

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised for the purposes of the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.**

This document, which comprises an AIM admission document, is drawn up in compliance with the AIM Rules and is not a prospectus drawn up pursuant to Part 6 of the Financial Services and Markets Act 2000.

If you have sold or transferred all your Ordinary Shares in TMT Group plc, you should send this document, together with the accompanying Form of Proxy, to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

The Directors and Proposed Directors, whose names appear on page 5 of this document, accept responsibility individually and collectively for the information contained in this document. To the best of the knowledge and belief of the Directors and Proposed 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 Concert Party, as defined in Part VIII of this document, accept responsibility for the information contained in this document relating to the Concert Party. To the best of the knowledge and belief of the Concert Party, who have taken all reasonable care to ensure such is the case, the information contained in this document in relation to the Concert Party is in accordance with the facts and does not omit anything likely to affect the import of such information.

**Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the ordinary share capital of the Company will commence on 7 March 2006. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not Officially Listed. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this document.**

**YOUR ATTENTION IS DRAWN TO THE RISK FACTORS SET OUT IN PART IV OF THIS DOCUMENT.**

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## **TMT Group plc**

**(incorporated in England and Wales under registered number 5136300)  
to be renamed:**

## **Mobile Tornado Group plc**

**Acquisition of Mobile Tornado International Limited**

**Placing of up to 20,312,500 Ordinary Shares of 2p each at 16p per share  
Admission of the Enlarged Share Capital to trading on AIM**

**Approval of Waiver of Rule 9 of the City Code on Takeovers and Mergers**

**Approval of the Mobile Tornado Group plc 2006 Share Option Plan**

**Nominated Adviser and Broker:**

**Corporate Synergy Plc** 

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The Placing is conditional, *inter alia*, on Admission taking place on or before 8.00 a.m. on 7 March 2006 (or such later time and date as the Company and Corporate Synergy plc may agree being not later than 3.00 p.m. on 21 March 2006). All of the Ordinary Shares will, upon Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions declared, paid or made in respect of the Ordinary Shares after Admission.

Corporate Synergy plc, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser and broker to the Company in connection with the Placing and the proposed admission of the Enlarged Share Capital to trading on AIM. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or Proposed Director or to any other person in respect of his decision whether or not to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Corporate Synergy plc as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Corporate Synergy plc will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to customers of Corporate Synergy plc or for providing advice in relation to the contents of this document or any other matter.

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or under the securities legislation of any state of the United States. Therefore, subject to certain exceptions, this document may not be sent, transmitted or distributed in or into the United States. The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada; no document in relation to the Placing has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission; and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Placing or the Ordinary Shares. Accordingly, subject to certain exceptions, the Ordinary Shares may not, directly or indirectly, be offered or sold within the United States, Canada, Australia or Japan or offered or sold to a person within the United States or a resident of Canada, Australia or Japan.

**Notice of an Extraordinary General Meeting of the Company, to be held at the offices of Norton Rose, Kempson House, Camomile Street, London EC3A 7AN at 11.00 a.m. on 6 March 2006 is set out at the end of this document. Shareholders will find enclosed a Form of Proxy for use at the Extraordinary General Meeting. To be valid, the Form of Proxy should be completed and returned in accordance with the instructions printed thereon as soon as possible and in any event so as to be received by the Company's registrars, Capita Registrars PO Box 25, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 48 hours before the time appointed for holding the Extraordinary General Meeting. Completion and posting of the Form of Proxy will not prevent a Shareholder from attending and voting in person at the Extraordinary General Meeting.**

In the United States, the Placing is being made only to a limited number of persons reasonably believed to be qualified institutional buyers, as defined in Rule 144A(a)(1) of the Securities Act, as amended (“Qualified Institutional Buyers”) in reliance on exemptions from the registration requirements of the Securities Act, and outside the United States in accordance with Regulation S of the Securities Act. Therefore, subject to certain exceptions, this document may not be sent, transmitted or distributed in or into the United States. Any recipient of Placing Shares in the United States pursuant to such transactions will be required to make certain acknowledgements, representations and agreements that establish to the Company and Corporate Synergy that such transactions are exempt from the registrations requirements of the Securities Act.

The Placing Shares offered by this document have not been approved or disapproved by the United States Securities and Exchange Commission or any US state securities commission or regulatory authority, nor have such authorities confirmed or determined the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

### **NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

**Neither the fact that a registration statement or an application for a licence has been filed under Chapter 421-B of the New Hampshire Revised Statutes (“RSA 421-B”) with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the state of New Hampshire constitutes a finding by the Secretary of State of the State of New Hampshire that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State of the State of New Hampshire has passed judgment in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction. It is unlawful to make or cause to be made to any prospective purchaser, customer or client any representation inconsistent with the provisions of this paragraph.**

### **Enforcement of judgments**

The Company is incorporated under the laws of England and Wales. The Directors are citizens or residents of countries other than the United States. All or a substantial portion of the assets of such persons and all of the assets of the Company are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States on the Company or such persons or to enforce against them judgments of US courts predicated on the civil liability provisions of the US federal securities laws. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in other jurisdictions.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised. Neither the delivery of this document nor any sale made under this document shall, in any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document and that the information contained in this document is correct as of any time subsequent to the date of this document.

The content of this document is not to be construed as legal, business or tax advice. Each prospective investor should consult his, her or its own independent legal and financial advisors for legal, financial and tax advice. In particular, this document does not include any information with respect to US taxation. Therefore, prospective subscribers for the Placing Shares who may be subject to tax in the United States are urged to consult their tax adviser regarding the US Federal, State, local and other tax consequences of owning and disposing of the Placing Shares.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	9 February 2006
Latest time and date for receipt of Forms of Proxy in respect of the Extraordinary General Meeting	11 a.m. on 4 March 2006
Extraordinary General Meeting	11 a.m. on 6 March 2006
Completion of the Acquisition	7 March 2006
Admission effective and commencement of dealings on AIM in the New Ordinary Shares	7 March 2006
CREST accounts credited in respect of the Placing Shares and Consideration Shares by	7 March 2006
Despatch of definitive share certificates in respect of the Placing Shares (where appropriate) and Consideration Shares by	14 March 2006

## ADMISSION, ACQUISITION AND PLACING STATISTICS

Placing Price	16p
Number of Ordinary Shares currently in issue	5,937,500
Number of Placing Shares	20,312,500
Number of Consideration Shares being issued pursuant to the Acquisition	78,130,096
Number of Ordinary Shares in issue immediately following the Placing and Acquisition	104,380,096
Percentage of Enlarged Share Capital represented by the Placing Shares	19.5%
Percentage of Enlarged Share Capital represented by the Consideration Shares	74.9%
Market capitalisation at Admission at the Placing Price	£16.7 million
Approximate net proceeds of the Placing receivable by the Company	£2,642,200

