	

PLACING STATISTICS

Placing Price	71 pence
Number of Placing Shares to be issued	7,044,000
Number of Vendor Placing Shares to be Placed	2,634,167
Percentage of Enlarged Issued Share Capital being issued by the Company under the Placing	24.8 per cent.
Gross proceeds of the Placing	£5.0 million
Estimated net proceeds from the Placing to be received by the Company	£4.3 million
Number of Ordinary Shares in issue immediately following Admission	28,346,911
Market capitalisation of the Company on Admission at the Placing Price	£20.1 million

EXPECTED TIMETABLE

	2005
Publication of this Document	16 September
Admission and dealings expected to commence on AIM in the Ordinary Shares	21 September
Expected date for CREST accounts to be credited	21 September
Expected date for despatch of definitive share certificates	5 October

PART I

INFORMATION ON THE GROUP

INTRODUCTION

The Group develops, aggregates and distributes a range of mobile and participation television applications. It produces live interactive programming which integrates mobile entertainment into the multi-channel television environment through audience participation via their mobile and/or fixed line phone. These formats and applications generate telephony-based pay-to-play and pay-to-participate income streams through revenue sharing agreements with broadcasters, mobile phone aggregators and fixed line operators. Participants' details are retained by the Group on a database that allows it to market other services to them.

The Group's applications and services can be utilised on multiple media platforms (television, internet and mobile), require no set-top box and are quick to implement as viewers can participate via their mobile phone. Its interactive content is also well suited to television over the internet.

The Group's programming is able to generate revenue throughout its broadcast period and benefits from low-cost user-generated content. As a result, its programming offers additional yield potential when compared to regular advertising based and teleshopping programming. In the UK and a number of other European countries advertising on television is limited to 12 minutes in any hour and the amount of teleshopping is also restricted. In the UK, for example, on general entertainment channels such as those broadcast by the Group, teleshopping is restricted to three hours in any one day. Given these regulatory restrictions, the Group's applications are able to generate revenue as a part of the programme and thus create new revenue streams for broadcasters.

Also, whilst viewer interaction is initiated by a particular television programme, the Group's applications and services are designed to encourage viewers to continue to interact after the broadcast has finished, for example, in the areas of gaming and dating. The Directors believe that this model creates the opportunity to generate follow-on revenues which are incremental to those initially generated by participation in the interactive programme.

KEY STRENGTHS

The Directors believe that the key strengths of the Group are the following:

- its programming produces additional revenue streams to broadcasters at limited cost;
- it has a proprietary technology platform;
- its services may be accessed by the public via multiple media platforms;
- its applications have post-broadcast follow-on revenue opportunities;
- the international scaleability of the business model; and
- the experience of its management team.

BACKGROUND AND HISTORY

In 2002, Andrew Wilson and Bertrand Folliet (Chief Executive Officer and Chief Operating Officer of the Company respectively) identified the participation television market as having significant growth potential and established Cellcast UK to capitalise on this and on their experience in this market. To date, they and other shareholders in the Company have invested approximately £2.4m.

BUSINESS ACTIVITIES AND SERVICES

The Group markets directly to consumers via its owned and operated broadcast channels and air time on third party channels and provides a range of programming and services to television broadcast and network partners.

The Group currently broadcasts approximately 80 hours of live UK television per day across nine channels on the Sky Digital platform in the UK.

The Group's formats and applications include:

- voting and polling;
- game shows and competitions;
- gaming and gambling;
- reverse auctions;
- interactive astrology and psychic readings;
- interactive talk shows; and
- dating and chat lines.

The Group provides the following services to television broadcast and network partners:

- a portfolio of successful and innovative interactive TV formats;
- interactive TV programme production;
- indirectly, through third party providers, technical, marketing and customer relationship support including database management, data-mining and mobile marketing;
- indirectly, through third party providers, fully-hosted SMS and IVR services including billing solutions; and
- the facility to enable international broadcasting and distribution.

The Group's customers comprise broadcasters who license and distribute its programmes. Its key suppliers are satellite and cable providers who supply bandwidth and distribution. It also has strong relationships with telecommunications companies and aggregators, who pay the Group a proportion of the revenues they earn from traffic generated by viewers' calls, MMS, video and SMS in response to the Group's programmes.

The Group markets directly to consumers through its wholly owned and operated broadcast channels and through purchased air time on third party channels. The Group distributes proprietary applications and programming on many major overseas channels and platforms and collaborates with broadcasters in Europe, the Middle East, India and South America. These include Future TV, LBC, MBC, Dubai Television and Rotana in the Middle East; and Zee TV and Star TV in India. The Group is planning to launch an interactive 24-hour channel on the AsiaSat 3S platform which is accessible in at least 50 countries, and to license its formats and programming to Canal+ in France.

The Group has indirect relationships, through telecommunications aggregators, with a range of telecommunications carriers including BT, Vodafone, Orange, Virgin Mobile, 3 Mobile, O2 and T-Mobile.

Cellcast Interactive Platform ("CIP")

The Group has developed a platform that deploys existing technology to integrate viewer-generated content including messaging, speech and video, into pre-recorded and live TV programming and which facilitates the distribution of content to a wide range of consumer devices including mobile phones, PDAs, television and the internet.

The CIP's client-server architecture enables multiple clients to connect to a central Cellcast Interactive Server so that broadcasters can increase interactivity without a significant upfront investment. This allows them to test market demand and rapidly deploy applications and programmes. It also enables broadcasters to push their content to three key consumer platforms: television; mobile phones; and the internet, including broadband television and IPTV.

As well as providing multiple content distribution channels, the platform handles responses from voice and IVR, SMS, MMS and 3G, mobile applications; set-top box applications, and internet browsers.

The CIP facilitates the collection of revenue through Premium Rate Telephony; Premium Rate SMS; credit and debit cards; and PayPal.

THE MARKET AND COMPETITION

The growth of special interest cable and satellite television channels in the digital broadcast environment has resulted in audiences and revenues being spread over an increasing number of channels. For example, in the UK, one of the most competitive markets in the world, Ofcom issued 162 new licences to broadcast television services in 2004, and over 370 channels are now available to UK audiences. Competition for customers is thus intense and, as a result, traditional television broadcasting models, which are based on advertising revenue, are coming under pressure. Broadcasters are seeking to find new ways of winning audience share and generating revenue streams, whilst seeking to reduce the operational costs of providing new formats and services. Among early participation television applications, voting and polling demonstrated the potential of the new medium. This is evidenced by the success of programmes such as Big Brother and Pop Idol.

The market has grown rapidly since its inception. In 2003, the 900 million messages sent in the European SMS-TV market generated an estimated €400 million shared by broadcasters, mobile operators, and technology providers. According to a report in the McKinsey Quarterly (McKinsey & Company), the addition of SMS boosts the viewership of popular free-to-air television shows by up to 20 per cent. and can encourage ratings growth of circa 50-100 per cent. for niche cable and satellite channels. Further, according to McKinsey & Company, the European SMS-TV market could reach €750 million by the end of 2005.

Television is a highly effective medium through which to market mobile entertainment services, which are now a significant part of the mobile content sector. Research and Markets forecasts that the mobile content market will generate in the region of US$78 billion in revenues worldwide by 2007, up from US$16.7 billion in 2003.

A number of companies produce and broadcast interactive formats. These operators focus on the sale of their formats and/or on buying airtime to promote them. They tend to focus on a single genre such as interactive quiz shows and formats and do not have the extensive portfolio of live interactive formats that the Group has developed.

STRATEGY OF THE GROUP

The Group intends to grow its business in the following ways:

- continued international expansion of the business by developing operations in Italy, India, the US, Argentina, and, in due course, China and other Asian markets;
- launching new channels on Sky;
- broadening the Group's distribution capabilities through regional satellite syndication by establishing local production and broadcast facilities serving Latin America, the United States, India, China and South-East Asia;
- developing its applications and interactive programming into formats suitable for new media platforms including 3G, IPTV, enhanced broadband, mobile video and wireless broadband services;
- taking advantage of the increasing functionality of mobile phones to deliver more sophisticated applications, appealing formats, and new premium services; and
- targeting its customer database of approximately 1 million mobile user numbers to:
    - facilitate higher returns from current services and applications; and
    - to encourage participation by cross selling its products and services directly to users.

Worldwide revenues for mobile gaming are predicted to be US$19.3 billion by 2009 and the Group is developing a number of interactive multi-platform applications to increase its gaming capabilities to capitalise on this growing market by providing applications for channels it operates such as GetLucky TV and for third party channels to facilitate live betting.

SUMMARY FINANCIAL INFORMATION

The following table sets out the key financial information relating to the Group which has been derived from Part III of this document.

	Year ended 31 December 2004 £'000	*Year ended 31 December 2003 £'000*	*Period ended 31 December 2002 £'000*
Turnover	8,198	3,104	2,134
Gross profit	1,825	793	1,258
Operating loss	(708)	(713)	(71)
Loss on ordinary activities before taxation	(706)	(713)	(68)

Turnover has grown by over 280 per cent. over the past three years. Losses have increased over the last three years as the Group has incurred significant expenditure in developing new markets and testing and implementing new applications.

CURRENT TRADING AND PROSPECTS

	£'000
Unaudited results for the 3 months ending 31 March 2005	
Turnover	2,818
Gross profit	724
Loss on ordinary activities before taxation	(68)

For the six months ended 30 June 2005, the Group's unaudited turnover was £5.8 million. The Group continues to trade in line with the Directors' expectations.

The Group has recently entered into an agreement with Top Up TV whereby Top Up TV has agreed to broadcast the Cellcast Content during available overnight hours controlled by Top Up TV on the Freeview DTT platform. The Directors believe this is a strategic opportunity for the Group to expand its operations in the UK market. Further details of this agreement are set out in paragraph 11.11 of Part IV of this document.

The Board will continue to promote and expand the Group's business in the UK and also internationally. The Group is in advanced discussions to start tests in the US, Italy and Argentina and launch new applications in France.

DIRECTORS AND MANAGEMENT

Directors

Julian Braithwaite Paul FCA, *Non Executive Chairman (aged 60)*

Julian qualified as a Chartered Accountant with Arthur Andersen in 1971, and subsequently spent nearly twenty years as a commercial and merchant banker. Since 1991 he has held several senior board positions with companies in the media and entertainment sector. He was Deputy Chairman of Castle Communications plc between 1991 and 1997 and Chairman of Tele-Cine Cell Group plc between 1994 and 1998. He is currently Deputy Chairman of Eagle Rock Entertainment Limited, of which he was a founder shareholder. He is also a non-executive director of Entertainment Rights plc, Pilat Media Global plc and Stagecoach Theatre Arts plc.

Andrew Karl Reginald Wilson, *Chief Executive Officer (aged 44)*

Andrew co-founded the Group in 2002. With twenty years' experience in the telecoms and information industries, he has a proven track record of building innovative international businesses in the telecoms, broadcasting and new media sectors. Before co-founding the Group, he was a director of the Tokyo based Jasdaq-listed e-Lux Corporation, and an executive director of the publicly listed Hong Kong company, e-New Media Limited. Prior to this he was a director of the international telemedia services provider, Voice Information System Limited ("VISL") and Joint Managing Director of Marketing Solutions, a subsidiary of DDB Needham. Andrew is a frequent speaker at industry conferences. Andrew has an Honours Degree in Film Studies from the University of Warwick.

Bertrand Pierre Folliet, *Chief Operating Officer (aged 39)*

Bertrand co-founded the Group in 2002. He has many years' experience in the telecoms, digital content and multimedia industries, and a successful record of building profitable businesses providing value-added billing and distribution services in the international telecom sector. Bertrand was formally the Chief Operating Officer of Jasdaq-listed e-Lux Corporation's key operating subsidiary in Hong Kong, prior to which he was an executive director of the publicly listed Hong Kong company e-New Media Limited. He also served as Managing Director of e-New Media subsidiary New Media Corporation, which grew to US$140 million in revenues and US$10 million in profit in 1999, and was Director of Operations of that Company's predecessor, VISL. Before joining VISL, he was Vice President of Matra-Hachette Multimedia On-line. Bertrand has a PhD from Paris Dauphine University.

Emmanuelle Erna Guicharnaud, *Chief Financial Officer (aged 32)*

Emmanuelle spent four years as a Management Consultant for Price Waterhouse Coopers. In 1999 she joined a privately held chain of hotels with responsibility for evaluating new acquisitions. In 2000 she relocated to the UK and took up a position as the financial controller of m-Quest, a telecoms company providing value added telephony and SMS solutions that was subsequently acquired by Monstermob PLC. She joined the Group as financial controller in 2002. Emmanuelle holds a DECF (Accountancy and Finance Diploma) from an International Business School (ESC).

Michael Patrick Christopher Neville, *Non Executive Director (aged 51)*

Michael has extensive experience in capital markets and is director of a number of public and private companies. He is the Chairman of Atlas, which will, at Admission, own 28.3 per cent. of the Enlarged Issued Share Capital. His background is in the telecommunications and technology arena, where he has worked for the last 17 years specialising in strategy, mergers and acquisitions, and turn around situations. Michael has worked for companies such as C&W, Norweb, Ozemail Interline Pty and OnCue Telecommunications Limited where he has been involved in large and small scale fund raisings as well as various merger and acquisitions transactions. Michael holds an engineering degree as well as a MBA.

Cellcast intends to appoint another non-executive director following Admission.

Management

Hilary Anderson, *Vice President Projects (aged 34)*

Hilary joined the Group in 2002. He formerly worked in Technical Sales with Comverse Ltd (CMVT), covering a range of value added services for telecommunications operators. Prior to this he held Product Management and Engineering positions with Vodafone (Australia), Optus and Telstra. Hilary holds a Bachelor of Electrical Engineering (Electronics and Telecommunications) and a Graduate Diploma in Business Management (Innovation and Enterprise).