Note: the Placing statistics are based upon the maximum of 20,312,500 Ordinary Shares being placed pursuant to the Placing.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors:</b>	Christopher Robin Akers ( <i>Non-Executive Chairman</i> ) Rodger David Sargent ACA ( <i>Non-Executive Director with responsibility for the finance function</i> )
<b>Company Secretary:</b>	Rodger David Sargent ACA  <i>Both of</i>
<b>Registered Office:</b>	4th Floor French Railways House 178 — 180 Piccadilly London W1J 9EN Telephone: 020 7399 4260
<b>Proposed Directors:</b>	John Paul Swingewood ( <i>Proposed Executive Chairman</i> ) Jorge Saul Pinievsky ( <i>Proposed Chief Operating Officer</i> ) Mark Vaughan Hughes ( <i>Proposed Finance Director</i> )
<b>Nominated Adviser &amp; Broker:</b>	<b>Corporate Synergy Plc</b> 30 Old Broad Street London EC2N 1HT
<b>Auditors:</b>	<b>Grant Thornton UK LLP</b> Grant Thornton House Melton Street Euston Square London NW1 2EP
<b>Solicitors to the Company:</b>	<b>Norton Rose</b> Kempson House Camomile Street London EC3A 7AN
<b>Solicitors to the Nominated Adviser and Broker:</b>	<b>Marriott Harrison</b> 12 Great James Street London WC1N 3DR
<b>Auditors to Mobile Tornado and Reporting Accountants to the Company:</b>	<b>PricewaterhouseCoopers</b> George's Quay Dublin 2
<b>Registrars:</b>	<b>Capita Registrars</b> The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Acquisition”	the proposed acquisition by the Company of Mobile Tornado pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional agreement dated 9 February 2006 between the Company (1), and the Vendors (2) relating to the Acquisition, a summary of the principal terms and conditions of which is set out in paragraph 16.1.4 of Part VIII of this document
“Act”	the Companies Act 1985, as amended
“Admission”	admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the rules governing the admission to, and operation of, AIM published by the London Stock Exchange
“Alcatel”	Alcatel CIT
“AOL”	America Online Inc., a subsidiary of Time Warner Inc.
“Board”	the board of directors of the Company from time to time
“City Code”	The City Code on Takeovers and Mergers
“Combined Code”	the Principles of Good Governance and Code of Best Practice published in July 2003 by the Financial Reporting Council
“Company” or “TMT”	TMT Group plc
“Completion”	completion of the Acquisition and the Placing
“Concert Party”	those named in paragraph 7 of Part VIII of this document
“Consideration Shares”	the 78,130,096 New Ordinary Shares to be issued pursuant to the Acquisition
“Corporate Synergy”	Corporate Synergy Plc, nominated adviser and broker to the Company
“CREST”	the computer based system and procedures which enable title to securities to be evidenced and transferred without a written instrument and which is operated by CRESTCo
“CRESTCo”	CRESTCo Limited, the operator of CREST
“Directors”	the existing directors of the Company at the date of this document, whose names are set out on page 5 of this document
“Enlarged Group”	the Company and its subsidiaries, including Mobile Tornado, following Completion
“Enlarged Share Capital”	the issued share capital of the Company at Admission
“Existing Ordinary Shares”	the Ordinary Shares in issue on the date of this document
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company (or any adjournment thereof) convened for 11 a.m. on 6 March 2006 to be held at the offices of Norton Rose by the notice which is set out at the end of this document
“Form of Proxy”	the form of proxy enclosed with this document for use by Shareholders in connection with the EGM
“Independent Shareholders”	those shareholders entitled to vote on Resolution 2 pursuant to paragraph 2(d) of Appendix 1 to the City Code
“Loan Facility”	the loan facility agreement between the Company, Peter Wilkinson, John Swingewood and Jeremy Fenn further described in paragraph 16.1.6 of Part VIII of this document
“London Stock Exchange”	London Stock Exchange plc

“Mobile Tornado”	Mobile Tornado International Limited, a company registered in Ireland with registered number 376578
“Mobile Tornado Directors” or “Mobile Tornado Board”	John Swingewood, Eyal Fishler and Jorge Piniewsky
“Mobile Tornado Group”	Mobile Tornado and M.T. Labs Limited, a wholly owned subsidiary of Mobile Tornado
“Mobile Tornado Irish Plan”	the Mobile Tornado International Limited Share Option Plan
“Mobile Tornado Israeli Plan”	the Mobile Tornado International Limited 2004 Israeli Share Option Plan
“Mobile Tornado Shares”	the entire issued and to be issued share capital of Mobile Tornado, to be purchased by the Company pursuant to the Acquisition Agreement and arising in the conversion of the Company’s convertible loan stock investment in Mobile Tornado
“New Ordinary Shares”	the Consideration Shares and the Placing Shares
“New Share Option Plan”	the proposed Mobile Tornado Group plc 2006 Share Option Plan
“Nortel Networks”	Nortel Networks Limited
“Nortel Warrants”	the warrants to be issued to Nortel Networks to subscribe for 8,888,888 Ordinary Shares, details of which are set out in paragraph 16.1.10 of Part VIII of this document
“Official List”	The Official List of the UK Listing Authority
“Ordinary Shares”	ordinary shares of 2p each in the capital of the Company
“Panel”	The Panel on Takeovers and Mergers
“Placing”	the conditional placing by Corporate Synergy on behalf of the Company of the Placing Shares pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 9 February 2006 between the Company (1), the Directors and Proposed Directors (2), and Corporate Synergy (3) relating to the Placing, details of which are set out in paragraph 16.1.5 of Part VIII of this document
“Placing Price”	16p per Placing Share
“Placing Shares”	the up to 20,312,500 New Ordinary Shares to be issued pursuant to the Placing
“Proposals”	together the Acquisition, the Placing, the Waiver, the change of name of the Company, the adoption of the New Share Option Plan and Admission
“Proposed Directors”	the proposed directors of the Company whose names are set out on page 5 of this document
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
“Resolutions”	the resolutions of the Company set out in the Notice of Extraordinary General Meeting at the end of this document
“Shareholders”	holders of Ordinary Shares
“TGCV”	Towergate Capital Ventures Limited
“UK”	the United Kingdom of Great Britain and Northern Ireland
“Vendors”	the vendors of Mobile Tornado including those persons who may become shareholders of Mobile Tornado following the date of the Acquisition Agreement as a result of the conversion of any convertible securities in Mobile Tornado
“Waiver”	the conditional waiver by the Panel of the obligation of the Concert Party that may otherwise arise under Rule 9 of the City Code to make a mandatory cash offer for the issued Ordinary Shares not already owned by the Concert Party on Completion as set out in Part I of this document

“Warrants”

the warrants to subscribe for 2,000,000 Ordinary Shares at 20p per share to be issued to the providers of loan finance pursuant to the Loan Facility, details of which are set out in paragraph 16.1.7 of Part VIII of this document



## GLOSSARY

“3G”	a generic term covering a range of future wireless network technologies, including CDMA and EDGE; it combines high-speed mobile access with Internet Protocol (IP) based services
“CDMA”, “CDMA 2000” “CDMA 1x”, and “CDMA 1xEVDO”	Code Division Multiple Access, an IS-95 based digital technology for delivering mobile telephone services; it operates in the 800 and 1900 MHz frequency bands with primary markets in the Americas and Asia; CDMA 2000 (also known as IS-2000) is a 3G technology; the first phase of CDMA 2000 is also referred to as CDMA 1x; CDMA 1xEVDO (Evolution-Data Optimized) supports downlink (Forward Link) data rates up to 3.1 Mbit/s and uplink (Reverse Link) rates up to 1.8 Mbit/s in a radio channel dedicated to carrying high speed packet data
“CIMS”	Mobile Tornado’s converged instant messaging solution, marketed as IPRS
“GPRS”	General Packet Radio Service, a packet-linked technology that enables high-speed wireless internet and other data communications
“GSM” and “GSM EDGE”	Global System for Mobile Communications, a leading digital cellular system, which uses narrowband TDMA; it offers high voice quality, where 8 simultaneous calls can occupy the same radio frequency; originally a European standard for digital mobile telephony, GSM has become the world’s most widely used system; networks operate on the 900 MHz and 1800 MHz waveband in Europe, Asia and Australia and on the MHz 1900 waveband in North America and in parts of Latin America and Africa; GSM EDGE is a digital mobile phone technology which acts as a bolt-on enhancement to GSM networks. EDGE is a superset to GPRS and can function on any network with GPRS deployed on it (provided the carrier implements the necessary upgrades)
“ICQ”	an instant messaging service developed by ICQ Inc., part of the AOL group
“POC”	PTT over cellular networks
“PTT” or “Push to Talk”	an instant messaging service which allows one to one and one to many voice messages to be easily exchanged between mobile phones and/or personal computers
“TDMA”	Time Division Multiple Access (also known as D-AMPS), a technology for digital transmission of radio signals between a mobile telephone and a radio base station; in TDMA, the frequency band is split into a number of channels, with each channel split into three time units so that three calls can share a single frequency channel without interfering with one another; TDMA is based on the IS-136 standard and is one of the world’s most widely deployed digital wireless systems
“Tier 1”, “Tier 2” and “Tier 3”	classifications made by Mobile Tornado: Tier 3 mobile operators are those with up to 250,000 cellular subscribers, Tier 2 mobile operators have 250,000–1,000,000 subscribers and Tier 1 mobile operators have over 1,000,000 subscribers

“VoIP”  
“WLAN”

Voice over Internet Protocol  
a wireless local area network allowing users to connect to the network through radio frequencies

## PART I

### LETTER FROM THE CHAIRMAN OF THE COMPANY

# TMT GROUP PLC

(Registered in England and Wales No. 5136300)

*Directors:*

Christopher Robin Akers (*Non-Executive Chairman*)  
Rodger David Sargent ACA (*Non-Executive Director with responsibility for the finance function*)

*Registered Office:*

4th Floor  
French Railways House  
178 – 180 Piccadilly  
London W1J 9EN

*Proposed Directors:*

John Swingewood (*Proposed Executive Chairman*)  
Jorge Pinievsky (*Proposed Chief Operating Officer*)  
Mark Hughes (*Proposed Finance Director*)

9 February 2006

Dear Shareholder

### PROPOSED ACQUISITION OF MOBILE TORNADO, WAIVER OF RULE 9 OF THE CITY CODE AND PLACING

#### INTRODUCTION

On 19 August 2005, the Company's Ordinary Shares were suspended from trading on AIM following the announcement that it had entered into heads of agreement for the proposed acquisition of Mobile Tornado and that it had made a €375,000 convertible unsecured loan stock investment in Mobile Tornado. I am now delighted to inform you that the Company has today announced that it has conditionally agreed to acquire the entire issued and to be issued share capital of Mobile Tornado. Mobile Tornado which it will not already own by Completion, which has grown rapidly since its establishment in early 2004, is a provider of next generation instant messaging solutions which serve the market of mobile data services in the mobile communication industry.

The consideration for the Acquisition is to be satisfied by the issue of 78,130,096 New Ordinary Shares to the Vendors, credited as fully paid at the Placing Price at Completion, therefore valuing such consideration at approximately £12.5 million.

In connection with the Acquisition, the Company is also proposing to raise up to £3.25 million (before expenses) pursuant to the Placing, the proceeds of which will be used to provide the Enlarged Group with additional working capital and, assuming in excess of £870,000, the minimum that is required pursuant to the Placing is raised (before expenses) accelerate the implementation of Mobile Tornado's strategy set out in Part III of this document.

The size of Mobile Tornado in relation to the Company and the new direction of the business of the Enlarged Group, means that the Acquisition is considered to be a "reverse takeover" for the purposes of the AIM Rules. In addition, the issue of the Consideration Shares will require a waiver of Rule 9 of the City Code, which would otherwise require the Concert Party (the members of which are set out in paragraph 7 of Part VIII of this document) to make an offer to acquire the balance of TMT's share capital. Accordingly, the Acquisition and the waiver by the Panel of the application of Rule 9 require the approval of the Independent Shareholders. In addition, the Directors consider it appropriate to change the Company's name on Completion to "Mobile Tornado Group plc" to reflect the Acquisition.

The purpose of this document is to give you details of the Proposals and to ask you to vote in favour of the Resolutions to be proposed at the EGM, notice of which is set out at the end of this document.

#### BACKGROUND

TMT Group plc was established in May 2004 to acquire one or more businesses or interests in businesses within the technology, media and telecommunications sector.

In July 2004, the Company raised £1.1 million through a placing of 3,437,500 Ordinary Shares to allow the Directors to carry out due diligence on potential acquisition targets, meet the professional costs associated with any acquisition and fund the initial working capital requirements of the Company. The Company's Ordinary Shares were admitted to trading on AIM on 16 July 2004.

The Directors believe that Mobile Tornado is a suitable acquisition for the Company and falls within the Company's strategy outlined at the time of its admission to AIM. Following Admission, the Company's business will become that of Mobile Tornado.

## **REASONS FOR THE ACQUISITION**

Mobile Tornado is a provider of next generation instant messaging solutions which serve the market of mobile data services in the mobile communication industry. These services include a group of services generically termed 'push to x' services, of which PTT is the most commonly known. The global PTT market was worth approximately US\$0.084 billion in 2003, and it has been estimated that the market will be worth US\$11.9 billion by 2009 (*source: Vision Gain – "Push to Talk Report", 2004*).

Mobile Tornado's technology has been evaluated and selected by both Nortel Networks and Alcatel, each of whom has been distributing Mobile Tornado technology to their respective customers since early 2005, and is also being distributed through other channels, such as AOL's ICQ service. These distribution channels provide Mobile Tornado with excellent global reach through the distributors' sales forces.

Mobile Tornado's CIMS technology, the platform which underpins the Mobile Tornado offering, has already been sold to 10 networks around the world, including mobile operators in China, and has a pipeline of prospective orders.

The Directors and the Proposed Directors therefore believe that the Acquisition represents an opportunity to acquire a business which has the potential to grow significantly in the future. Further information on Mobile Tornado is set out in Part III of this document.

## **DETAILS OF THE ACQUISITION**

The Company has conditionally agreed to acquire the entire issued and to be issued share capital of Mobile Tornado (other than any shares it may own prior to Completion by reason of the conversion of its holding of loan stock) pursuant to the Acquisition Agreement. The total consideration to be paid to the Vendors will be satisfied by the allotment and issue of the Consideration Shares at Completion.

The Consideration Shares will rank *pari passu* in all respects with the Existing Ordinary Shares.

The Acquisition is conditional, *inter alia*, on:

- the passing at the EGM of the Resolutions numbered 1 and 2 in the notice of EGM, with Resolution 2 to be taken on a poll by the Independent Shareholders, the full text of which is set out in the notice of EGM at the end of this document;
- the Placing Agreement becoming unconditional (save for the condition relating to Admission) and not having been terminated in accordance with its terms prior to Admission; and
- Admission.

Summaries of the principal terms of the Acquisition Agreement and the Placing Agreement are set out in paragraphs 16.1.4 and 16.1.5 respectively of Part VIII of this document.

## **CHANGE OF NAME**

In order to reflect the new trading business of the Company following completion of the Acquisition, it is proposed to change the name of the Company to Mobile Tornado Group plc. This proposal will be put to Shareholders at the EGM.

## **DIRECTORS, PROPOSED DIRECTORS AND KEY EMPLOYEES**

On Admission, Rodger Sargent will resign as a Director and Company Secretary and the Proposed Directors will be appointed. Christopher Akers will stand down as Chairman but will continue to be a Non-Executive Director. Mark Hughes will also become Company Secretary at Admission. The Company currently has no employees prior to the acquisition of Mobile Tornado. Details of the Directors and Proposed Directors are set out below:

*Directors:*

**Christopher Akers (Non-Executive Chairman)**, aged 41, is currently chairman of Sports Resource Group Limited, a sports sponsorship, consultancy and representation business. He is also currently a non-executive director of AIM listed Sports Café Holdings plc and non-executive chairman of AIM listed Ardent Group plc. He was an executive director of Sports Internet Group plc, the AIM listed sports content and bookmaking group, which he founded in March 1999 and which was sold in July 2000 to BSkyB plc for £301 million. He was also a non-executive director of Hotel du Vin Limited which was sold for £66 million to Marylebone Warwick Balfour plc in October 2004, non-executive chairman of Extreme Group Limited for five years until November 2005, as well as non-executive chairman of Virtual Internet plc and I Feel Good (Holdings) plc. He was also a founder and executive director of InTechnology plc. From 1987 until 1991 he worked as a media, leisure and small companies analyst at CIBC and then Citicorp Scrimgeour Vickers before becoming an Executive Director at Swiss Bank Corporation (now UBS) in Corporate Finance specialising in the sports, media, entertainment and leisure sectors from 1991 until 1995. Thereafter he became involved in a number of reverse takeovers in the public arena. In August 1996 a consortium of which he was a part acquired Leeds United FC and Christopher became chairman and chief executive of Leeds Sporting plc until September 1998 whereupon he left to establish Sports Internet Group plc.

**Rodger Sargent (Non-Executive Director with responsibility for the finance function)**, aged 34, a director of Hydrodec Group plc, an AIM listed company and was also a founder and the finance director of Sports Resource Group Limited, Sports Internet Group plc, InTechnology plc and Sports Café Holdings plc. He was a non-executive director of I Feel Good (Holdings) plc, Healthcare Enterprise Group plc and Catalyst Media Group plc. He is a director of Greenhouse Advisor Limited, the strategic adviser to the investment adviser of The Greenhouse Fund Limited, a fund established to invest in the environmental sector. He qualified as a chartered accountant with Price Waterhouse, London in 1996 before working with Merrill Lynch, London, as a debt analyst.

*Proposed Directors:*

**John Swingewood (Proposed Executive Chairman)**, aged 50, co-founded both Digital Interactive Television Group Limited and The Gaming Channel Limited in 2001 both of which were sold to YooMedia plc in December 2004. John is currently deputy chairman of YooMedia plc. Previously, John was responsible for launching interactive TV sports betting whilst director of New Media at BSkyB plc. Before joining Sky, he held a number of positions at British Telecommunications plc including director of Internet and Multimedia, and general manager, Broadcast TV Services. John was previously a director and chief technology officer of InTechnology plc.