Pat Bird, *Director of Production (aged 36)*

Pat has extensive experience in the UK television market and has worked for various major broadcasters including MTV, BBC and Flextech. Prior to joining the Group in 2002, Pat worked in Public Relations running accounts such as F1 Racing and other motor sport projects. The combination of his TV and PR experience has allowed Pat to develop and extensive network of contacts in the UK media industry.

Adam Clark, *VP Internet Development (aged 42)*

Adam joined the Group in 2004 with more than 10 years' experience of new media products. Adam formerly served with The Television Corporation plc managing their Internet & E-commerce Operations. Prior to this Adam headed the Web Products Group for Reuters in London which handled the adoption of Internet technology. Adam holds a HD in Electronic & Computer Engineering.

Jonathan French, *VP Business Development (aged 37)*

Jonathan was appointed in 2002. Before joining the Group, he was Marketing Director of publicly-listed Hong Kong company e-New Media, prior to which he served as Business Development Manager of the international telemedia services provider VISL. Jonathan has a BSc Hons Degree in Information Technology, Science, Technology & Society from Middlesex University.

Craig Gardiner, *SVP UK Operations (aged 44)*

Craig has an Honours Degree in Film from the University of Warwick. He has over ten years experience in the value-added telecoms and digital content sectors in both the UK and China/South-East Asia. Prior to joining the Group he was General Manager of the international telemedia services provider VISL which he joined in 1993 after nine years in the audio-visual industry.

Patrick Holliday, *VP Marketing and Distribution (aged 38)*

Patrick began his career running a bi-lingual publishing company. From there he joined Simply Television in 2000 and gained wide experience in a number of positions from advertising sales to content acquisition and distribution. He joined the Group in 2003 with responsibility for content acquisition and syndication of content and format in the UK. Patrick was born in South Africa and educated at Fettes College in Edinburgh.

Alan Peddubriwny, *VP Production - Games Division (aged 29)*

Alan obtained a BSC (Hons) in Biological Chemistry at Hertfordshire University. From there he went on to pursue a career in events management. Alan joined the Group as a Producer in 2003 and later went on to focus on the development and implementation of new interactive gaming formats.

Martin Quinlan, *VP Engineering (aged 32)*

Martin was appointed VP, Technology, in 2003. He has developed the Cellcast Interactive Platform. Martin most recently served with Fosters Brewing Company in Sydney, Australia, where he was chief architect of the technical platform for their multi-million dollar Wine Club. Prior to that Martin headed the R&D division of the award winning Nasdaq e-learning company SkillSoft. At SkillSoft, Martin pioneered the use of emerging Internet technologies in e-learning, working in collaboration with Microsoft, IBM, Sun and Macromedia.

Mahesh Ramachandra, *VP International (aged 34)*

Mahesh joined the Group in 2003. He previously served as VP, New Media at SPH MediaWorks Limited in Singapore (Asian Broadcaster of the Year 2003), where he pioneered interactive advertising campaigns, enhanced television programmes, and fully-interactive SMS-to-TV multiplayer games. Mahesh's multi-disciplinary background includes running his own multimedia studio, writing and publishing. He obtained a Masters in Interactive Media Design from Middlesex University.

International Offices

Pascal Dufour, *VP Cellcast Middle East (aged 32)*

Pascal joined the Group in 2002. He started his career in the interactive / media industry in 1997 by joining French-based Telecom Network Multimedia as a Business Development Manager in Asia Pacific. Pascal has a MBA from the Institut d'Etudes Politiques (IEP) and holds a Master in "Law and Practice of International Relationships" from ILERI in Paris.

Pankaj Thakar, *VP Indian Operations (aged 42)*

Pankaj has worked for HCL Ltd, India Telecom Ltd. and Satyam Equipment. Prior to joining the Group he was the CEO of a Silicon Valley based start up, Consilnet Inc. Pankaj graduated from Delhi University with a honours degree in Mathematics, he also has an MBA in Marketing and Sales from the Indore University of India.

REASONS FOR THE PLACING AND USE OF FUNDS

The Company believes that a listing on AIM will benefit the Group as follows:

1. it will facilitate raising additional equity finance to provide working capital to strengthen the Group's balance sheet and to finance its future growth;
2. it will allow the Group to attract and motivate key staff through the issue of share options;
3. it will enable it to issue publicly traded shares as consideration for acquisitions; and
4. it will raise the Group's profile, which is important given its expansion plans.

The Company is raising approximately £4.27m net of expenses (excluding VAT) in the Placing. Approximately £326,000 will be used to repay shareholder loans as provided for under the Shareholder Loan Agreement detailed in paragraph 11.7 of Part IV of this document and the remainder will be used to implement the Group's strategy as described in this Part I under the heading "Strategy of the Group" and for working capital.

THE VENDOR PLACING

The Vendor Placing, pursuant to which Atlas has agreed to sell 25 per cent. of its shareholding in the Company, being 2,634,167 Existing Ordinary Shares, will provide an opportunity for Atlas, an existing Shareholder in the Company, to realise part of the value of its shareholding in the Company. Following the sale, Atlas will retain 8,017,288 Ordinary Shares, being 28.3 per cent. of the Enlarged Issued Share Capital.

DETAILS OF THE PLACING, VENDOR PLACING AND ADMISSION

Daniel Stewart has, as agent for the Company and pursuant to the Placing Agreement, agreed to use its reasonable endeavours conditionally to place with certain institutional and other investors a total of 7,044,000 new Ordinary Shares at the Placing Price to raise £5.0m before expenses. It is anticipated that the net cash proceeds of the Placing will be approximately £4.27m (excluding VAT).

The Placing Shares will represent approximately 24.8 per cent. of the Enlarged Issued Share Capital. The Placing Shares will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions thereafter declared, made or paid.

The Placing has not been underwritten by Daniel Stewart. The Placing Agreement contains provisions entitling Daniel Stewart to terminate the Placing Agreement at any time prior to completion of the Placing in certain circumstances.

In addition, Daniel Stewart has agreed, pursuant to the Vendor Placing Agreement, to place 2,634,167 Existing Ordinary Shares with certain institutional and other investors, on behalf of Atlas.

Application has been made for the Existing Ordinary Shares (including the Vendor Placing Shares) and the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Enlarged Issued Share Capital will commence on 21 September 2005.

The Placing and the Vendor Placing are conditional, *inter alia*, upon Admission taking place on 21 September 2005, or such later date as Daniel Stewart and the Company may agree, being not later than 5 October 2005. Further details of the Placing Agreement and the Vendor Placing Agreement are set out in paragraphs 11.2 and 11.12 of Part IV of this document.

ATLAS OPTION AGREEMENT AND THE CITY CODE

The Company will be subject to the Code. Under Rule 9 of the Code, where any entity acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by entities acting in concert with them) carry 30 per cent. or more of the voting rights of a company, that entity is normally required by the Panel to make a general offer to the shareholders of that company to acquire the balance of the equity share capital of the company at the highest price paid by that entity or any entity acting in concert with it in the previous 12 months.

Rule 9 of the Code further provides that, *inter alia*, where any person, who, together with persons acting in concert with him, holds over 50 per cent. of the voting rights of a company, acquires additional shares which carry voting rights, then they will not generally be required to make a general offer to the other shareholders to acquire the balance of the shares not held by that person.

Under the City Code, a concert party arises when persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of that company. Under the City Code, control means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of a company, irrespective of whether the holding or holdings gives *de facto* control.

For the purposes of the Code, the Panel have deemed that Atlas, SMS Media and Sardik are a concert party. The Concert Party currently owns 100 per cent. of the Company's Existing Ordinary Shares. Immediately following the Placing, Vendor Placing and Admission, the Concert Party will own 18,668,744 Ordinary Shares comprising 65.9 per cent. of the Enlarged Issued Share Capital. The Panel have confirmed that this will not oblige the Concert Party, either individually or collectively, to make an offer for the whole of the issued share capital of the Company.

Pursuant to the Atlas Option Agreement, Atlas has granted to SMS Media the right, exercisable for a period of 12 months from Admission and, for a further period of 12 months, in certain limited circumstances, to acquire 100 per cent. of its shareholding in the Company, which currently comprises 50 per cent. of the Existing Ordinary Shares and will, following the Placing and Admission, comprise 28.3 per cent. of the Enlarged Issued Share Capital. Further details of the Atlas Option Agreement are set out in paragraph 6.4 of Part IV of this document.

Prospective investors should note that the Concert Party will, following the Placing and Admission, control in excess of 50 per cent. of the Enlarged Issued Share Capital and will therefore (for so long as they are treated as acting in concert) then be entitled to increase its interest in the voting rights of the Company without incurring a further obligation under Rule 9 of the Code to make a general offer. Individual members of the Concert Party will, however, not be able to increase their percentage shareholding through a Rule 9 threshold without Panel consent.

LOCK-IN ARRANGEMENTS

Following the Placing and Admission, the Directors will in aggregate be beneficially interested, through their holdings in SMS Media and Sardik, in 6,100,897 Ordinary Shares representing 21.5 per cent. of the Enlarged Issued Share Capital. The Directors have undertaken that they will not dispose of any interest in Ordinary Shares for a period of one year from Admission, save with the prior written consent of Daniel Stewart or in certain other limited circumstances. They have further undertaken that for a further twelve months they will only dispose of any Ordinary Shares through Daniel Stewart or as Daniel Stewart shall direct so as to ensure an orderly market in the share capital of the Company.

Atlas, SMS Media and Sardik who shall together, following the Placing, Vendor Placing and Admission, be interested in 18,668,744 Ordinary Shares, representing 65.9 per cent. of the Enlarged Issued Share Capital, have undertaken that they will not dispose of any interest in Ordinary Shares for a period of one year from Admission save with the consent of Daniel Stewart or in certain other limited circumstances. They have further undertaken that for a further twelve months, they will only dispose of any Ordinary Shares through Daniel Stewart or as Daniel Stewart shall direct, so as to ensure an orderly market in the share capital of the Company.

Further details of the Lock-in arrangements are set out in paragraphs 11.9 and 11.10 of Part IV of this document.

SHARE INCENTIVE SCHEMES

The Company has established two share option schemes, the Share Option Plan and the EMI Scheme (the "Schemes"). A summary of the terms of the rules of each of the Schemes is set out in paragraphs 10.1 and 10.3 of Part IV of this document. Under the rules of the Schemes the number of shares under option at any one time will not exceed more than 10 per cent. of the Company's issued share capital from time to time. EMI Options and Unapproved Options (together the "Options") have been granted over 1,705,614 Ordinary Shares in aggregate to Directors, staff, consultants and independent contractors under the Schemes exercisable at the Placing Price and representing approximately 6.0 per cent. of the Enlarged Issued Share Capital. There are no performance conditions required for the exercise of the Options in respect of the grants referred to in this paragraph. Further details of the terms of grants are set out in paragraphs 6.2, 10.2 and 10.4 of Part IV of this document.

CORPORATE GOVERNANCE

The Directors support high standards of corporate governance and confirm that, following Admission, they will comply, so far as is practicable taking into account the Company's size and nature, with the provisions of the Combined Code and the Quoted Companies Alliance Guidelines published on 13 July 2005.

An audit committee has been established to operate with effect from Admission. The audit committee's primary responsibility is monitoring the financial affairs of the Company and ensuring that the financial performance of the Company and any subsidiary of the Company is properly measured and reported on and for reviewing reports from the Company's auditor relating to the accounting and internal controls. The audit committee will comprise, on Admission, the Non-Executive Chairman, Julian Paul, who will act as Chairman and will have the casting vote and Michael Neville.

A remuneration committee has also been established to operate with effect from Admission. The remuneration committee reviews the performance of the executive directors and determines the terms and conditions of service of senior management and any executive director appointed to the Board, including the remuneration of and grant of options to such person under the share option scheme to be adopted in the future by the Company. The remuneration committee will comprise, on Admission, the Non-Executive Chairman, Julian Paul, who will act as Chairman and will have the casting vote and Michael Neville.

DIVIDEND POLICY

The Directors intend to commence the payment of dividends when it becomes prudent to do so taking into account the Group's requirements.

CREST

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

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

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

TAXATION

Information regarding United Kingdom taxation is set out in paragraph 17 of Part IV of this document. Any person who is in doubt as to his personal tax position should contact a professional tax adviser before making any decision to subscribe under the offer.

The Company has been advised that the Ordinary Shares should be eligible (subject to the circumstances of investors) for tax reliefs under the Enterprise Investment Scheme and for investment by Venture Capital Trusts. A formal application to the Inland Revenue has been made.

The following statements are intended only as a general guide to the current tax position under UK taxation law.

Enterprise Investment Scheme ("EIS")

Provided that the investor and the Company comply with the EIS legislation (Chapter III of Part VII) of the Taxes Act and Sections 150A-D, Schedule 5B and 5BA of the Taxation of Chargeable Gains Act 1992), which includes a requirement that the Ordinary Shares are held by investors for three years, UK taxpayers should qualify for EIS relief on their investment in new issue shares in the Company.

The Directors have obtained confirmation from the Inland Revenue, in accordance with Inland Revenue practice, that subject to a form EIS1 being submitted, the Company is carrying on a qualifying trade for EIS purposes. The Directors intend to manage the Company so as to maintain (as far as they are able) the status of the Company as a qualifying company although no guarantee can be given in this regard.

There are five EIS tax reliefs being:

(i) *Income tax relief*

Individuals can obtain income tax relief on the amount subscribed for ordinary shares (up to £200,000 in 2005/2006) in one or more qualifying companies, which are retained for a period of three years, provided the individuals are not connected to the issuing Company. A tax credit of 20 per cent. of the eligible amount subscribed is given. The credit is given against the individual's income tax liability for the tax year in which the ordinary shares are issued although it is possible to carry back part of the relief to the preceding tax year where ordinary shares are issued before 6 October in any tax year. The relief will be limited to an individual's tax liability before EIS relief and cannot create a loss. EIS income tax relief is not available for individuals who own more than 30 per cent. of the issued share capital of the Company of certain other connected individuals.