**Jorge Pinievsky (Proposed Chief Operating Officer)**, aged 46, is the original developer of the Mobile Tornado technology with Eyal Fishler and brings over 20 years of management and marketing experience to Mobile Tornado. His extensive experience includes previously serving as general manager at Terayon Communications, vice president of business development at BATM Advanced Communications Limited, sales director at NICE Systems, vice president of sales and marketing at Medilog, and research and development engineer for Israel Aircraft Industries. Jorge joined Mobile Tornado in February 2001.

**Mark Hughes (Proposed Finance Director)**, aged 47, was commercial director of both Digital Interactive Television Group Limited and The Gaming Channel Limited when they were sold to YooMedia plc in 2001. Previously, he was commercial director at New Media at BSkyB plc. Before joining Sky, he held a number of general management positions at British Telecommunications plc during which time he negotiated their involvement in the interactive television joint venture with BSkyB plc and others. He is qualified as a chartered management accountant and has held a number of financial controller positions whilst at British Telecommunications plc.

It is the intention to appoint an additional Non-Executive Director within 12 months of Admission.

*Senior Employee:*

**Eyal Fishler (Chief Technical Officer)**, aged 29, was an original developer of the Mobile Tornado technology with Jorge Pinievsky. He previously served in a classified communications unit of the Israel Defence Force. Before working for Mobile Tornado, he was involved in developing several innovative technologies, including a three dimensional virtual reality device and a biometrics speech recognition system.

## **DETAILS OF THE PLACING**

The Placing comprises up to 20,312,500 New Ordinary Shares to raise up to £3,250,000 at the Placing Price before expenses. As at the date of this document Corporate Synergy has conditionally placed 5,437,500 New Ordinary Shares on behalf of the Company at the Placing Price to raise £870,000 before expenses. These 5,437,500 New Ordinary Shares represent the minimum that is required to be raised under the Placing and the Placing is not conditional on any further New Ordinary Shares being issued.

The minimum amount to be raised under the Placing will be used to finance the working capital commitments of the Enlarged Group. To the extent any further sums are raised in the Placing these will be used to further augment working capital and accelerate the implementation of Mobile Tornado's strategy as described in Part III of this document.

The Placing Shares will rank *pari passu* with the Existing Ordinary Shares and the Consideration Shares including the right to receive all dividends and other distributions declared, paid or made after the date of their issue.

The Placing is conditional on, *inter alia*:

- the passing of the Resolutions numbered 1 and 2 set out in the notice of EGM;
- the Placing Agreement becoming unconditional (save for any condition relating to Admission) and not being terminated in accordance with its terms prior to Admission; and
- Admission becoming effective no later than 8 a.m. on 7 March 2006 (or such later time and date being not later than 3 p.m. on 21 March 2006 as Corporate Synergy and the Company may agree).

A summary of the principal terms and conditions of the Placing Agreement is set out in paragraph 16.1.5 of Part VIII of this document.

## **LOAN FACILITY AND WARRANTS**

The Company has entered into the Loan Facility with Peter Wilkinson, John Swingewood and Jeremy Fenn (the "Lenders"), all of whom are currently Shareholders in Mobile Tornado and will therefore be issued New Ordinary Shares pursuant to the Acquisition.

Pursuant to the Loan Facility, which is conditional upon Admission, the Lenders have together committed to providing the Company with a loan of up to £400,000 for working capital purposes. In connection with the Facility Agreement, the Company will grant to the Lenders, conditionally upon Admission, Warrants over 2 million Ordinary Shares, exercisable at 20 pence per share at any time in the three years following Admission which represent 1.9 per cent. of the Enlarged Share Capital (assuming the maximum number of Ordinary Shares being issued under the Placing).

Further information in relation to the Loan Facility and the Warrants is set out in paragraphs 16.1.6 and 16.1.7 of Part VIII of this document.

In addition, the Company has agreed to grant to Nortel the Nortel Warrants which are over 8,888,888 Ordinary Shares representing 8.5 per cent. of the Enlarged Share Capital (assuming the maximum number of Ordinary Shares being issued under the Placing). Further information in relation to the Nortel Warrants is set out in paragraph 16.1.10 of this document.

## **ADMISSION TO AIM**

Application will be made to the London Stock Exchange for all of the Existing Ordinary Shares, the Placing Shares and the Consideration Shares to be admitted to trading on AIM. Admission is expected to become effective and trading in the Ordinary Shares to commence on 7 March 2006. Applications will not be made for the Warrants or the Nortel Warrants to be admitted to trading on AIM.

## **WAIVER OF RULE 9 OF THE CITY CODE**

The terms of the Proposals give rise to certain considerations under the City Code. Brief details of the Panel, the City Code and the protection they afford are given below.

The City Code has not, and does not seek to have, the force of law. It has, however, been acknowledged by both government and other regulatory authorities that those who seek to take advantage of the facilities of the securities markets in the United Kingdom should conduct themselves

in matters relating to takeovers in accordance with high business standards and so according to the City Code.

The City Code is issued and administered by the Panel. The City Code applies to all takeover and merger transactions, however affected, when the offeree company is, *inter alia*, a listed or unlisted company resident in the United Kingdom (and to a certain category of private limited companies). Due to it being resident in the United Kingdom, the Company is such a company, and its Shareholders are therefore entitled to the protections afforded by the City Code.

Under Rule 9 of the City Code, where any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company, that person is normally required by the Panel to make a general offer in cash 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 person or any person acting in concert with it in the previous 12 months.

Rule 9 of the City Code further provides that, *inter alia*, where any person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights and such person, or any such person acting in concert with him, acquires additional shares which increase his percentage of the voting rights, such person 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 person or any person acting in concert with it in the previous 12 months.

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.

The Concert Party consists of existing shareholders of Mobile Tornado, convertible loan note holders of Mobile Tornado, and TMT Directors by virtue of their relationship with certain shareholders of Mobile Tornado. At Admission, assuming the minimum of £870,000 before expenses is raised under the Placing by the issue of 5,437,500 New Ordinary Shares, the Concert Party will own 80,052,829 Ordinary Shares representing 89.4 per cent. of the Enlarged Share Capital and, assuming the exercise of the Warrants by the Lenders (of which all are members of the Concert Party) and only members of the Concert Party exercise options over Ordinary Shares (of which only Mark Hughes has options), the Concert Party have the potential to own 92.2 per cent. of the Enlarged Share Capital. Details of each of the members of the Concert Party and their interests in the Company are set out in paragraph 7 of Part VIII of this document.

The Panel has been consulted and has agreed that it will not require the members of the Concert Party, individually or collectively, to make a general offer in cash for Ordinary Shares in the Company which might otherwise arise as a result of the Acquisition, the Placing, the exercise of options over Ordinary Shares by Mark Hughes and the exercise of the Warrants by the Lenders, subject to Resolution 2 (as set out in the notice convening the Extraordinary General Meeting) being passed on a poll by the Independent Shareholders. To be passed, Resolution 2 will require a simple majority of the votes cast by the Independent Shareholders. Those members of the Concert Party who already own Ordinary Shares will abstain from voting on Resolution 2.

**Following completion of the Acquisition, the members of the Concert Party will between them hold more than 50 per cent. of the Company's voting share capital and (for so long as they continue to be treated as acting in concert) may accordingly be able to increase their aggregate shareholding without incurring any further obligation under Rule 9 to make a general offer, although individual members of the Concert Party will not be able to increase their percentage shareholdings through a Rule 9 threshold without Panel consent.**

#### **CURRENT TRADING AND PROSPECTS**

The Company was incorporated on 24 May 2004 and currently has no trading business. As at 31 January 2006 the Company had cash balances of approximately £600,000 in addition to an investment of €375,000 in convertible unsecured loan stock in Mobile Tornado.

Details of the current trading and prospects of Mobile Tornado are set out on page 26 of Part III.

## **LOCK-INS AND ORDERLY MARKET ARRANGEMENTS**

At Admission, the Directors and Proposed Directors will, in aggregate, be interested in 18,915,665 Ordinary Shares, representing approximately 21.1 per cent. of the Enlarged Share Capital (assuming that only the minimum number of 5,437,500 Ordinary Shares are issued under the Placing). In accordance with the AIM Rules, the Directors and Proposed Directors have in the Placing Agreement undertaken that they will not dispose of any interest in Ordinary Shares held by them for a period of twelve months from Admission, save in certain limited circumstances including the acceptance of a general offer, and, (subject to certain conditions), for the following twelve months, will only dispose of their interests in the Company through Corporate Synergy or the Company's broker from time to time.

At Admission, those Vendors who are interested in 2 per cent. or more of the issued share capital of Mobile Tornado immediately prior to Admission (disregarding those who are Proposed Directors) will, in aggregate, be interested in 55,180,937 Ordinary Shares, representing approximately 61.7 per cent. of the Enlarged Share Capital (assuming that only the minimum number of 5,437,500 Ordinary Shares are issued under the Placing). Pursuant to the Acquisition Agreement all of the Vendors have undertaken to the Company for its benefit and for the benefit of Corporate Synergy that they will not dispose of any interest in Ordinary Shares held by them for a period of twelve months from Admission, save in certain limited circumstances including the acceptance of a general offer, and (subject to certain conditions), for the following twelve months, have agreed to give 5 business days' written notice to the Company's broker before disposing of any Consideration Shares.

Further details of the Acquisition Agreement are set out in paragraph 16.1.4 of Part VIII of this document.

Nortel Networks has agreed not to dispose of any Ordinary Shares issued to it pursuant to the Nortel Warrants, such restrictions being more particularly described in paragraph 16.1.10 of Part VIII of this document for a period following issue subject to certain conditions.

## **DIVIDEND POLICY**

The Board's intention is to follow a progressive dividend policy in forthcoming years, while retaining a significant proportion of the Enlarged Group's earnings to facilitate the Board's plans for the continued growth of the Enlarged Group. The Company's ability to pay dividends will depend on the level of earnings generated by the Mobile Tornado business and the availability of distributable profits.

## **WORKING CAPITAL**

In the Directors' and the Proposed Directors' opinion, having made due and careful enquiry, taking into account the minimum net proceeds of the Placing and the Loan Facility, the working capital available to the Enlarged Group will be sufficient for its present requirements, that is for at least the next twelve months from Admission.

## **SHARE OPTIONS**

The Directors and Proposed Directors consider that an important part of the Company's remuneration policy should include equity incentives to directors and employees. The Directors and Proposed Directors (apart from Mark Hughes) will be incentivised at Admission by their holdings of Ordinary Shares.

The Company has therefore proposed the establishment of the New Share Option Plan (which is subject to the approval of Shareholders at the EGM), which comprises two parts: Part A enables tax favourable options to be granted to eligible participants if certain conditions are met and will be submitted for approval by HM Revenue & Customs. Part B allows options to be granted in excess of the tax favourable option limits.

Options granted following Admission will have an exercise price per share equal to the market value of an Ordinary Share on grant and will normally become exercisable on the third anniversary of the date of grant provided the participant has continued to work for the Company and its subsidiaries.

Details of the New Share Option Plan are set out in paragraph 11.5 of Part VIII of this document. Details of the options to be granted under the New Share Option Plan to Mark Hughes on Admission are set out in paragraph 11.5 of Part VIII of this document.



Mobile Tornado currently operates the Mobile Tornado Irish Plan, which is governed in accordance with Irish law, and the Mobile Tornado Israeli Plan, which is governed in accordance with Israeli law (together the “Mobile Tornado Plans”). Options have been granted under the Mobile Tornado Plans over, in aggregate, approximately 5 per cent. of the issued share capital of Mobile Tornado. No further options will be granted under the Mobile Tornado Plans following the Acquisition.

Following the Acquisition, and for the purposes of continuing to incentivise employees, it is currently proposed that options granted under the Mobile Tornado Plans will continue to subsist subject to the terms of the relevant plan, as detailed in paragraphs 11.3 and 11.4 of Part VIII of this document. On exercise, optionholders will be entitled to receive an appropriate number of Ordinary Shares equivalent to the economic value of their option. As an indication and based on the Placing Price, the total number of Ordinary Shares under the exchanged options would be 3,061,709.

Details of the Mobile Tornado Plans are set out in paragraphs 11.1 to 11.4 of Part VIII of this document.

At any time, the total number of Ordinary Shares which have been issued or are issuable under options granted during the previous ten years including those granted under the New Share Option Plan, the Mobile Tornado Irish Plan and the Mobile Tornado Israeli Plan or any other employee share scheme which the Company may establish in the future may not exceed that number of Ordinary Shares which is equal to 10 per cent. of the Company’s issued share capital at that time.

## **CORPORATE GOVERNANCE**

The Directors recognise the importance of sound corporate governance commensurate with the size of the Company and interests of the Shareholders. So far as is practicable, taking into account the size and nature of the Company, the Directors will take steps to comply with the Combined Code although the Company will, at least not initially, not comply with such code in a number of material respects.

The Company has established an audit committee and a remuneration committee.

The audit committee, which will initially comprise Mark Hughes and John Swingewood, and which will be chaired by Christopher Akers, will be responsible for ensuring the financial performance, position and prospects of the Company are properly monitored and reported on and for meeting the auditors and reviewing their reports relating to accounts and internal controls.

The remuneration committee, which will initially also comprise John Swingewood and Jorge Pinievsky, and which will be chaired by Christopher Akers, will review the performance of executive Directors and set their remuneration, determine the payment of bonuses to executive Directors and consider the future allocation of share options to Directors and employees.

As mentioned above under “Directors, Proposed Directors and Key Employees” the Company proposes to appoint an additional Non-Executive Director within 12 months of Admission.

The Company has adopted a model code for directors’ dealings in securities of the Company which is appropriate for a company quoted on AIM. The Directors and Proposed Directors will comply with Rule 21 of the AIM Rules relating to directors’ dealings and will take all reasonable steps to ensure compliance by the Company’s “applicable employees” (as defined in the AIM Rules).

## **CREST**

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the Regulations. The Company’s articles of association permit its shares to be evidenced in uncertificated form in accordance with the Regulations.

The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission and CRESTCo Limited has agreed to such admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant Shareholders so wish.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

All of the Ordinary Shares will be in registered form and no temporary document of title will be issued.

## **SETTLEMENT AND DEALING ARRANGEMENTS**

Monies received from placees in respect of the Placing Shares will be held in accordance with the terms of the placing letters issued to such placees by Corporate Synergy until the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 8.00 a.m. on 7 March 2006, or such later time and date as the Company and Corporate Synergy may agree, being no later than 3.00 p.m. on 21 March 2006, monies received from placees will be returned to placees at the relevant placees' sole risk without interest.

Following Admission, share certificates representing the Ordinary Shares to be issued pursuant to the Placing are expected to be despatched by post to placees who do not wish to receive shares in uncertificated form, by no later than 14 March 2006, at the relevant placees' sole risk. No temporary documents of title will be issued in connection with the Placing. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

The CREST accounts of placees who have duly elected to receive their Ordinary Shares in uncertificated form are expected to be credited to the designated CREST account on 7 March 2006.

## **RISK FACTORS**

**Your attention is drawn to the risk factors set out in Part IV of this document.**

## **EXTRAORDINARY GENERAL MEETING**

You will find at the end of this document a notice of EGM to be held at the offices of Norton Rose, at 11 a.m. on 6 March 2006, at which resolutions will be proposed as follows:

Resolution 1, which is a special resolution will, if passed:

- approve the Acquisition;
- increase the authorised share capital of the Company;
- grant the Directors and Proposed Directors authority to allot Ordinary Shares pursuant to section 80 of the Act in connection with the Acquisition and generally;
- dis-apply statutory pre-emption rights upon the issue of Ordinary Shares for cash in connection with *inter alia*, the Placing;

Resolution 2, which is an ordinary resolution will, if passed:

- approve the waiver of the obligation by the Concert Party to make a general offer under Rule 9 of the City Code as described above;

Resolution 3, which is a special resolution will, if passed:

- change the name of the Company to Mobile Tornado Group plc; and

Resolution 4, which is an ordinary resolution will, if passed:

- approve the New Share Option Plan.

A poll of Independent Shareholders will be taken on Resolution 2 to approve the waiver of the obligation by the Concert Party referred to above.

The Acquisition and the Placing are conditional upon the passing of Resolutions 1 and 2, which are also inter conditional upon each other.

## **ACTION TO BE TAKEN**

You will find enclosed with this document a Form of Proxy for use at the Extraordinary General Meeting to be held at 11 a.m. on 6 March 2006. Whether or not you intend to be present at this meeting, you are requested to complete and sign the Form of Proxy in accordance with the instructions thereon and return it to Capita Registrars, The Registry, 34 Beckenham Road, Kent BR3 4TU as soon as possible, and in any event so as to arrive no later than 11 a.m. on 4 March 2006. Completion and return of the Form of Proxy will not prevent you from attending the Extraordinary General Meeting and voting in person should you so wish.