(ii) *Capital gains tax ("CGT") exemption*

Any capital gains realised on the disposal, after three years, of ordinary shares on which EIS income tax relief has been given and not withdrawn are tax-free (up to a maximum of £200,000 of ordinary shares). This is not available for individuals who own more than 30 per cent. of the issued share capital of the Company or other connected individuals.

(iii) *Loss relief*

Subject to certain conditions, tax relief is available for a qualifying shareholder who realises a loss on a disposal of ordinary shares on which EIS income tax relief (see (i) above) has been given and not withdrawn or CGT deferral relief (see (iv) below) has been given and not withdrawn. The amount of the loss (after taking account of the income tax relief initially obtained) can be set against a qualifying gain in the year of loss or following years or offset against taxable income in the tax year in which the disposal occurs or the preceding year.

(iv) *Capital gains tax liability/deferral*

To the extent that a UK resident investing ordinary shareholder (which includes individuals and certain trustees) subscribes for qualifying ordinary shares, they can claim to defer all or part of a chargeable gain arising on the disposal of any asset. Although there is a limit of £200,000 for income tax relief and the exemption from CGT (see (i) and (ii) above), there is no limit on the amount of gains that can be deferred in this way. The subscription must have been made within one year before or three years after the date of the disposal which gave rise to the gain or the date when a previously deferred gain crystallises. The gain is deferred until there is a "chargeable event" such as the disposal of ordinary shares after the three year qualifying period. If the investing ordinary shareholder dies or does not retain the ordinary shares for three years or the EIS rules are otherwise breached, the CGT deferral originally granted will be withdrawn and tax charged based on a taxable event occurring at the date the rules cease to be met or, in certain instances, by reference to the normal payment date.

(v) *Serial EIS investor relief*

Investors who defer a chargeable gain on the disposal of an EIS investment by reinvesting the proceeds of the original EIS investment in ordinary shares of another EIS Company may benefit from taper relief on a cumulative basis. In these circumstances, taper relief, which reduces the amount of a chargeable gain according to how long an asset has been held after 5 April 1998, will be calculated over the combined period for which both investments (and further investments if the gain is further deferred) are held. This relief applies where the ordinary shares in the first EIS Company were issued after 5 April 1998 and are disposed of after 5 April 1999.

Whilst the Company cannot guarantee to conduct its activities in a way to allow it to maintain its status as a qualifying EIS investment, the Directors intend, as far as possible, to do so.

Venture capital trust ("VCT")

The Company has sought and received advance clearance from the Inland Revenue of the Company's status as a qualifying VCT investment. The advance clearance which, in accordance with customary Inland Revenue practice, relates to the qualifying status of the Company only and has been obtained on the basis of the facts supplied to the Inland Revenue. Subsequent conditions placed on the Company may affect its qualifying status.

Whilst the Company cannot guarantee to conduct its activities in a way to allow it to maintain its status as a qualifying VCT investment, the Directors intend, as far as possible, to do so.

Shareholders who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own independent financial adviser immediately.

FURTHER INFORMATION

Prospective investors should carefully consider the information in Part II of this document, which sets out certain risk factors relating to any investment in Ordinary Shares, and Parts III and IV which provides additional information on the Group.

PART II

RISK FACTORS

In addition to the other relevant information set out in this document, the following specific risk factors should be considered carefully when evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients and it should be noted that there is no certainty that investors will get back the full amount which they invest. Before making an investment decision, prospective investors should consult a person authorised under the Financial Services and Markets Act 2000 who specializes in advising on the acquisition of shares and other securities. A prospective investor should consider carefully whether an investment in the Company is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her.

There are various risk and other factors associated with an investment of the type described in this document. The Directors consider the risk factors described below to be most relevant in considering an investment in the Company. Any one or more of these risks may have a material effect on the value of any investment in the Company. You should note that the risks described below are not the only risks faced by the Company and there may be additional risks and uncertainty that the Directors currently consider not to be material or of which they are not presently aware and which may also have an adverse effect on the Group.

(a) *Ofcom Licence:*

Through its subsidiaries, Gamecast UK Limited and TV You! Plc, and its commercial partners, the Group is directly/indirectly licensed to broadcast Cellcast Content on the BSkyB digital television platform pursuant to Ofcom Licences granted under the Broadcasting Act 1996 and the Communications Act 2003. Ofcom Licences are subject to certain terms and conditions which include requirements on the Group and its commercial partners to comply with the Broadcasting Act 1996 and the Communications Act 2003 together with codes of practice including the Programme Code, the Code of Advertising Standards and Practice, the Code of Programming Sponsorship and the Rules on the Amount and Scheduling of Advertising. These codes of practice were inherited by Ofcom when it was given a remit to regulate the broadcasting industry in December 2003 in place of the Independent Television Commission, the Broadcasting Standards Commission, the Radio Authority, the Radio Communications Agency and the telecoms watchdog, Oftel. Ofcom may replace these codes with codes of its own in the future. The Directors cannot predict the effect that these changes may have on its ability to broadcast the Cellcast Content. Ofcom also has the right to revoke Ofcom Licences if the Group or any of its commercial partners are in breach of any of the Ofcom Licence terms and conditions. Although the Directors believe the Group complies with the terms of the Ofcom Licences it cannot guarantee that changes in Ofcom policy will not mean it will have to alter Cellcast Content in the future or that its commercial partners will broadcast third party content resulting in the Ofcom Licences for channels on which the Group broadcasts being revoked.

(b) *Electronic Programming Guide ("EPG") Agreements with BSkyB:*

The Group promotes services through wholly-owned channels and through the purchase of airtime on third party channels on the BSkyB platform. The position of these channels on the EPG can impact the potential audience of these channels. The position of any channel on the EPG is determined at the discretion of BSkyB based on their view of the appropriate genre applicable to these channels. BSkyB also has the right to reorganize the EPG which can result in a change in the channel number allocated. Any such changes may create a material disruption to the revenues of the Group in the event that channels are moved to a less trafficked genre of the EPG or in the event that it takes some time for the audience to locate the channels after any EPG change. The Directors are aware that Sky is planning a reorganization of the current EPG in October 2005. This is designed to facilitate the introduction of new genres such as Gaming and Dating, Lifestyle and Adult among others. This reorganisation may have a positive effect on the Group's business through enhanced viewer navigation of the EPG but on the other hand it may have a negative effect if viewership of the Group's channels diminishes.

(c) *Key Management:*

The success of the Group is dependent on, amongst other things, its continuing ability to attract and retain key management and operating personnel, to maintain suitable premises for production and programming services for the Group's corporate customers, and the ability of the Group and third parties to sell its products and services. Specifically the departure of key management, sales, technical or operations personnel could have a material effect on the existing and future business of the Group.

(d) *Loss Making:*

The Group commenced trading in January 2002 and has incurred losses to date. There can be no assurance that the Group will achieve profitability.

(e) *The Group's Objectives:*

The Group's objectives may not be fulfilled. The value of an investment in the Group is dependent upon it achieving the aims set out in this document. There can be no guarantee that it will achieve the level of success that the Directors expect. The Group's longer term growth will depend on its ability to develop services in line with the trends followed by its target audience, to leverage and expand its client base, and to provide quality products and services to its clients.

(f) *Intellectual Property Rights:*

Although the Directors believe that the Cellcast Content and the Cellcast Interaction Platform and the Group's other intellectual property do not infringe the intellectual property rights of others, third parties may assert claims that the Group have violated a patent or infringed a particular copyright, trade mark or other proprietary right or confidential information belonging to them.

Any intellectual property claims, with or without merit, could be time consuming, expensive to litigate or settle and could divert management resources and attention.

(g) *Competition:*

The Group's television channels compete with other producers and distributors of content on the BSkyB and other digital television platforms, including vertically integrated media operations, many of which have been in existence for longer than the Group and many of which are larger and have greater financial resources to apply toward the development and marketing of their digital televisions channels and associated content. In view of the Group's size, there can be no assurance that the Group will have the financial resources to pursue all the attractive development opportunities offered to it, or otherwise to match the level of investment made by its competitors.

(h) *Revenues:*

A substantial part of the Group's revenues stems from interaction between its viewers and its business partners. With the significant increase in the number of broadcasters providing interactive channels, audiences for interactive shopping channels may become increasingly fragmented. Moreover, the time spent watching television could decrease as television vies with other pastimes for viewer's free time. Since the economic success of the Group is primarily determined by viewers' interaction and other broadcasters' programming, neither of which can be predicted, there is no guarantee for the market success of a television channel or programme marketed by the Group.

(i) *Third Party Suppliers:*

A significant part of the Group's revenues are generated through programming that is broadcast through the purchase of airtime on third party channels. There would be a material impact on the Group's revenues if these channels ceased broadcasting or increased the costs of their airtime such that it would be no longer commercially viable for the Group to purchase such airtime.

(j) *Contract Renewals:*

It should be acknowledged that television broadcaster clients who contract with TV interactive program and application provider companies such as the Group will periodically review their contracts with such companies on an annual basis to meet the expectations of their own internal procurement policies and change in their own circumstances. Whilst the Directors and senior management of the Group take reasonable steps to ensure the conditions of the contracts are continually met, circumstances outside the control of the Directors can sometimes influence corporate decisions to review and/or terminate existing contracts.

(k) *Reliance on the BSkyB and other digital or analogue television platforms and associated services:*

The Group requires digital satellite capacity and playout, satellite uplink, encoding, multiplexing, space segment facilities and access to the Eurobird satellite to broadcast its channel(s) and paid programming on the BSkyB platform. These services are currently provided to the Group by Inmedia and Globecast. Under both agreements, Inmedia and Globecast may suspend or terminate the provision of these services if their own supplier of satellite space, SES Astra (a Luxembourg registered company), is unable to provide space on the Eurobird satellite. The Directors believe that provided the Group pays its monthly fees to Inmedia and Globecast under their respective agreements this occurrence is unlikely given the lack of service disruption to other channels on the BSkyB digital platform to date. The interruption of the services provided by Inmedia and Globecast could materially disrupt the Group's business.

(l) *Yoo Media Plc:*

The Group is also supplied with a range of channel management services by Yoo Media Plc. Yoo Media Plc holds the Ofcom licence and Sky EPG agreement for the Gamecast channel "Get Lucky TV" through its subsidiary Digital Interactive Television Group Limited. If Yoo Media Plc's Ofcom Licence or Sky EPG agreement is suspended or terminated this could result in severe disruption to the Group's operation of the "Get Lucky TV" channel. Yoo Media Plc also provide set top box based interactive services to the "Get Lucky TV" channel. Any technical disruption to these services could cause loss to the Group.

(m) *Premium Rate Telecommunications Carriers:*

Agreements with Opera Telecom Limited, One World Interactive Limited, G8wave Limited, Square 1 Communications Limited, MX Telecom Limited, Wapmx.com Limited and Telemix Limited allow the Group to interact with its viewers and provide access to Cellcast Content by SMS, MMS and premium rate telephone lines. The interruption of these services could materially disrupt the Group's business.

(n) *Premium Rate Revenues:*

The Group's business depends on the ability of fixed line and mobile operators to charge their subscribers a premium for access to value added content services. If for commercial or regulatory reasons these telecom operators are no longer willing to bill for premium content or directly or indirectly share with the Group in the additional revenues derived from such premium charges the Group would no longer be able to derive revenue from the services and applications it promotes on television and on-line.

(o) *Use of third party access to services:*

As noted above, third party products, services and content are an integrated part of the Group's offerings to third party broadcasters and the programming it runs on its proprietary channels. Many of the risk factors outlined above are mirrored in the business of such suppliers and if they materialize in the supplier's business they could have a knock-on impact on the Group.

(p) *Regulatory Risks:*

Some of the Cellcast Content distributed and promoted by the Group relies on games of chance or skill that are the subject of varied regulation across the markets in which the Group operates including the

UK Gambling Act 2005. Although full implementation of its provisions is not foreseen to occur for 12 to 18 months the Gambling Act 2005 will create a revised system of regulation for all forms of gambling which may include a licensing regime for on-line gambling.

(q) *Reliance on Technology:*

The Group's revenues are significantly dependent on its application technology and broadcasts platforms. In common with other companies which have a reliance on technology, if the Group's system security is breached, its business and reputation could be harmed. Furthermore the Group's business could be harmed if its services fail to perform properly due to undetected errors or similar problems with its underlying software.

There is the possibility that viruses or other malicious software might be attached either by a third party or inadvertently introduced by an employee or contractor to the Cellcast Platform resulting in a major claim or claims against the Group and/or damage the Group's reputation.

(r) *Data Protection Compliance:*

The Group must comply with data protection and privacy laws which govern its ability to collect and use personal information relating to its customers or potential customers including the marketing use of that information. The Group relies on database administrators, software engineers and other employees to maintain its databases and ensures that non-disclosure agreements are in place with these employees and attempts to minimise access to its customer database to those that need it for performing their responsibilities.

Notwithstanding such non-disclosure agreements and such efforts to manage this, confidential information may be wrongfully appropriated or disclosed by the Group employees. The Group has entered into appropriate contracts with third party processors that it uses, or will be seeking to amend these contracts, to ensure compliance with data protection laws. The Group's customer privacy policies and data collection notices accurately describe the uses to which customer data will be put to use.

The EU Data Protection Directive and the equivalent laws that have been enacted in the European Union will regulate how the Group collects and uses personal information in the EU. These laws also regulate how data is exported to countries outside the EU for any purpose.

It is possible that these laws may be interpreted and applied in a manner that is inconsistent with the Group's data practices. If so, in addition to the possibility of fines, this could result in the Group being required to change its data practices, which could have a material effect on its business, revenue and financial position.

The Group does not currently have in place a written data or document retention policy but intends to adopt a group-wide policy on data and document retention based on the principle that data and documents should only be kept for as long as is necessary and, where data or documents are kept for multiple purposes (such as audit and marketing), such data or documents should be kept for the longest period necessary with the relevant purpose justified by that retention period.

(s) *Foreign Jurisdictions:*

The Group's business and the contracts into which it enters are subject to different laws and jurisdictions world-wide. The Cellcast Content can be accessed by users, who may have different legal actions against the Group depending on their jurisdiction and local laws.

(t) *Volatility of the AIM Market:*

The value of publicly traded media companies can be highly volatile and potential investors should be aware that the value of shares can rise or fall. There may not always be adequate information available to determine the market value of an investment in smaller companies at all times. An investment in a share which is traded on the AIM Market, such as the Ordinary Shares, might be less realizable and might carry a higher risk than a share quoted on the Official List. The ability of an investor to sell

Ordinary Shares will depend on there being a willing buyer for them at an acceptable price. Consequently, it might be difficult for an investor to realize his/her investment in the Group and he/she may lose all his/her investment. In addition, there can be no guarantee that the market price of an investment in the Group will fully reflect its underlying value.

PART III

PART A

ACCOUNTANT'S REPORT ON CELLCAST PLC

The following is the text of a report received from CLB Littlejohn Frazer, reporting accountants:

CLB LITTLEJOHN FRAZER
Chartered Accountants

The Directors
Cellcast plc
3-8 Bolsover Street
London
W1W 6AB

The Directors
Daniel Stewart & Company plc
Becket House
36 Old Jewry
London
EC2R 8DD

The Directors
Merchant Capital Plc
Aldermary House
10-15 Queen Street
London
EC4N 1TX

16 September 2005

Dear Sirs

CELLCAST PLC

Introduction

We report on the financial information set out below relating Cellcast plc (the "Company"). This information has been prepared for inclusion in the AIM admission document dated 16 September 2005 (the "Admission Document") relating to the proposed admission to AIM of the Company and is given for the purpose of complying with Schedule Two of the AIM Rules and for no other purpose.

The Company was incorporated on 26 January 2005 as Cellcast Television Limited and re-registered as a public company limited by shares with the name of Cellcast plc on 15 September 2005. Since incorporation the Company has not traded, prepared any financial statements, incurred neither profit nor loss, and has neither declared nor paid dividends or made any other distributions. There have been no transactions other than the allotment of shares described in note 2 below. Accordingly, no profit and loss information is presented in this report.

Responsibility

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in the notes to the financial information and in accordance with the financial reporting framework.

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

Basis of opinion

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

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

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document dated 16 September 2005, a true and fair view of the state of affairs of the Company as at 31 July 2005 in accordance with the basis of preparation set out in note 1.

Declaration

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

Yours faithfully

CLB Littlejohn Frazer
Reporting accountants

Balance sheet

	Notes	*31 July 2005* £
Current assets		
Cash at bank and in hand		1
Capital and reserves		
Called up share capital	2	1

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Basis of preparation

Cellcast plc's financial information has been prepared using the historical cost basis of accounting and in accordance with applicable Accounting Standards and with UK generally accepted accounting principles. The financial information in this Part III, Section A does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

2. Share capital

	31 July 2005 £
Authorised:	
10,000 ordinary shares of £1 each	10,000
Allotted, called up and fully paid:	
1 ordinary shares of £1 each	1

3. Post balance sheet events

- On 14 September 2005 the authorised share capital of the Company was increased to £1,500,000 by the creation of 1,490,000 new ordinary shares of £1 each;
- On 14 September 2005 the authorised share capital of the Company was reorganised into 50,000,000 new Ordinary Shares of 3p each; and
- On 14 September 2005 the Company acquired 100 per cent. of the issued share capital of Cellcast UK Limited by issuing 21,302,911 new Ordinary Shares, credited as fully paid at par value.

Save as disclosed in the AIM Admission Document, the Company has not entered into any material contracts at the date of this report.

PART III

PART B

ACCOUNTANTS' REPORT ON CELLCAST UK LIMITED

The following is the text of a report received from CLB Littlejohn Frazer, reporting accountants:

CLB LITTLEJOHN FRAZER
Chartered Accountants

The Directors
Cellcast plc
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The Directors
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The Directors
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16 September 2005

Dear Sirs

CELLCAST UK LIMITED

Introduction

We report on the financial information set out below relating to Cellcast UK Limited ("Cellcast UK") and its subsidiary undertakings (together "the Cellcast UK Group"). This information has been prepared for inclusion in the AIM admission document dated 16 September 2005 (the "Admission Document") relating to the proposed admission to AIM of Cellcast plc and is given for the purpose of complying with Schedule Two of the AIM Rules and for no other purpose.

Responsibility

The Directors of Cellcast UK Limited are responsible for preparing the financial information on the basis of preparation set out in the notes to the financial information and in accordance with the financial reporting framework.

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

Basis of opinion

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

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

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document dated 16 September 2005, a true and fair view of the state of affairs of the Cellcast UK Group as at 31 December 2004, 2003 and 2002 and of its results, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 1.

Declaration

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

Yours faithfully

CLB Littlejohn Frazer
Reporting accountants

Consolidated profit and loss account

	Notes	Year ended 31 December 2004 £	Year ended 31 December 2003 £	Period ended 31 December 2002 £
Turnover	2	8,197,875	3,103,929	2,133,839
Cost of sales		(6,373,234)	(2,310,629)	(876,080)
Gross profit		1,824,641	793,300	1,257,759
Administrative expenses		(2,533,024)	(1,506,650)	(1,328,336)
Operating loss	3	(708,383)	(713,350)	(70,577)
Other interest receivable and similar income		2,938	284	2,397
Interest payable and similar charges	5	(894)	(2)	–
Loss on ordinary activities before taxation		(706,339)	(713,068)	(68,180)
Tax on loss on ordinary activities	6	(7,053)	–	–
Loss on ordinary activities after taxation		(713,392)	(713,068)	(68,180)
Minority interests		16,354	(11,644)	–
Loss attributable to members of the parent company for the financial year	18	(697,038)	(724,712)	(68,180)

All of the activities of Cellcast UK are classed as continuing.

There are no recognised gains or losses other than those passing through the profit and loss account.

Consolidated balance sheet

	Notes	*As at 31 December 2004* £	*As at 31 December 2003* £	*As at 31 December 2002* £
Fixed assets				
Intangible assets	7	86,667	–	–
Tangible assets	8	529,919	177,707	89,359
Investments	9	304,933	10	–
		921,519	177,717	89,359
Current assets				
Debtors	10	1,243,135	584,239	114,708
Cash at bank and in hand		410,706	145,138	21,200
		1,653,841	729,377	135,908
Creditors: amounts falling due within one year	11	(2,020,094)	(562,837)	(239,925)
Net current (liabilities)/assets		(366,253)	166,540	(104,017)
Total assets less current liabilities		555,266	344,257	(14,658)
Creditors: amounts falling due after more than one year	12	(273,424)	(79,213)	(53,422)
Net assets/(liabilities)		281,842	265,044	(68,080)
Capital and reserves				
Called up share capital	15	632,200	632,200	100
Share premium account	16	1,144,282	414,091	–
Profit and loss account	16	(1,489,930)	(792,892)	(68,180)
Shareholders' funds/(deficit) – equity interests	18	286,552	253,399	(68,080)
Minority interests	17	(4,710)	11,645	–
		281,842	265,044	(68,080)

Consolidated cash flow statement

	Notes	*Year ended 31 December 2004* £	*Year ended 31 December 2003* £	*Period ended 31 December 2002* £
Net cash inflow/(outflow) from operating activities	22	501,441	(761,916)	134,001
Return on investments and servicing of finance				
Interest received		2,938	284	2,397
Interest paid		–	(2)	–
Interest element of finance leases		(894)	–	–
Net cash inflow from returns on investment and servicing of finance		2,044	282	2,397
Capital expenditure				
Payments to acquire intangible fixed assets		(100,000)	–	–
Payments to acquire tangible fixed assets		(558,127)	(160,609)	(115,298)
Net cash outflow from capital expenditure		(658,127)	(160,609)	(115,298)
Acquisitions and disposals				
Purchase of subsidiary undertaking		(304,923)	(10)	–
Net cash outflow from acquisitions and disposals		(304,923)	(10)	–
Cash (outflow)/inflow before financing		(459,565)	(922,253)	21,100
Financing				
Issue of equity share capital		–	632,100	100
Capital contribution from shareholders		730,191	–	–
Share premium on issue of equity share capital		–	414,091	–
Capital element of hire purchase and finance leases		(5,125)	–	–
Net cash inflow from financing		725,066	1,046,191	100
Increase in cash in the period	23	265,501	123,938	21,200

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

(a) *Basis of preparation*

Cellcast UK Limited financial information has been prepared using the historical cost basis of accounting and in accordance with applicable Accounting Standards and with UK generally accepted accounting principles. The financial information in this Part III, Section B does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

A summary of the material accounting policies, which have been applied consistently for all periods covered by the report, is set out below.

(b) *Basis of consolidation*

The consolidated profit and loss account and balance sheet include the financial statements of Cellcast UK and its subsidiary undertakings made up to 31 December but exclude the results of TV You! plc. The directors of Cellcast UK Limited have considered the exemption available to them under section 229(2) of The Companies Act 1985 and confirm that in their opinion the trading results and balance sheet of the subsidiary TV You! plc as at 31 December 2004 are not considered material to the Cellcast UK Group for the purpose of giving a true and fair view.

As at 31 December 2004 the subsidiary undertakings were:

- TV You! plc (100% subsidiary);
- Mediacast TV Limited (100% subsidiary);
- Intercast UK Limited (50% subsidiary); and
- Gamecast UK Limited (50% subsidiary).

Intercast UK Limited and Gamecast UK Limited have been equity accounted on the basis of board control.

(c) *Turnover*

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

(d) *Research and development*

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the 5 year period during which the Cellcast UK Group is expected to benefit.

(e) *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	–	20% to 50% straight line
Furniture, fixtures and fittings	–	20% to 50% straight line

(f) *Investments*

Fixed asset investments are stated at cost less provision for diminution in value.

(g) *Pensions*

The pension costs charged in the financial statements represent the contributions payable by the Cellcast UK Group during the period in accordance with FRS 17.

(h) *Deferred taxation*

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

(i) *Foreign currency translation*

Monetary assets and liabilities denominated in foreign currencies are transacted into sterling at the rates of exchange ruling at the balance sheet date. Transaction in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

(j) *Going concern*

Having regard to the financial results of Cellcast UK Limited, SMS Media Limited, a major shareholder, has indicated its willingness, if the need arises, to support financially the operations of Cellcast UK and those of its subsidiaries and to meet all third party obligations for at least the ensuing twelve month period from the approval of the financial statements on 16 June 2005. On that basis the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

(k) *Leased assets*

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their useful economic lives. Those held under finance leases are depreciated over their useful economic lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payment is treated as a liability.

2. Turnover

The total turnover of the Cellcast UK Group for each of the financial periods has been derived from its principal activity.

Segmental analysis by geographical area

	Year ended 31 December 2004	*Year ended 31 December 2003*	*Period ended 31 December 2002*
	£	*£*	*£*
United Kingdom	7,883,560	2,945,536	1,269,491
Europe	314,315	91,293	848,098
Middle East	–	67,100	16,250
	8,197,875	3,103,929	2,133,839

3. Operating loss

	Year ended 31 December 2004 £	Year ended 31 December 2003 £	Period ended 31 December 2002 £
This is stated after charging:			
Depreciation of intangible fixed assets	13,333	–	–
Depreciation of tangible fixed assets	235,148	72,261	25,939
Loss on foreign exchange transactions	1,665	2,886	–
Operating lease rentals – land & buildings	152,572	122,100	40,500
Auditors' remuneration	24,500	8,750	4,000

4. Staff costs

The aggregate costs of staff and directors are as follows:

	Year ended 31 December 2004 £	Year ended 31 December 2003 £	Period ended 31 December 2002 £
Wages and salaries	985,935	564,273	157,040
Social security costs	106,590	61,621	16,489
	1,092,525	625,894	173,529

The average number of persons employed by Cellcast UK (including executive directors) is as follows:

	Year ended 31 December 2004 £	Year ended 31 December 2003 £	Period ended 31 December 2002 £
Administration & management	9	7	5
Production staff	20	11	–
	29	18	5

5. Interest payable and similar charges

	Year ended 31 December 2004 £	Year ended 31 December 2003 £	Period ended 31 December 2002 £
On bank loans and overdrafts	–	2	–
Hire purchase interest	894	–	–
	894	2	–

6. Taxation on loss on ordinary activities

(a) *Charge*

	Year ended 31 December 2004	*Year ended 31 December 2003*	*Period ended 31 December 2002*
	£	£	£
UK corporation tax	7,053	–	–

(b) *Factors affecting the tax charge for the period*

The tax charge for the period is higher than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	Year ended 31 December 2004	*Year ended 31 December 2003*	*Period ended 31 December 2002*
	£	£	£
Loss on ordinary activities before tax	(706,339)	(713,068)	(68,180)
Expected tax credit at standard rate of UK corporation tax of 30%	(211,902)	(213,920)	(20,454)
Effects of:			
Expense not deductible for tax purposes	101,150	13,991	605
Depreciation for year less capital allowances	25,478	(24,508)	(6,054)
Other tax adjustments	92,327	224,437	25,903
Total current tax charge	7,053	–	–

The Group has estimated losses of £1,150,000 (2003: £834,466, 2002: £86,341) available for carry forward against future trading profits.

No deferred tax asset provision has been made on the tax losses carried forward as there is no certainty that future profits will be available to offset these losses.