## **ADDITIONAL INFORMATION**

Your attention is drawn to the information contained in Parts III to VIII of this document, which contain further information on the Company and Mobile Tornado.

## **RECOMMENDATION**

The Directors are not considered to be independent for the purposes of the City Code because they are deemed to be members of the Concert Party and therefore are not able to give a recommendation to Shareholders in relation to the Proposals. Accordingly, Shareholders' attention is drawn to the letter from Corporate Synergy in Part II in which it advises the Directors that, taking into account, *inter alia*, the factors set out in this document and its commercial assessment based on information provided by the Directors and Proposed Directors, the Proposals are, in its view, fair and reasonable and in the best interests of the Company and Shareholders as a whole.

Yours faithfully

**Christopher Akers**

Non-Executive Chairman

**PART II**  
**LETTER FROM CORPORATE SYNERGY PLC**

Corporate Synergy Plc 

30 Old Broad Street  
London EC2N 1HT

The Directors  
TMT Group plc  
4th Floor French Railway House  
178- 180 Piccadilly  
London W1J 9EN

9 February 2006

Dear Sirs

**PROPOSED ACQUISITION OF MOBILE TORNADO, WAIVER OF RULE 9  
OF THE CITY CODE AND PLACING**

You have appointed us as financial adviser to the Board of TMT in connection with the Proposals. As a consequence of your being deemed to be acting in concert with certain shareholders of Mobile Tornado, you are precluded by the rules of the City Code from giving advice to Shareholders on the terms of the Proposals and on an appropriate course of action to take. *Definitions used in this letter will, unless otherwise stated, have the same meaning given to them in the admission document of the Company dated 9 February 2006.*

We advise the Directors that Shareholders, in reaching their decision whether or not to vote on resolutions 1 to 4 at the EGM on 6 March 2006, should take into account the factors set out in the Chairman's letter in Part I, and, in particular, the information contained in Part III of this document.

**It is our view that the Proposals are fair and reasonable and in the best interests of the Company and the Shareholders as a whole. In providing advice to the Board of TMT we have taken into account the factors set out in this document and, in the absence of Directors independent of the Concert Party, our commercial assessment of the prospects of TMT based on information provided to us by the Board of TMT.**

**In giving advice, Corporate Synergy is advising the Directors in relation to the Proposals and is not acting for any of the Directors in their personal capacities nor for any Shareholders nor for any other person or entity in relation to the Proposals. Corporate Synergy will not be responsible to any such person for providing the protections afforded to its clients or advising any such persons in relation to the Proposals. In particular, Corporate Synergy will not owe any duties or responsibilities to any particular Shareholders concerning the Proposals. It should be noted that Corporate Synergy Plc takes no view and makes no recommendation as to whether or not a participation in the Placing ought to be made.**

**Accordingly, when considering what action they should take, Shareholders and proposed investors in the Company are strongly recommended to seek their own personal financial advice from an independent financial adviser authorised under the Financial Services and Markets Act 2000.**

Yours faithfully

For Corporate Synergy Plc

## PART III

### INFORMATION ON MOBILE TORNADO

#### INTRODUCTION

Mobile Tornado is a provider of next generation instant messaging solutions which serve the market of mobile data services in the mobile communication industry. These services include a group of services generically termed 'push to x' services, of which PTT is the most commonly known. The global PTT market was worth approximately US\$0.084 billion in 2003, and it has been estimated that the market will be worth US\$11.9 billion by 2009 (*source: Vision Gain – "Push to Talk Report", 2004*).

Mobile Tornado's technology has been evaluated and selected by both Nortel Networks and Alcatel, who have been distributing Mobile Tornado technology to their customers since early 2005, and is also being distributed through other distributors such as AOL's ICQ Service. The size of these companies, and their existing relationships with mobile network operators gives Mobile Tornado excellent geographical reach through these companies' sales forces.

Mobile Tornado's CIMS technology, the platform which underpins its offering, has already been sold to 10 networks around the world, including Chinese mobile operators.

Mobile Tornado's technology is also being promoted to businesses with mobile workforces – termed the enterprise solution business. This market is being addressed indirectly via distribution partners who meet the needs of enterprises for integrated and/or managed mobile data services. Contracts with three distribution companies have already been agreed for distribution into North America, Germany and the Netherlands.

#### KEY STRENGTHS

The Directors and Proposed Directors believe that the Mobile Tornado business has the following key strengths:

- the ability to provide a range of 'push to x' services to operators and customers;
- the CIMS platform is generally interoperable with existing mobile operator infrastructure and can therefore be easily and quickly installed on the majority of major mobile operators' networks;
- Mobile Tornado's software has been evaluated, tested and accepted by both Nortel Networks and Alcatel whose sales forces are selling the CIMS platform;
- Mobile Tornado's technology is considered by the Proposed Directors to be generally handset agnostic, whereby it can be used on a range of PTT enabled handsets on the market and can communicate with other PTT enabled handsets;
- Mobile Tornado's software provides operators with a wide range of billing options which have the ability to handle pre-pay and contract customers;
- the business model has the potential to deliver high gross margins with earnings being highly scaleable. Mobile Tornado's main income stream consists of license fees, and costs therefore should not increase in line with the increase in users of the technology; and
- a highly experienced management and software development team.

#### BACKGROUND AND HISTORY

Mobile Tornado's technology was developed from 1999 onwards by, *inter alios*, Eyal Fishler and Jorge Pinievsy whilst working for Mobile Tornado Limited ("Mobile Tornado Israel"), an Israeli based technology company which they co-owned together with other investors.

In February 2004, Mobile Tornado, a newly incorporated Irish company, acquired the assets and employees of Mobile Tornado Israel. Following this acquisition, Mobile Tornado maintained an Israeli research and development centre, appointed a new management team based in Dublin, and commenced the process of commercialising the technology. As part of the acquisition Mobile Tornado agreed to pay a 15 per cent. royalty on future license revenues which will not exceed an aggregate US\$5.3 million. This arrangement will, in effect, be assumed by the Company under the Acquisition. Mobile Tornado Israel also agreed to change its name to Tersync Limited, although such obligation has, as yet, not been fulfilled. Further details of this agreement are set out in paragraph 16.2.1 of Part VIII of this document.

Since February 2004, Mobile Tornado has raised approximately £5.3 million in equity and convertible loans from a small number of private individuals. Start-up support has also been received from Enterprise Ireland, including €450,000 of convertible redeemable preference shares. Further details of previous funding agreements are set out in paragraphs 4.5 and 16.2 of Part VIII of this document.

Mobile Tornado currently has its headquarters in Dublin and employs 40 people in the UK, Ireland and Israel.

A small number of customer projects were completed in 2004, and in January 2005, a global distribution agreement was signed with Alcatel. In April 2005 Mobile Tornado signed another global distribution agreement with Nortel Networks. These agreements were signed after extensive technical evaluations had been undertaken by both Nortel Networks and Alcatel designed to validate Mobile Tornado's instant messaging solution. Further details of these agreements are set out in paragraph 17 of Part VIII of this document.

## **THE MARKET**

The global market for mobile data services has been forecast to be worth up to US\$177 billion by 2009 (*Source: Portio 2004*). The two most lucrative sectors for mobile operators are expected to be the youth segment of the consumer market and small and medium size enterprises. Furthermore, it has been estimated that the network operator subscriber base of PTT (business and consumer) will reach over 350 million by 2009, generating revenue in excess of US\$11.9 billion (*source: Vision Gain – "Push to Talk Report", 2004*), giving an implied average revenue of around US\$3 per user per month.

PTT is already well developed in the US market, with the operator NexTel (which merged with Sprint in late 2004) having first introduced a service (branded Direct Connect) as early as 1996. NexTel generated revenues of US\$10.8 billion in 2003, with over 30 per cent. of subscriber minutes of use related to Direct Connect, which was considered its highest margin product. 90 per cent. of subscribers used the Direct Connect service a total of 75 billion times in 2003 (*source: NexTel Annual report for year ended 2003*).

However, PTT has been slow to take off in Europe to date, mainly due to limited compatible handset availability.