7. Intangible fixed assets

	31 December 2004	*31 December 2003*	*31 December 2002*
	£	£	£
Development costs			
Cost brought forward	–	–	–
Additions	100,000	–	–
Carried forward	100,000	–	–
Depreciation brought forward	–	–	–
Charge	13,333	–	–
Carried forward	13,333	–	–
Net book value	86,667	–	–

8. Tangible fixed assets

	31 December 2004 £	31 December 2003 £	31 December 2002 £
Total			
Cost brought forward	275,907	115,298	–
Additions	587,360	160,609	115,298
Carried forward	863,267	275,907	115,298
Depreciation brought forward	98,200	25,939	–
Charge	235,148	72,261	25,939
Carried forward	333,348	98,200	25,939
Net book value	529,919	177,707	89,359

	31 December 2004 £	31 December 2003 £	31 December 2002 £
Plant and machinery			
Cost brought forward	275,907	115,298	–
Additions	270,294	160,609	115,298
Carried forward	546,201	275,907	115,298
Depreciation brought forward	98,200	25,939	–
Charge	129,211	72,261	25,939
Carried forward	227,411	98,200	25,939
Net book value	318,790	177,707	89,359

	31 December 2004 £	31 December 2003 £	31 December 2002 £
Fixtures, fittings and equipment			
Cost brought forward	–	–	–
Additions	317,066	–	–
Carried forward	317,066	–	–
Depreciation brought forward	–	–	–
Charge	105,937	–	–
Carried forward	105,937	–	–
Net book value	211,129	–	–

Assets held under finance leases and similar hire purchase contracts are as follows:

	31 December 2004 £	31 December 2003 £	31 December 2002 £
Net book value			
Plant and machinery	41,926	–	–
Depreciation			
Plant and machinery	6,762	–	–

9. Fixed assets investments

	31 December 2004 £	31 December 2003 £	31 December 2002 £
Shares in group undertakings			
Cost brought forward	10	–	–
Additions	304,933	10	–
Disposals	(10)	–	
At 31 December	304,933	10	–

Included above is £300,000 representing a 100% shareholding in TV You! plc. The directors of Cellcast UK Limited have considered the exemption available to them ender section 229(2) of the Companies Act 1985 and confirm that in their opinion the trading results and balance sheet of the subsidiary TV You! plc as at 31 December 2004 are not considered material to the Group for the purpose of giving a true and fair view. Also included in the above is £4,933 representing a 20% shareholding in the share capital of Cellcast Television France, SAS.

10. Debtors

	31 December 2004 £	31 December 2003 £	31 December 2002 £
Trade debtors	307,761	105,419	71,264
Amounts owed by group undertakings	59,570	186,362	–
Called up share capital not paid	101	98	–
Other debtors	125,949	7,231	43,444
Prepayments and accrued income	749,744	285,129	–
	1,243,135	584,239	114,708

11. Creditors: amounts falling due within one year

	31 December 2004 £	31 December 2003 £	31 December 2002 £
Bank loans and overdrafts	67	–	–
Trade creditors	1,019,844	230,020	57,446
Amounts due to group undertakings	255,067	92,040	167,028
Corporation tax	7,053	–	–
Net obligations under finance lease and hire purchase contracts	15,226	–	–
Other taxation and social security costs	361,104	80,451	–
Other creditors	–	–	15,451
Accruals	361,733	160,326	–
	2,020,094	562,837	239,925

12. Creditors: amounts falling due after more than one year

	31 December 2004 £	31 December 2003 £	31 December 2002 £
Other loans	264,542	79,213	53,422
Net obligations under finance lease and hire purchase contracts	8,882	–	–
	273,424	79,213	53,422

13. Commitments under finance lease agreements

The maturity of obligations under finance leases and hire purchase contracts are as follows:

	31 December 2004	*31 December 2003*	*31 December 2002*
	£	*£*	*£*
Within one year	15,226	–	–
In the second to fifth years	8,882	–	–
	24,108	–	–

14. Commitments under operating leases

At 31 December 2004 Cellcast UK had annual commitments under non-cancellable operating leases as set out below.

	31 December 2004	*31 December 2003*	*31 December 2002*
Land and buildings	*£*	*£*	*£*
Operating leases which expire:			
Within 2 to 5 years	150,000	87,500	–

15. Share capital

	31 December 2004	*31 December 2003*	*31 December 2002*
	£	*£*	*£*
Authorised:			
1,000,000 (2002: 100) Ordinary shares of £1 each	1,000,000	1,000,000	100
	Number	*Number*	*Number*
Allotted, called up and fully paid:			
Ordinary shares	632,200	632,200	100
	£	*£*	*£*
Allotted, called up and fully paid:			
Ordinary shares	632,200	632,200	100

16. Reserves

	31 December 2004	*31 December 2003*	*31 December 2002*
	£	*£*	*£*
Profit and loss account			
Retained loss brought forward	(792,892)	(68,180)	–
Retained loss for the period	(697,038)	(724,712)	(68,180)
Retained loss carried forward	(1,489,930)	(792,892)	(68,180)
Share premium account			
Balance brought forward	414,091	–	–
New equity share prescribed	–	414,091	–
Additional capital contribution from shareholders	730,191	–	–
Balance carried forward	1,144,282	414,091	–

17. Minority interests

	31 December 2004 £	31 December 2003 £	31 December 2002 £
Equity			
Minority interests' share of net assets and liabilities in subsidiary undertakings	(4,170)	11,645	–

18. Reconciliation of movements in shareholders' funds

	31 December 2004 £	31 December 2003 £	31 December 2002 £
Loss for the financial period	(697,038)	(724,712)	(68,180)
New share capital subscribed	–	632,100	100
Net premium on new share capital subscribed net of issue costs	–	414,091	–
Additional capital contribution from shareholders	730,191	–	–
Net addition to/(reduction in) shareholders' funds	33,153	321,479	(68,080)
Opening shareholders' funds	253,399	(68,080)	–
Closing shareholders' funds	286,552	253,399	(68,080)

19. Control

The directors consider SMS Media Limited to be the immediate parent undertaking as it is a member of Cellcast UK and has the right to appoint or remove a majority of its board directors.

The directors consider there is no ultimate controlling party.

20. Related party transactions

SMS Media Limited (parent company)

Sales and management charges to SMS Media Limited amounted to £259,827 (2003: £165,337, 2002: £165,00) to Cellcast UK. Purchases from SMS Media Limited amounted to £nil (2003: £64,050, 2002: £nil). Cellcast UK recharged expenses of £nil (2003: £30,438, 2002: £nil) to SMS Media Limited. During the year, an amount of £nil (2003: £260,000, 2002: £nil) owed to Cellcast UK was converted into nil (2003: 260,000, 2002: nil) newly issued and fully paid ordinary shares of £1 each. At 31 December 2004 £264,542 (2003: £79,213, 2002: £139,754) was owed to SMS Media Limited.

Sky Telemedia (UK) Limited (fellow subsidiary)

Recharges from Sky Telemedia (UK) Limited amounted to £493,492 (2003: £593,929, 2002: £197,540). A rent deposit totalling £nil (2003: £44,063, 2002: £nil) was paid on behalf of Sky Telemedia (UK) Limited by Cellcast UK. This rent deposit is repayable to Cellcast UK. Sales to Sky Telemedia Limited amounted to £311,012 (2003: £330,221, 2002 £nil). At 31 December 2004 £63,363 (2003: £28,133, 2002: £27,274) was owed to Sky Telemedia (UK) Limited.

Cellcast Lebanon SAL (fellow subsidiary)

Recharges from Cellcast Lebanon amounted to £13,802 (2003: £48,800 to Cellcast Lebanon, 2002: £nil). At 31 December 2004 £54,089 (2003: £48,800, 2002: £nil) was owed by Cellcast Lebanon.

20. Related party transactions (continued)

Sardik Limited (fellow subsidiary)

New shares in Cellcast UK totalling £nil (2003: £56,000, 2002: £nil) in value were subscribed by Sardik Limited during the year. During the year recharges to Sardik Limited amounted to £1,690 (2003: £nil, 2002: £nil). At 31 December £41,075 (2003: £43,394, 2002: £nil) was owed to Sardik Limited.

Technology Outlook Limited (fellow subsidiary)

Recharges to Technology Outlook Limited amounted to £nil (2003: £93,972, 2002: £nil). At 31 December 2004 £nil (2003: £93,972, 2002: £nil) was owed by Technology Outlook Limited.

Asian Interactive Broadcasting Limited ("AIB") (fellow subsidiary)

During the year expenses and management fees amounted to £182,366 (2003: £163,306, 2002: £nil) were recharged to AIB. AIB recharged £84,007 (2003: £nil, 2002: £nil) to Cellcast UK for expenses incurred during the year. At 31 December 2004 £237,299 (2003: £93,422, 2002: £nil) was owed by AIB.

Cellcast Interactif, SAS ("Cellcast Interactif") (fellow subsidiary)

Sales to Cellcast Interactif, amounted to £18,348 (2003: £64,224, 2002: £nil) and purchases by Cellcast UK totalled £nil (2003: £92,041, 2002: £nil). At 31 December 2004 an amount of £2,165 (2003: £20,513, 2002: £nil) was owed by Cellcast Interactif.

Cellcast Television France, SAS (fellow subsidiary)

During the year Cellcast UK transferred funds amounting to £27,551 (2003: £nil, 2002: £nil) to Cellcast France. Television At the year end £27,551 (2003: £nil, 2002: £nil) was owed to Cellcast UK Limited, Cellcast UK have made a provision of £27,551 against this balance.

Gamecast UK Limited (subsidiary)

During the year recharges and funds transfers were made to Gamecast UK Limited amounting to £551,727 (2003: £nil, 2002: £nil). At the year end £294,605 (2003: £nil, 2002: £nil) was owed to Cellcast UK Limited.

During the year Cellcast UK received a loan of £150,000 from a shareholder, Atlas Telecom Holdings (Bermuda) Limited. At the year end Cellcast UK owed £150,000.

All transactions were carried out on normal commercial terms.

21. Post balance sheet events

On 14 September 2005, the authorised share capital was reorganised into 33,333,333 ordinary shares of 3p each.

On 14 September 2005, Cellcast UK issued and allotted 229,578 ordinary shares of 3p each at a premium of 68p fully paid up by way of capitalisation of 25 per cent. of the loan outstanding to the shareholders of Cellcast UK.

On 14 September 2005, Cellcast UK was acquired in a share for share exchange by Cellcast plc and on the same day Cellcast UK transferred ownership of Gamecast UK Limited and TV You! plc to Cellcast plc.

22. Reconciliation of operating loss to net cash (outflows)/inflows from operating activities

	Year ended 31 December 2004 £	*Year ended 31 December 2003* £	*Period ended 31 December 2002* £
Operating loss	(708,383)	(713,350)	(70,577)
Depreciation	235,148	72,261	25,939
Amortisation	13,333	–	–
Increase in debtors	(658,897)	(469,530)	(114,708)
Increase in creditors	1,620,240	348,703	239,925
Net cash inflow/(outflow) from operating activities	501,441	(761,916)	80,579

23. Reconciliation of net cash to movement in net funds

	Year ended 31 December 2004 £	*Year ended 31 December 2003* £	*Period ended 31 December 2002* £
Increase in cash in year	265,501	123,938	21,200
Cash inflow from inception of hire purchase	(24,108)	–	–
Movement in net funds in year	241,393	123,938	21,200
Opening net funds	145,138	21,200	–
Closing net funds	386,531	145,138	21,200

	Opening balance	*Cash flows*	*Other non-cash changes*	*Closing balance*
Year ended 31 December 2004				
Cash at bank and in hand	145,138	265,568	–	410,706
Bank Overdraft	–	(67)	–	(67)
	145,138	265,501	–	410,639
Hire purchase agreement and finance lease agreements	–	–	(24,108)	(24,108)
Net funds	145,138	265,501	(24,108)	386,531

	Opening balance	*Cash flows*	*Other non-cash changes*	*Closing balance*
Year ended 31 December 2003				
Cash at bank and in hand	21,200	123,938	–	145,138

	Opening balance	*Cash flows*	*Other non-cash changes*	*Closing balance*
Period ended 31 December 2002				
Cash at bank and in hand	–	21,200	–	21,200

PART IV

ADDITIONAL INFORMATION

1. Incorporation and Status of the Company

1.1 The Company was incorporated and registered in England and Wales on 26 January 2005 as a private limited company under the name Cellcast Television Limited and with registered number 05342662. The Company and its subsidiaries are governed by and its securities were created under the Act and the regulations made thereunder. The Company changed its name to Cellcast Limited on 10 August 2005.

1.2 The Company's registered office and principal place of business is at 3-8 Bolsover Street, London W1W 6AB. The telephone number of the Company's registered office is 020 7190 0300.

1.3 The Company was re-registered as a public company limited by shares with the name of Cellcast Plc, on 15 September 2005, under which it currently trades.

1.4 The liability of the members of the Company is limited.

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

1.6 The accounting reference date of the Company is 31 December. The Company's auditors are Baker Tilly of 2 Bloomsbury Street, London WC1B 3ST, who are a member firm of the Institute of Chartered Accountants in England and Wales.

2. The Group

2.1 To the best of the knowledge of the Company and save as disclosed in paragraph 6 of this Part IV, on Admission, there are no persons who directly or indirectly control the Company, where control means owning 30 per cent. or more of the voting rights attaching to the share capital of the Company.

2.2 Save for the Atlas Option, further details of which are set out in paragraph 6.4 of this Part IV, the Company is not aware of any arrangements currently in place which may at a subsequent date result in a change of control of the Company.

2.3 The Company is the holding company of three wholly and directly owned subsidiaries. Details of its significant subsidiaries are set out in the table below:

Name of Company	*Holding*	*Country of Incorporation*	*Issued Share Capital*
Cellcast UK Limited	100%	England and Wales	£639,087
Gamecast UK Limited	100%	England and Wales	£1
TV You! Plc	100%	England and Wales	£50,000

3. Securities being offered/admitted

3.1 The Ordinary Shares are ordinary shares of 3 pence in the capital of the Company and were created under the Act and are to be issued in British Pounds Sterling.