The Directors and Proposed Directors believe Mobile Tornado is well positioned to benefit from the expected global growth in this market which they consider is being driven by:

- the successful adoption of PTT technology in the United States;
- PTT being suited to high growth developing markets, particularly where the local language does not easily facilitate text (for example China and India) or where literacy levels are low, inhibiting SMS;
- the increasing availability of PTT compatible handsets. For example, many Nokia handsets are now PTT enabled, and low-cost PTT enabled handsets are starting to appear from manufacturers in the Far East;
- mobile subscriber numbers continuing to increase with 2.2 billion cellular connections estimated by 2007, primarily driven by growth in regions outside North America and Western Europe; and
- PTT facilitates the potential to increase average data revenues per user for mobile operators, offsetting the current decline in average "traditional voice" revenues.

## **COMPETITION**

Mobile Tornado's main competitors in the provision of instant messaging services for the mobile data services market are Nokia, Motorola and Sonim (a spin-off of Sony Ericsson). Other competitors include Qualcomm, Kodiak Networks and FastMobile. Mobile Tornado will concentrate primarily on the Tier 2 and Tier 3 operators where the Proposed Directors believe the company has certain competitive advantages.

The Directors and Proposed Directors believe that Mobile Tornado's key strengths and technology, highlighted above, underpin the relative attractiveness of Mobile Tornado's offering to those of its competitors.

## **SERVICES**

Mobile Tornado's CIMS platform currently enables the provision of the following services:

### **Push to Talk**

PTT applications allow users to exchange real time voice messages between mobile phones and/or personal computers. Users can message individuals in their contact list one-on-one, or broadcast to a larger group of contacts (one-to-many). As with instant messaging on the internet, users signal their availability status (known as presence) which is then displayed on phones across their group(s) of contacts. This allows very quick (instant) messaging on mobiles worldwide, without having to text.

### **Presence**

In the same way that instant messaging users on the internet can see who in their contact group is on-line, CIMS also provides the same presence functionality for mobile phones. Mobile users can see the current status being signalled by users in their group, including online, offline and do not disturb, and choose whether to contact them.

### **Push to Alert**

Pressing a button will send an alert to another PTT user warning them that someone wants to call them.

### **Desktop-Mobile PTT**

As well as, or instead of, using their mobile phone to make PTT calls, users can install a small piece of client software on their personal computer ("PC"). From their PC, they can then make calls to other PTT users. This is particularly valuable to enterprises with central dispatch functions (couriers/taxis etc). Some of this functionality is also being used by AOL/ICQ users under their agreement with Mobile Tornado.

In addition, the following instant communications applications are currently in development:

- Push to e-mail – sends a voice message to a contact's e-mail;
- Push to call – triggers a normal voice call from within PTT;
- Push to video – lets other users see what one user's phone sees; and
- Push to send content – allows customers to send and receive data such as pictures and files.

## **CUSTOMER REVENUE STREAMS**

### **Mobile operator market**

Mobile Tornado's existing customers are primarily its distribution partners (principally Alcatel and Nortel Networks). Under its distribution contracts, Mobile Tornado supplies some or all of the following:

- software licenses to CIMS products. Fees depend on the volume of user licenses sold to an operator (both initially and with any growth over time). In addition to an initial fee per user (generally billed in US dollars), Mobile Tornado charges for any agreed upgrades not covered by the initial licensed product;
- professional services associated with provision of CIMS platforms (such as installation, configuration, integration and commissioning). These are based on fixed person day rates, applied to estimated days of work;
- ongoing support to the distribution partner who is charged an annual maintenance fee; and
- third-party hardware and software.

### **Enterprise solutions market**

A similar approach to the mobile operator market has been adopted with distribution partners for enterprise solutions sales. However, as opposed to one-off license fees, Mobile Tornado seeks to negotiate a fee based on receiving a share of monthly recurring service revenues. Mobile Tornado does not expect to receive maintenance or upgrade fee revenues from this business.

### **Mobile phone manufacturers**

Mobile Tornado currently has relationships with two mobile phone manufacturers, who install Mobile Tornado client software on their phones during manufacture. Mobile Tornado is paid a license fee for each phone on which client software is installed.

## **PC voice messaging**

Mobile Tornado has entered into a contract with ICQ, part of the AOL group, whereby a sub-set of Mobile Tornado's PTT technology is integrated into ICQ's program. ICQ's program provides an online instant messenger program for PCs, handheld devices and high-end mobile phones. To date there have been over 100 million downloads of the current version of ICQ's program, and there are on average 250,000 daily users of PTT on ICQ's program. Mobile Tornado's technology is designed to allow ICQ users to speak to each other through VoIP rather than by typing messages. The contract allows for the introduction of a paid for download version of ICQ containing enhanced features (e.g. allowing ICQ users to speak to other ICQ users on their mobile phones) but there is no fixed date for doing this. Mobile Tornado is entitled to receive half of any advertising or download charges enabled by the Mobile Tornado technology. This feature is not available as yet. To date this contract has not generated any revenue.

## **STRATEGY**

Mobile Tornado's primary focus is to increase the sale of its current products and services to mobile operators and enterprises, whilst continuing to develop and improve its existing product offering. The intention of management is to achieve this through the strategies set out as below.

**Indirect sales to mobile operators:** Alcatel and Nortel Networks have a significant share of the global wireless infrastructure market. When they submit sales proposals to mobile network operators for network upgrades or replacements, they include Mobile Tornado products in their proposals. Although these are non-exclusive arrangements, the Proposed Directors are not aware of other low-cost PTT solutions being included in this way. The Proposed Directors consider that Nortel Networks and Alcatel are well-motivated to distribute Mobile Tornado technology because:

- operators want PTT solutions and Nortel Networks and Alcatel do not appear to promote other low-cost solutions;
- the Mobile Tornado solution is tested and integrated with their own products; and
- they retain a significant share of revenues associated with selling Mobile Tornado's products.

Although Alcatel and Nortel Networks provide Mobile Tornado with access to a number of the world's mobile network operators, Mobile Tornado will seek additional distribution partners, particularly targeting specific markets. Mobile Tornado currently has relationships with Alcatel Shanghai Bell, Comverse, Followap and VAS, and is in discussions with other major companies to increase its distribution capacity.

Efforts will be focussed on supporting Tier 2 and Tier 3 mobile operators through such distribution partners (especially those outside the US and Western Europe). The Proposed Directors consider that many mobile operators in Asia, Africa, South America and Eastern Europe are looking for low-cost, quick to deploy, tried and tested PTT solutions. These relatively small operators (on a global basis) may not be able to justify an investment in expensive next generation IMS solutions. Operators in these regions therefore represent a good long-term opportunity for Mobile Tornado.

**Indirect sales to enterprises:** Mobile Tornado aims to further establish its indirect sales model and distribution network to sell enterprise solutions to businesses.

Mobile Tornado currently has distribution agreements with distribution partners in the US, Germany, and the Netherlands. These partners or potential partners are considered by the Proposed Directors to be credible providers of mobile data solutions and/or managed mobile services, and have customers in the market sectors to which PTT is attractive. Mobile Tornado has identified further potential distribution partners in different geographical regions and aims to pursue negotiations with a view to entering into contractual arrangements with them.

**Development:** Mobile Tornado will focus its development strategy on extending its services and ensuring software compatibility within the market place. Further information on development can be found below.

**Interoperability:** Although some standard development has taken place in this area, most PTT systems are currently proprietary. In addition, not all PTT central server systems work with all handsets as some providers of PTT central systems choose to support only their own low-end handsets. Mobile Tornado's solution works with a wide range of high-end phones (e.g. those with Symbian and Windows operating systems), as well as with a number of low-end devices where relationships have been established with handset manufacturers. Mobile Tornado aims to ensure that its products remain handset and network agnostic.



## **TECHNOLOGY AND DEVELOPMENT**

Mobile Tornado's CIMS platform enables instantaneous push-to-talk and push-to-send interaction with international and roaming capabilities over 2.5-3G networks. Using today's mobile networks, users can conduct international and nationwide PTT sessions over a range of packet-based wireless networks to other client-enabled users. Mobile Tornado's instant messaging solutions are capable of being deployed over packet-based GSM/GPRS, CDMA 1X, CDMA EVDO GSM EDGE and WLAN 802.11b/g (WiFi).

The CIMS product principally comprises CIMS client software (running on mobile handsets) and the CIMS server platform (running on standard third-party hardware located in a mobile operator or enterprise network). The Proposed Directors consider that the CIMS client software should be capable of being integrated into any current or next-generation mobile handset provided the handset meets the minimum requirements for supporting PTT (e.g. loudspeaker).