3.2 The Ordinary Shares are in registered form and may be held in certificated form or under the CREST system, which is a paperless settlement procedure enabling securities to be evidenced and transferred otherwise than by a written instrument in accordance with the Uncertificated Securities Regulations 2001. The Company's Registrars are responsible for keeping and maintaining the Company's register of members. The International Security Identification Number of the Ordinary Shares is GB00B0GWFM68.

3.3 The dividend and voting rights attaching to the Ordinary Shares are set out in paragraph 5(d) and paragraph 5(g) below.

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

3.5 The Ordinary Shares shall be entitled on a *pari passu* basis with all issued Ordinary Shares to share in any surplus on a liquidation of the Company. No shareholder has different voting rights to other shareholders.

3.6 The Ordinary Shares have no redemption or conversion provisions.

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

(a) an ordinary resolution passed on 14 September 2005 authorising them pursuant to section 80 of the Act to allot ordinary shares with an aggregate nominal value of up to £860,912.67;

(b) a special resolution passed on 14 September 2005 authorising them pursuant to section 95 of the Act to allot the Placing Shares for cash pursuant to the authority referred to in 3.9(a) above as if s89(1) of the Act did not apply to such allotment.

3.8 It is anticipated the Placing Shares will be issued on 21 September 2005, the date of Admission.

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

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

3.11 No person has made a public takeover bid for the Company's issued share capital since the date of its incorporation or in the current financial period and the Company is not aware of the existence of any takeover bid pursuant to the rules of the Code.

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

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

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

4. Share capital of the Company

4.1 The authorised and issued share capital of the Company as at the date of this document is:

Authorised Share Capital			*Issued and fully paid up share capital*	
£	*Number*		*£*	*Number*
1,500,000	50,000,000	Ordinary Shares	639,087.33	21,302,911

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

Authorised Share Capital			*Issued and fully paid up share capital*	
£	*Number*		*£*	*Number*
1,500,000	50,000,000	Ordinary Shares	850,407.33	28,346,911

4.3 Pursuant to a share for share exchange agreement dated 14 September 2005 (the "Share Exchange Agreement") between the Company and the shareholders of Cellcast UK at that time (the "Cellcast UK Sellers"), the Company acquired the whole of the issued share capital of Cellcast UK from the Cellcast UK Sellers in consideration of the issue and allotment to the Cellcast Sellers of 21,302,878 Ordinary Shares credited as fully paid. Further details of the Share Exchange Agreement can be found at paragraph 11.8 of this Part IV.

4.4 The Placing will result in the allotment and issue of 7,044,000 new Ordinary Shares, diluting existing holders of Ordinary Shares by 24.8 per cent.

4.5 The Company has no shares not representing capital. No Ordinary Shares are held by or on behalf of the Company or by any of its subsidiaries.

4.6 The par value of each Ordinary Share is 3 pence.

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

4.8 The Company was incorporated with an authorised share capital of £10,000 divided into 10,000 ordinary shares of £1 each, one of which was issued nil paid to the subscriber to the Memorandum of Association of the Company. On 26 January 2005, the subscriber share was transferred to Craig Gardiner. Craig Gardiner subsequently transferred the one issued ordinary share of £1 each to Andrew Wilson on 3 August 2005. On 14 September 2005, Andrew Wilson transferred the 33 issued Ordinary Shares of 3 pence each (representing the one subscriber share following the restructuring as set out in paragraph 4.9 below) to SMS Media Limited.

4.9 On 14 September 2005, pursuant to resolutions of the Company passed on that date:

(a) the authorised share capital of the Company was increased to £1,500,000 by the creation of 1,490,000 ordinary shares of £1 each;

(b) each ordinary share of £1 each in the share capital of the Company was subdivided into 100 ordinary shares of 1 pence each;

(c) every 3 ordinary shares of 1 pence each in the share capital of the Company, created pursuant to resolution (b) above, were consolidated into 1 ordinary share of 3 pence each;

(d) the Directors were generally and unconditionally authorised in accordance with Section 80 of the Act to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to a aggregate nominal amount of £860,912.67 (being an amount equal to the whole of the authorised but unissued share capital of the Company), such authority to expire on the date 15 months from the date of the resolution or, if earlier, the next annual general meeting of the Company unless varied, revoked or renewed by the Company in general meeting; and

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

(i) the allotment of equity securities for cash in connection with the Placing up to an aggregate nominal amount of £211,320;

(ii) the allotment of 566,938 Ordinary Shares pursuant to the option agreement between the Company and Daniel Stewart dated 16 September 2005, the details of which are set out in paragraph 11.4 below;

(iii) the allotment of 140,845 Ordinary Shares pursuant to the option arrangement between the Company and Top Up TV Limited, the details of which are set out in paragraph 11.11 below;

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

(v) the allotment of equity securities in addition to any allotted pursuant to sub-paragraphs (e) (i) to (iv) above up to a maximum aggregate nominal value of £85,040.73.

4.10 Save as set out in this paragraph 4, paragraph 6, paragraph 10 and paragraph 11 below, no share or loan capital of the Company is proposed to be issued or is under option or agreed, conditionally or unconditionally, to be put under option.

5. Memorandum and Articles of Association

5.1 *Memorandum of Association*

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

5.2 *Articles of Association*

The Articles were adopted by special resolution of the Company passed on 14 September 2005 and include provisions to the following effect:

(a) *Voting of class rights and changes of capital*

(i) The special rights attached to any class of shares (if any) may, subject to any applicable law, be altered or abrogated in such manner as may be provided by such rights (if any) or in the absence of any such provision, either with the consent in writing of the holders of three fourths in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of the class.

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

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

(b) *General Meetings of Shareholders*

All general meetings which are not annual general meetings are extraordinary general meetings. General meetings may be called by directors whenever they think fit or within 21 days of receipt of a requisition of members holding not less than one-tenth of the paid up share capital of the Company carrying the right to vote at general meetings, signed by such members and deposited at the registered office of the Company in accordance with the Act. If there are insufficient directors in the UK to form a quorum, any director and two members may convene an extraordinary general meeting, in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

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

(c) *Class Meetings*

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

(d) *Votes of members*

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

(e) *Directors*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) *Transfer of shares*

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

(g) *Dividends and distribution of assets on liquidation*

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

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

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

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

(h) *Borrowing Powers*

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

(i) *Rights of Shares*

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

6. Directors' Interests

6.1 The interests of the Directors and their immediate families (all of which are beneficial unless otherwise stated) in the issued ordinary share capital of the Company which are required to be notified by each Director to the Company under the provisions of Section 324 and 328 of the Act or which are required to be disclosed in the Register of Directors Interests pursuant to Section 325 of the Act or which are interests of persons connected with the Directors within the meaning of Section 346 of the Act, the existence of which is known or which could, with reasonable diligence, be ascertained by the Director as at the date of this document and as they are expected to be immediately following the Placing and Admission, are as follows:

Name	*Number of Ordinary Shares prior to Admission*	*Percentage of the issued Ordinary Share capital prior to Admission*	*Number of Ordinary Shares immediately following Admission*	*Percentage of the Enlarged Issued Share Capital*
Julian Paul	nil	nil	nil	nil
Andrew Wilson*†	2,875,497	13.65	2,875,497	10.14
Bertrand Folliet*	2,875,497	13.65	2,875,497	10.14
Emmanuelle Guicharnaud*	349,903	1.66	349,903	1.23
Mike Neville	nil	nil	nil	nil

* These interests are not direct holdings in Ordinary Shares but show the Director's beneficial interests in the Company, as these interests are held indirectly through the Directors' interests in SMS Media and Sardik.

† 100% of Andrew Wilson's shareholding is held by his wife, Marion Wilson.

6.2 The following EMI Options, save for those granted to Mike Neville and Julian Paul which will be Unapproved Options (together "Options"), over the Ordinary Shares have been granted to the Directors as at 15 September 2005 (being the latest practicable date prior to the publication of this document):

Director	*Number of Ordinary Shares under option*	*Date of Grant*
Julian Paul	70,423	15 September 2005
Andrew Wilson	56,338	15 September 2005
Bertrand Folliet	56,338	15 September 2005
Emmanuelle Guicharnaud	98,591	15 September 2005
Michael Neville	7,042	15 September 2005

The above Options will each vest and thereby become exercisable in respect of one third of the total number of Ordinary Shares under option on each of the first, second and third anniversary of the date of grant, at the Placing Price, with no performance conditions a requirement of exercise.

6.3 Save as disclosed in paragraph 6.1 above and this paragraph 6.3, the Company is not aware of any interest (within the meaning of Part VI of the Act) in the Company's ordinary share capital which, immediately following the Placing and Admission, amounts or would amount to 3 per cent. or more of the Company's Enlarged Issued Share Capital other than the following:

Name	*Number of Ordinary Shares prior to Admission*	*Percentage of the issued Ordinary Share capital prior to Admission*	*Number of Ordinary Shares following Admission*	*Percentage of the Enlarged Issued Share Capital immediately following Admission*	*Number of Ordinary Shares following the exercise of the Atlas Option*	*Percentage of Enlarged Issued Share Capital*
Atlas Group of Companies Limited	10,536,666	50.0%	8,017,288	28.3%	nil	nil
SMS Media Limited	8,668,367	41.1%	8,668,367	30.6%	16,685,655	58.9%
Sardik Limited	1,868,300	8.9%	1,868,300	6.7%	1,868,300	6.7%

6.4 Pursuant to the Atlas Option Agreement, Atlas has granted SMS Media a call option (the "Atlas Option") whereby SMS Media has the right exercisable at any time within 12 months from the date of the Option Agreement being 11 August 2005 (the "Option Period") to require Atlas to sell 100 per cent. of its shareholding in the Company following Admission (the "Option Shares") at an aggregate price of £4,500,000. The Atlas Option is exercisable in whole or in part on any number of occasions during the Option Period in multiples of £100,000. If so required by SMS Media, the exercise of the Option shall be conditional on a waiver being granted by the Panel in relation to the obligation on SMS Media which would otherwise arise under Rule 9 of the Code and the Shareholders approving the aforementioned waiver at a general meeting of the Company. If the Option has not been exercised in full during the Option Period, if, during a further 12 month period, Atlas wishes to transfer any of the Option Shares, it must first serve an irrevocable written notice on the Company to this effect containing details of the proposed transfer including the proposed price (the "Transfer Notice"). If SMS Media indicates within 20 business days that it wishes to buy some or all of the Option Shares, then SMS Media shall have the right to and shall thereafter be bound to make such purchase at the price included in the Transfer Notice. If SMS Media does not so indicate within the prescribed period, Atlas can sell the Option Shares to a third party on the terms contained in the Transfer Notice.

6.5 The voting rights of the Shareholders set out in paragraphs 6.1 and 6.3. do not differ from the voting rights held by other Shareholders in the Company.

6.6 None of the Directors or any member of their immediate families has any interest in any financial product (including, without limitation, a contract for difference or a fixed odds bet) whose value in whole or in part is determined directly or indirectly by reference to the Placing Shares.

6.7 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors or their connected persons.

6.8 Save as disclosed in this paragraph 6, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.

7. Directors' Service Agreements/Letters of Appointment

7.1 The following service agreements and letters of appointment have been entered into between the Directors and the Company:

(a) By a letter of appointment dated 15 September 2005, conditional upon Admission, the Company entered into an agreement with Julian Paul & Co to provide the services of Julian Paul as Non-Executive Chairman of the Company. Under the terms of the letter of appointment, Julian Paul & Co receives a fee of £30,000 per annum plus VAT in respect of the services it provides to the Company payable with effect from Admission. The letter of appointment also provides for payment of an additional £1,000 plus VAT per day for each additional days' work undertaken by Julian Paul for the Company pursuant to the letter of appointment over and above 30 days per annum. The appointment is for an initial term of twelve months' and is terminable thereafter on three months' notice given by either party. Upon termination, no benefits (other than those accruing during the notice period) are due to the Director.

(b) By an agreement dated 15 September 2005, conditional on Admission, the Company appointed Andrew Wilson as Chief Executive Officer of the Company under which he is entitled to a salary of £100,000 per annum in respect of his services together with a discretionary bonus. The appointment is terminable on not less than twelve months' written notice given by either party. He is also entitled to private medical insurance, life assurance and contributions by the Company to his pension fund. The agreement contains customary restrictive covenants. Upon termination, no benefits (other than those accruing during the notice period) are due to the Director.

(c) By an agreement dated 15 September 2005, conditional on Admission, the Company appointed Bertrand Folliet as Chief Operating Officer of the Company under which he is entitled to a salary of £100,000 per annum in respect of his services together with a discretionary bonus. The appointment is terminable on not less than twelve months' written notice given by either party. He is also entitled to private medical insurance, life assurance and contributions by the Company to his pension fund. The agreement contains customary restrictive covenants. Upon termination, no benefits (other than those accruing during the notice period) are due to the Director.

(d) By an agreement dated 15 September 2005, conditional on Admission, the Company appointed Emmanuelle Guicharnaud as Chief Financial Officer of the Company under which she is entitled to a salary of £72,000 per annum in respect of her services together with a discretionary bonus. The appointment is terminable on not less than twelve months' written notice given by either party. She is also entitled to private medical insurance, life assurance and contributions by the Company to her pension fund. The agreement contains customary restrictive covenants. Upon termination, no benefits (other than those accruing during the notice period) are due to the Director.

(e) By a letter of appointment dated 15 September 2005, conditional on Admission, the Company appointed Michael Neville as Non-Executive Director of the Company. Under the terms of the letter of appointment, he receives a fee of £12,000 per annum in respect of his services to be payable with effect from Admission. The appointment is terminable thereafter on one month's notice given by either party. Upon termination, no benefits (other than those accruing during the notice period) are due to the Director.

7.2 Save as disclosed in paragraphs 7.1(a) to (e) above, there are no service contracts, existing or proposed, between any Director and the Company.

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

7.4 Details of the length of time in which Directors in the financial period of the Company to 16 September 2005 have been in office and the period of their term of office are set out below:

Name	*Commencement of Period of office*	*Date of expiration of term of office*
Julian Paul	15 September 2005	Annual General Meeting to be held in 2006 whereby he will stand for re-election unless otherwise intended at that time.
Andrew Wilson	26 January 2005	Annual General Meeting to be held in 2006 whereby he will stand for re-election unless otherwise intended at that time.
Bertrand Folliet	26 January 2005	Annual General Meeting to be held in 2006 whereby he will stand for re-election unless otherwise intended at that time.
Emmanuelle Guicharnaud	26 January 2005	Annual General Meeting to be held in 2006 whereby he will stand for re-election unless otherwise intended at that time.
Michael Neville	15 September 2005	Annual General Meeting to be held in 2006 whereby he will stand for re-election unless otherwise intended at that time.

8. Additional Information on the Board

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

Director	*Current Directorships*	*Past Directorships*
Julian Paul	Brasted Services Limited Entertainment Rights plc Eagle Rock Entertainment Limited Eagle Rock Group Limited Stagecoach Theatre Arts plc Pilat Media Global plc Eagle Rock Holdings Limited Eagle Vision Limited Cromwell Publishing Limited Eagle Media Productions Limited	Argonaut Games plc
Andrew Wilson	Asian Interactive Broadcasting SMS Media Limited Cellcast UK Limited Cosmopolitan Media Co Limited SPG Euro Limited GAT Limited Sky Telemedia Limited Sterling Holdings Limited (in liquidation)	E-Lux Corporation
Director	*Current Directorships*	*Past Directorships*
Bertrand Folliet	SMS Media Limited Cellcast UK Limited Cellcast Media Limited Cellcast Interactif Limited Cosmopolitan Media Co Limited Asian Interactive Broadcasting Worldwide Venture Limited Sky Famous Limited Entrepreneur Venture GAT Limited Sky Telemedia Limited Sterling Holdings Limited (in liquidation)	E-Lux Corporation
Emmanuelle Guicharnaud	None	None
Michael Neville	World Television Limited World Television Group Plc Felix Group plc Felix Corporation Limited Minmet plc Atlas Group of Companies Limited World Television (Switzerland) Limited Kamera Interactive UK Limited Kamera Holding AB Virtue Communications Limited Virtue Broadcasting (Holdings) Limited Virtue Corporate Services Limited UCTX Limited	Medius Networks Limited Eckoh Technologies plc Ozemail Interline Pty Web Metering Limited Dappanet Limited OnCue Telecommunications Limited (in liquidation) Intelliplus Group Limited Intelliplus Limited Avorta Limited Cashcade Limited Swwwoosh Limited Big Mistake Limited Freecom Net Limited Integrated Media Technologies Plc Telephonetics Interactive Voice Systems Limited

Director	*Current Directorships*	*Past Directorships*
Michael Neville *(continued)*	Alnwick Enterprises Limited Lost It Limited Virtue Broadcasting Limited Telephonetics plc	One World Interactive Limited One World Interactive Management Limited One World Interactive Holdings Limited

8.2 Julian Paul was appointed a non-executive director of Tiger Books International plc on 1 September 1994 and resigned on 28 April 1999. An administration order was made in respect of Tiger Books International plc on 10 May 1999 and the company went into compulsory liquidation on 8 March 2004 with an estimated shortfall to creditors of approximately £2.2m.

Julian Paul was appointed a non-executive director of Argonaut Games plc on 29 February 2000. Argonaut Games plc went into creditors' voluntary liquidation on 23 February 2005 on which date he resigned as non-executive director.

8.3 Andrew Wilson and Bertrand Folliet were both directors on Sterling Holdings Limited which was placed in voluntary liquidation in 2003 due to a decline in the secondary domain name market.

8.4 Michael Neville was a director of Oncue Telecommunications Limited, which entered into creditors liquidation on 28 June 2001. Mr Neville was also a director of Dappanet Limited until 20 September 2001, which company entered into creditors voluntary liquidation on 19 February 2003. Mr Neville was also a director of Integrated Media Technologies PLC until August 2001, which company entered into creditors voluntary liquidation on 30 October 2001.

8.5 Save as disclosed above none of the Directors has:

(a) any previous names;

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

(c) had any bankruptcy order made against him or entered into any individual voluntary arrangements or had a receiver appointed over any of his assets;

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

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

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

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

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

9. Employees and key management

9.1 As at 31 July 2005, the Group had 43 employees. As at the date of this document the Group has 44 employees.

9.2 As at 31 July 2005, the Group employed the following numbers of employees, in the following areas of expertise:

Function	*Number of employees*
Administration	7
Programming/Production	16
Marketing/Business Development	3
Technical	17
TOTAL	43

9.3 As at at 31 July 2005, all the employees were employed at the Company's principal place of business.

9.4 The Company used the services of 241 freelancers on average during the most recent financial year.

9.5 In addition to the Directors, the key management of the Group are as set out in Part I of this document. None of the employment contracts relating to the key management contain a right to benefits upon termination (other than those due during the notice period of the employment contracts).

10. Share Option Schemes

10.1 The Cellcast plc Enterprise Management Incentive Scheme ("EMI Scheme")

The Board approved and adopted the EMI Scheme and its rules on 15 September 2005 whereby under the rules certain employees can be granted the right to acquire Ordinary Shares in the Company, the principal terms of which are summarised below. Details of the EMI Options granted as at the date of this document under the EMI Scheme are set out in paragraph 10.2 below.

(a) *Eligibility and Grant of Options*

The Board may by Option Agreement grant an EMI Option to full-time employees of a Group Company selected by the Board. A full-time employee must work at least 25 hours per week for the Company or, if less, 75 per cent. of that individual's working time. To be eligible the employee must not hold, either alone or with relevant associates, more than 30 per cent. of the Ordinary Shares or have the right to receive more than 30 per cent. of the assets available for distribution on a winding up. After Admission, options will normally be granted within 42 days of the adoption of the EMI Scheme or the announcement of results.

(b) *Option Price*

The price payable on the exercise of the EMI Options granted under the EMI Scheme ("Option Price") may not be substantially less than the market value of the Ordinary Shares at the date of grant.

(c) *Exercise and lapse of Options*

EMI Options will be exercisable during a period which commences no earlier than the first anniversary of grant (save in certain circumstances) and ends before the tenth anniversary of the grant of the EMI Option, and which shall be set out according to an exercise schedule determined by the Board at the date of grant subject to the satisfaction of any performance condition imposed by the Board at grant. It is at the discretion of the Board whether performance conditions will be set. EMI Options may be exercised within six months after the employee ceases to be a director or employee of the Group as a result of ill health, injury or disability, redundancy or retirement or the employing company or business leaves the Group or 12 months after death, in which case options are exercisable by personal representatives of the option holder but failing such exercises, the EMI Option will lapse. EMI Options are exercisable generally within six months following a change of control of the Company or on commencement of a winding up or on a court sanctioned reconstruction or amalgamation (without requiring performance conditions (if any) to be satisfied) and will thereafter lapse. EMI Options are personal and will lapse on assignment or other transfer by the option holders, except on transfer to a personal representative of a deceased employee.

(d) *Limits*

The maximum number of shares to be made available under the EMI Scheme and any other share option plan adopted by the Group shall not exceed 10 per cent. of the Company's issued share capital in any 10 year period. The maximum value (at the date of grant) of the Shares subject to EMI Options granted to an individual in any three year period under the EMI Scheme, or any other qualifying enterprise management incentives and any HM Revenue and Customs approved company share option plan is £100,000.

(e) *Variation of Share Capital*

On an alteration of the share capital of the Company by capitalisation or rights issue, consolidation, sub-division or reduction or other alteration the number of Ordinary Shares the subject of the EMI Option and the Option Price may be adjusted by the Board in such manner as the Auditors or other valuers confirm to be fair and reasonable provided the EMI Options continue to qualify as Enterprise Management Incentives and HM Revenue and Customs approves.

(f) *Voting, dividend and other rights*

On exercise of an EMI Option, Ordinary Shares issued are ranked *pari passu* but until then option holders have no voting or dividend rights. The rights under the EMI Options do not form part of the contract of employment of the option holder.

(g) *Amendments*

The Board may amend the EMI Scheme Rules with the approval of the Company in General Meeting except for provided minor amendments to benefit the administration, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for option holders or members of the Group provided no alteration increases the market value of the Ordinary Shares subject to the EMI Option.

10.2 *Options granted under the EMI Scheme*

In addition to the EMI Options granted to the Executive Directors as referred to in paragraph 6.2 above, the Board granted EMI Options over 1,191,534 Ordinary Shares to employees of the Group on 15 September 2005 which are exercisable on the same terms as the EMI Options granted to the Executive Directors.

10.3 *The Cellcast plc Unapproved Share Option Plan ("the Share Option Plan")*

The Board approved and adopted the Share Option Plan on 15 September 2005 whereby, under the rules, any director, employee, consultant or independent contractor of a Group Company can be granted the right to acquire Ordinary Shares in the Company subject to the terms of the Share Option Plan, the principal terms of the rules of which are summarised below. HM Revenue and Customs will not approve either the Share Option Plan or any of the options granted.

(a) *Eligibility and Grant of Options*

The Board will administer the Share Option Plan and may at its discretion grant Unapproved Options to employees or directors including non-executive directors of any Group Company. After Admission, Unapproved Options will normally be granted within 42 days of the adoption of the Share Option Plan or the announcement of results of the Company.

(b) *Limits*

The maximum number of shares to be made available under the Share Option Plan shall not exceed 10 per cent. of the Company's issued ordinary share capital in any 10 year period when added to any other options granted under any other group employee share scheme. This limit will exclude options which have lapsed or been surrendered.

(c) *Performance Conditions*

The Board may impose objective performance conditions on the exercise of Unapproved Options granted under the Share Option Plan.

(d) *Option Price*

The price payable on the exercise of the Unapproved Options granted under the Share Option Plan will be not be substantially less than the market value of an Ordinary Shares at the date of grant, or the nominal value if higher.

(e) *Exercise of Options*

(i) Normally, subject to the satisfaction of any performance conditions, an Unapproved Option will be exercisable, while an individual remains in employment with the Group, during a period beginning no earlier than the first anniversary and ending no later than the tenth anniversary of the date of grant according to a vesting schedule determined by the Board at the date of grant.

(ii) Early exercise is permitted, in the event of the cessation of employment of the option holder as a result of death, injury, disability, redundancy, retirement, a transfer of undertakings or a Group company ceasing to be part of the Group, a change of control of the Company or its winding up.

(f) *Variation of Share Capital*

On an alteration of the share capital of the Company by capitalisation or rights issue, consolidation, sub-division or reduction or other alteration the number of Ordinary Shares subject to an Unapproved Option and the Option Price may be adjusted by the Board in such manner as the Auditors or other share valuers confirm in their opinion to be fair and reasonable.

(g) *Voting, dividend and other rights*

On exercise of an Unapproved Option, Ordinary Shares issued are ranked *pari passu* but until then option holders have no voting or dividend rights. Participation in the Share Option Plan does not form part of an option holder's entitlement to remuneration as benefits under his or her employment contract.

(h) *Amendments*

The Board may amend the rules of the Plan with the approval of the Company in general meeting except for minor amendments to benefit the administration, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for option holders or any Group Company provided that no alteration adversely affects the rights of an option holder without agreement of the option holder.

10.4 *Options Granted under the Plan*

In addition to the Unapproved Options granted to the Non-Executive Directors as referred to in paragraph 6.2 above, the Board granted Unapproved Options over 514,080 Ordinary Shares to consultants and independent contractors on 15 September 2005 which are exercisable on the same terms as the Unapproved Options granted to the Non-Executive Directors.

11. Material contracts

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

11.1 *Nominated Adviser and Broker Agreement*

A Nominated Adviser and Broker Agreement dated 16 September 2005, between the Company and Daniel Stewart, pursuant to which the Company has appointed Daniel Stewart to act as Nominated

Adviser and Broker to the Company for the purposes of the AIM Rules. The Agreement will commence on Admission and can be terminated by either party on the giving of three months' written notice such notice, not to be given for a period of twelve months after Admission.

11.2 *The Placing Agreement*

The Placing Agreement dated 16 September 2005 between the Company (1), the Directors (2) and Daniel Stewart (3) pursuant to which conditional upon, *inter alia*, Admission taking place on or before 8:00 a.m on 21 September 2005 (or such later time and or date as the Company and Daniel Stewart may agree being not later than 8:00 a.m. on 5 October 2005) Daniel Stewart has agreed to use reasonable endeavours to procure subscribers for the Placing Shares proposed to be issued by the Company at the Placing Price.

The Placing Agreement contains indemnities and warranties from the Company and warranties from the Directors in favour of Daniel Stewart together with provisions which enable Daniel Stewart to terminate the Placing Agreement in certain circumstances prior to Admission including circumstances where any warranties are found to be untrue or inaccurate in any material respect. The liability of the Directors for breach of warranty is limited. Under the Placing Agreement the Company has agreed to pay Daniel Stewart a corporate finance fee and commission of 5 per cent. of the value of the Placing Shares at the Placing Price together with its disbursements including the costs of its lawyers.

11.3 *Merchant Capital Engagement Letter*

The Company entered into an engagement letter with Merchant Capital plc on 25 July 2005 appointing Merchant Capital to act as its financial advisor for the purposes of its Admission and to work with Daniel Stewart on the Placing. The Company has agreed to pay to Merchant Capital a corporate finance fee and in addition, should Merchant Capital introduce investors to the Placing, Daniel Stewart will pay to Merchant Capital a commission on any such funds introduced.

11.4 *Option Agreement*

An Option Agreement between the Company and Daniel Stewart dated 16 September 2005 pursuant to which the Company has granted to Daniel Stewart and option to subscribe for 566,938 Ordinary Shares (being 2 per cent. of the Enlarged Issued Share Capital) at the Placing Price, exercisable for a period of 3 years from the date of Admission in one or more tranches, subject to each tranche being that number of Ordinary Shares as is equal to no less than £50,000 in value. Daniel Stewart has agreed in the Option Agreement that it shall not, within 12 months of Admission, sell the resultant Ordinary Shares which it is allotted save with the prior written consent of the Company (such consent not to be unreasonably withheld or delayed).

11.5 *Intercast Management and Operational Services Contract*

A Management and Operational Services Agreement between Cellcast UK and Intercast UK Limited dated 11 August 2005 (the "Intercast MOS Agreement") pursuant to which Intercast UK Limited has appointed Cellcast UK to provide various services in respect of and to manage and operate the business of Intercast UK Limited. These services include, *inter alia*, access to Cellcast UK's billing services, its interactive television programme concept, provision of studio space and the provision and the provisions of payroll and accounting functions. The Intercast MOS Agreement runs for a period of 10 years from Admission, subject to earlier termination in accordance with its terms. The Intercast MOS Agreement provides for a payment to Cellcast UK of a monthly fee of £15,000 (or as adjusted annually to take into account inflation), an amount equal to the costs and expenses properly incurred by Cellcast in connection with the provision of the Services and an amount equal to 40 per cent. of the net profit after tax of Intercast UK Limited after charging all costs except this 40 per cent. profit share.

11.6 *Mediacast Management and Operational Services Contract*

A Management and Operational Services Agreement between Cellcast UK and Mediacast Limited dated 11 August 2005 (the "Mediacast MOS Agreement") pursuant to which Mediacast TV Limited has appointed Cellcast UK to provide various services in respect of and to manage and operate the business of Mediacast TV Limited. These services include, *inter alia*, access to Cellcast UK's billing services, its interactive television programme concept, provision of studio space and the provision and the provisions of payroll and accounting functions. The Mediacast MOS Agreement runs for a period of 10 years from Admission, subject to earlier termination in accordance with its terms. The Mediacast MOS Agreement provides for a payment to Cellcast UK of a monthly fee of £30,000 (or as adjusted annually to take into account inflation) and an amount equal to the costs and expenses properly incurred by Cellcast in connection with the provision of the Services and an amount equal to 40 per cent. of the net profit after tax of Mediacast TV Limited after charging all costs except this 40 per cent. profit share.

11.7 *Shareholder Loan Agreement*

Pursuant to a letter agreement dated 14 September 2005 between the Company, Atlas, SMS Media and Sardik, it was agreed that the amount of £652,000 which has been lent to Cellcast UK by Atlas, SMS Media and Sardik in the following amounts: Atlas (£250,000); SMS Media (£361,000); and Sardik (£41,000), should be repaid as follows:

(a) £163,000 be capitalised by the issue of ordinary shares of 3 pence each in Cellcast UK at a premium of 68 pence to each of Atlas (£81,500), SMS Media (£67,156) and Sardik (£14,344) prior to the execution of the Share Exchange Agreement;

(b) £326,000 be repaid out of the Placing Proceeds within 5 business days of Admission in the following amounts: £106,000 to Atlas, £199,500 to SMS Media and £20,500 to Sardik; and

(c) £163,000 plus interest at a rate per annum of 2 per cent. above base rate accruing on a daily basis to repaid in equal quarterly instalments within 12 months from Admission in the following amounts: £62,500 plus interest to Atlas, £90,250 plus interest to SMS Media and £10,250 plus interest to Sardik.

11.8 *Share Exchange Agreement*

The Share Exchange Agreement dated 14 September 2005 between the Company and the shareholders of Cellcast UK at the date of the Share Exchange Agreement (the "Cellcast Vendors") pursuant to which the Company acquired the whole of the issued share capital of Cellcast UK from the Cellcast Vendors in consideration for which the Cellcast Vendors received Ordinary Shares in the Company on the basis of 21,302,878 Ordinary Shares for every ordinary share of 3 pence each in the capital of Cellcast UK which they held immediately prior to completion of the Share Exchange Agreement.

11.9 *Director Lock-in Agreements*

Pursuant to individual agreements dated 16 September 2005, the Directors have undertaken to Daniel Stewart and the Company that they will not dispose of any interest in Ordinary Shares save with the prior consent of Daniel Stewart (not to be unreasonably withheld or delayed) or in other limited circumstances (including the acceptance of a take-over offer, the execution of an irrevocable commitment to accept a take-over offer, the sale of shares to an offeror or potential offeror, a disposal pursuant to a compromise or arrangement under section 425 of the Act, a disposal pursuant to a scheme of reconstruction under section 110 of the Insolvency Act 1986, a disposal pursuant to a court order and a disposal to personal representatives, family members and trustees (where the beneficiaries are the Director and/or his family members)) until one year from the date of Admission, and then for a further 12 months will only dispose of Ordinary Shares through Daniel Stewart or as Daniel Stewart shall direct so as to ensure an orderly market in the share capital of the Company.

11.10 *Shareholder Lock-in Agreements*

Pursuant to separate Lock-in Agreements dated 16 September 2005, Atlas, SMS Media and Sardik have undertaken to Daniel Stewart and the Company that they will not dispose of any interest in Ordinary Shares for a period of one year from Admission save with the consent of Daniel Stewart or in certain other limited circumstances (including the acceptance of a take-over offer, the execution of an irrevocable commitment to accept a take-over offer, the sale of shares to an offeror or potential offeror, a disposal pursuant to a compromise or arrangement under Section 425 of the Act, a disposal pursuant to a scheme of reconstruction under Section 10 of the Insolvency Act 1986 and a disposal pursuant to a court order). They have further undertaken that for a further twelve months, they will only dispose of any Ordinary Shares through Daniel Stewart or as Daniel Stewart shall direct, so as to ensure an orderly market in the share capital of the Company.

11.11 *Top Up TV Heads of Agreement*

Pursuant to legally binding heads of agreement dated 10 August 2005 between Cellcast UK and Top Up TV Limited ("Top Up"), Top Up and Cellcast UK have jointly agreed to broadcast Cellcast Content during available overnight hours controlled by Top Up TV on the Freeview Digital Television Platform 5005 until 31 December 2005 or such later date as Top Up may agree. The Group have also agreed, in connection with the arrangements contemplated by the heads of agreement, to grant to Top Up an option to acquire such number of Ordinary Shares as is equal to £100,000 at the Placing Price in the capital of the Company exercisable at the Placing Price and on further terms and conditions to be agreed in writing between the Company and Top Up.

11.12 *Vendor Placing Agreement*

A Vendor Placing Agreement dated 16 September 2005 between Atlas (1), the Company (2) and Daniel Stewart (3) pursuant to which Daniel Stewart has agreed to use reasonable endeavours to procure purchasers of the Vendor Placing Shares at the Placing Price. The Vendor Placing Agreement contains certain warranties from Atlas as to, *inter alia*, title to the Vendor Placing Shares. Pursuant to the Vendor Placing Agreement, Atlas has agreed to pay to Daniel Stewart a commission of 5 per cent. of the aggregate value of the Vendor Placing Shares at the Placing Price and to pay the stamp duty on behalf of the purchasers.

12. Litigation

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

13. Intellectual property and contracts of fundamental importance to the Group

Details of the patents, intellectual property rights, licences or any industrial, commercial or financial contracts or new manufacturing processes which are or may be material to the business or profitability of the Group are as set out in paragraphs 13.1, 13.2 and 13.3 below.

13.1 *Industrial, commercial or financial contracts:*

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

Supply Agreements:

(a) An agreement with Inmedia Communications Limited who provide the Group with digital satellite capacity and playout, satellite uplink, encoding, multiplexing and space segment facilities on the Eurobird Satellite for transmission of the "TV You" Channel on the BSkyB digital television platform.

(b) An agreement with Kingston Communications (Hull) Plc who provide the Group with digital satellite capacity and playout, satellite uplink, encoding, multiplexing and space segment facilities on the Eurobird Satellite for transmission of the Group's "Get Lucky TV" Channel on the BSkyB digital television platform together with interactive streaming services for the Group's applications.

(c) An agreement with Digital Interactive Television Group Limited who provides various services to the Group to enable the broadcast of the "Get Lucky TV" Channel together with the broadcast of associated video content and the Group's interactive services.

(d) A broadcast agreement between Game Network Spa and Cellcast UK relating to Game Network's licensing and broadcasting of Cellcast Content on the Game Network television channel.

Revenue Agreements

(e) Agreements with Opera Telecom Limited, OneWorld Interactive Limited, Global Charge Limited, Com&Tel, SMS Media Limited and Square One under which the Group derives material integrated voice recognition revenues.

(f) An Agreement with Digital Interactive Television Group Limited under which the Group derives revenues generated from the "Get Lucky TV" Channel.

(g) Agreements with Opera Telecom Limited, G8Wave Limited, Wapmx.com Limited and MX Telecom Limited under which the Group is granted the right to use SMS short codes which allow its customers to interact with the Cellcast Content and share subsequent call revenues.

(h) An Agreement with Requestec Limited under which the Group is granted the right to use MMS short codes which allow its customers to interact with the Group's Content and share subsequent call revenues.

13.2 *Intellectual Property*

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

(a) the Cellcast Interactive Platform;

(b) Cellcast Content;

(c) the Group's Domain Name Portfolio; and

(d) the Group's Customer Database.

13.3 *Licences/Notifications*

The Group believes that it is dependent on the Ofcom Licences under which the Group directly or indirectly through its commercial partners broadcasts Cellcast Content and the Group's Data Protection Act 1998 notification are licences, all of which are or may be material to the business or profitability of the Group.

14. Working Capital

The Directors are of the opinion, having made due and careful enquiry and having taken into account the net proceeds of the Placing, that following Admission, the working capital available to the Company will be sufficient for its present requirements, that is for at least 12 months from the date of this document.

15. No Significant Change

Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since the end of the last financial period for which audited financial information has been published.

16. Related Parties Transactions

16.1 During the three years ended 31 December 2004, the Group entered into the related party transactions as set out in paragraph 20 entitled "Related Party Transactions" of the Accountants' Report on Cellcast UK at Part B of Part III of this document. Since 31 December 2004 until the date of this document, there have been movements in the amounts owed to the Related Parties identified in the aforementioned paragraph 20 of the Accountants' Report resulting in the Group owing the following additional sums:

(a) £103,577.67 to SMS Media;

(b) £23,374.54 to Cellcast Television France;

(c) £142,583.48 to Gamecast UK Limited; and

(d) £100,000 from Atlas Telecom Holdings Bermuda Limited.

At the date of this document the Group owed Sky Telemedia (UK) Limited, £35,209 less than the amount owed at 31 December 2004.

16.2 Since 31 December 2004, the Group has entered into the Shareholder Loan Agreement, further details of which are set out in paragraph 11.7 of this Part IV.

16.3 The agreements and arrangements summarised in this paragraph 16 above together comprise £1,216,851 or 14.8 per cent. of the Group's turnover for the year ended 31 December 2004.

17. Taxation

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

17.1 *Taxation of Chargeable Gains*

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

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

If a Shareholder disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may, depending on his circumstances, arise. Any gain will be eligible for taper relief allowance.

17.2 *Loss Relief*

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

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

17.3 *Inheritance Tax*

Business Property Relief

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

17.4 *Stamp duty and Stamp Duty Reserve Tax*

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

17.5 *Dividends and other Distributions*

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

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

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

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

Trustees of discretionary trusts are liable to account for income tax on the trust's income at the rate applicable to trusts, currently 32.5 per cent. for dividends and 40 per cent. for any other income.

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

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

18. General

18.1 The gross proceeds of the Placing are expected to be £5.0 million. It is estimated that the expenses of and incidental to the Placing and Admission including commissions which are payable by the Company will amount to approximately £0.7 million (excluding Value Added Tax). The net proceeds of the Placing (excluding Value Added Tax) are expected to be £4.3 million.

18.2 Daniel Stewart & Company plc, which is authorised and regulated by the Financial Services Authority, has given and not withdrawn its written consent to the inclusion herein of references to its name in the form and context in which they appear.

18.3 CLB Littlejohn Frazer, which are a member firm of the Institute of Chartered Accountants of Scotland, have given and have not withdrawn their written consent to the inclusion in Part III of this document of their reports, the references thereto and to their name in the form and context in which they appear.

18.4 Merchant Capital plc, which is authorised and regulated by the Financial Services Authority, has given and not withdrawn its written consent to the inclusion herein of references to its name in the form and context in which they appear.

18.5 Baker Tilly, which are a member firm of the Institute of Chartered Accountants in England and Wales, have given and not withdrawn their consent to the inclusion herein of references to their name in the form and context in which they appear.

18.6 Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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

18.8 The Placing Price represents a premium over the nominal value of 68 pence per ordinary share.

18.9 The Directors are not aware of any exceptional factors which have influenced the Group's activities.

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

18.11 It is expected that definitive share certificates will be dispatched by hand or first class post by 27 September 2005. In respect of uncertificated shares it is expected that Shareholders' CREST stock accounts will be credited on 21 September 2005.

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

18.13 Arram Berlyn Gardner, who are a member firm of the Institute of Chartered Accountants in England and Wales, were the auditors of Cellcast UK for the three years ending 31 December 2004.

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

18.15 No dividends have been paid since the Company's incorporation.

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

18.17 Save as disclosed in this document as regards for each financial year covered by the historical financial information contained in Part III of this document, the Company has had no principal investments and there are no principal investments in progress and there are no principal future investments on which the board has made a firm commitment.

18.18 There is no Director or member of a Director's family who has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.

19. Availability of Document

Copies of this Admission Document are available free of charge from the Company's registered office and at the offices of Daniel Stewart, Becket House, 36 Old Jewry, London EC2R 8DD during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document until one month after Admission.

16 September 2005