### **CIMS Client Software**

The client software is loaded on to phones in one of two ways. For phones with recognised operating systems (so called high-end phones), client software can be downloaded to the phone (e.g. via Bluetooth). Mobile Tornado's client software supports a range of phone operating systems (e.g. Symbian, Windows Mobile) and ongoing development will mean that new/updated operating systems can be supported. Alternatively, (and mainly for cheaper so called low-end phones) client software can be embedded in the chipset of a handset terminal at manufacture, through agreements and co-operation with manufacturers. Mobile Tornado's software supports a range of high-end and low-end phones.

### **CIMS Server Platform**

The CIMS server platform has 2 main elements: a database layer; and a switch cluster. The database layer handles user data (e.g. address books, buddy lists, presence status and groups). The switch cluster serves as a mediator between the different elements of the CIMS system and handles traffic flows between clients, the database and other mobile operator network infrastructure. Accordingly, the switch cluster enables provisioning, transcoding, billing interfaces and various forms of server/network connectivity. Depending on the size of the system, there can be multiple clusters (with each cluster normally having active and standby servers).

A significant amount of development work has been undertaken by Mobile Tornado with a view to integrating these systems with mobile operator networks effectively, and in the view of the Proposed Directors is a core and valuable part of Mobile Tornado's offering.

### **Standards**

Standard development is currently taking place within the Open Markets Alliance ("OMA") forum. Some Push to talk Over Cellular ("POC") protocols have been agreed and published but a full standard has not as yet been finalised. Mobile Tornado's technology is designed to conform with emerging OMA POC requirements.

### **New applications**

Mobile Tornado is currently working on developing, *inter alia*, Push to e-mail, Push to send, Push to video and Push to call to complement its range of services. These applications will support Mobile Tornado's strategy of supplementing initial licence fees with upgrade fees.

The Proposed Directors believe the Israeli research and development centre is resourced to complete most of the development programme for new applications and upgrades to the current CIMS platform, although they will consider outsourcing some elements where appropriate.

### **Intellectual Property**

Mobile Tornado has filed 4 patents in the area of mobile instant communications, of which one has been granted. Further details of Mobile Tornado's intellectual property are set out in paragraph 19 of Part VIII.

## FINANCIAL INFORMATION, CURRENT TRADING AND PROSPECTS

The following is extracted from the financial information on Mobile Tornado set out in Part VI of this document. Investors should read the whole of such financial information and not just rely on the summarised information.

	<i>6 months to 30 June 2005</i>	<i>60 week period to 31 December 2004</i>
	<i>£'000</i>	<i>£'000</i>
Turnover	617	329
Operating Loss	(1,658)	(2,577)

For the 6 months to 30 June 2005 turnover increased by 88 per cent. compared to the 60 week period from incorporation to 31 December 2004, demonstrating the growth experienced by the Mobile Tornado business.

As referred to earlier in this Part III, Mobile Tornado signed agreements with Alcatel in January 2005 and Nortel Networks in April 2005, for them to become distribution partners. Mobile Tornado, through its distribution partners, has issued over 230,000 end-user licences to date with a number of operators across different geographical regions.

During the period from 1 July 2005 to 31 December 2005 only minimal revenue was generated by Mobile Tornado and further operating losses were incurred.

However, the Directors and the Proposed Directors consider that the current order book and potential sales opportunities have the potential to increase revenue considerably and on that basis they consider that the results for the full year ended 30 June 2006 will be in line with their expectations.

The Directors and Proposed Directors believe that their collective experience in the telecommunications industry, combined with skills in the areas of finance and management, provide a solid platform to implement Mobile Tornado's business strategy.

## PART IV

### RISK FACTORS

**In addition to all other information set out in this document, the following specific risk factors should be considered carefully by potential investors in evaluating whether to make an investment in the Company and for Shareholders in deciding whether to approve the Proposals. The investment described in this document may not be suitable for all of its recipients. Before making a final decision, investors in any doubt are advised to consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.**

You should carefully consider the risks described below and ensure that you have read this document in its entirety before making a decision to invest in the Company.

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

#### **Early stage of Mobile Tornado**

Mobile Tornado was established in 2004 when it acquired the business, assets and intellectual property rights relating to its services from an Israeli company, Mobile Tornado Ltd. Mobile Tornado only began earning revenues in 2004 and is not currently profit making. The development and growth of the Enlarged Group's business and its ability to increase revenues and make a profit cannot be assured. The relatively immature condition of Mobile Tornado's business presents higher than usual risks.

Whilst Mobile Tornado's products have been evaluated by Nortel Networks and Alcatel they are, in certain cases, subject to further evaluation and testing. There can be no assurance that the products will receive common market acceptance. The attention of potential investors and existing Shareholders is drawn to the absence of an independent technical evaluation report on Mobile Tornado's technology from this document.

#### **Intellectual Property Rights**

The business of Mobile Tornado is dependent on certain intellectual property rights. If other parties claim that the Enlarged Group's products infringe upon their intellectual property, the Enlarged Group may be forced to defend itself or its customers against those claims. Many participants in the telecommunications industry have an increasing number of patents and patent applications, and have frequently demonstrated a readiness to pursue litigation based on allegations of patent or other intellectual property infringement. The Enlarged Group could incur substantial costs in defending such claims. A successful claim of infringement against the Enlarged Group and its failure or inability to develop or licence alternative technology or to license the infringed technology, on acceptable terms and on a timely basis, could harm the Enlarged Group's business, operating results and/or financial performance.

Conversely, the continued success of the Enlarged Group and its ability to compete effectively with other companies depends, amongst other things, on its ability to obtain, maintain and enforce intellectual property protection in respect of its products. The Enlarged Group relies and will continue to rely on intellectual property laws and third party non-disclosure agreements to protect its intellectual property rights. Despite precautions which may be taken by the Enlarged Group to protect its products, unauthorised parties may attempt to copy, or obtain and use its products and

other technology incorporated in its products. Further, alternative technological solutions to the development of products similar to the Enlarged Group's products are available to competitors or prospective competitors of the Enlarged Group who may be able to work around copyright protection of specific software or the claims of any patent. The failure of the Enlarged Group to protect its intellectual property rights and/or the expense of actually protecting such rights, could have a material adverse effect on its operating results and financial condition. No assurance is given that the Enlarged Group will develop products which are capable of being protected or that any protection gained will be sufficiently broad in its scope to protect the Enlarged Group's intellectual property rights and exclude competitors from similar technology.

Further, there can be no assurances that:

- further patents will be issued with respect to the Enlarged Group's patent applications now pending or which may be applied for in the future;
- patents granted to the Enlarged Group will be sufficiently broad in their scope to provide protection for the Enlarged Group's intellectual property rights against third parties;
- the validity or scope of any patents which have been, or may in the future be, granted to the Enlarged Group or that claims in relation to the patents will not be asserted by other parties; or
- a third party will not claim prior rights in relation to intellectual property used by the Enlarged Group.

#### **Emerging markets**

Mobile Tornado derives a substantial amount of its revenues from its activities in markets outside North America and Western Europe. The success of Mobile Tornado's customers is directly linked to economic conditions in such markets. Political or economic instability in countries where certain of Mobile Tornado's business is located may also have a negative effect on such business.

#### **Technology changes**

The telecommunications industry is subject to rapid and significant change particularly in the development of technologies which may eclipse the technology provided by Mobile Tornado. The development and expansion of the Enlarged Group's business is partly dependent upon operators adopting such new technologies and updating their systems to meet new standards.

#### **Dependency upon a limited number of customers and distribution channels**

The majority of Mobile Tornado's business is undertaken through two resellers, Alcatel and Nortel Networks. Dependency upon only two principal distribution channels presents certain risks.

In particular, any one of the resellers could decide, for financial or other reasons, to discontinue its relationship with Mobile Tornado. A deterioration in the relationship between the Enlarged Group and any one of such entities could have a material adverse effect on the business, financial condition and operating results of the Enlarged Group.

#### **Sales cycle**

Purchases of Mobile Tornado's solutions may be the result of a tendering process which involves extensive management work and expense. Customer evaluation processes may be lengthy and may not result in a purchase of Mobile Tornado's products. These delays could affect the control and timing of its expenditure and sales.

Long sales cycles may also subject Mobile Tornado to risks not usually encountered by companies whose products have short sales cycles.

These factors could cause the Enlarged Group's revenues and operating results to vary significantly and unexpectedly, creating volatility in its share price.

#### **Internal growth restraints**

The proposed expansion of the Enlarged Group may place a strain on the Enlarged Group's senior management team and other resources, such as its management information systems and operating, administrative, financial and accounting systems. Any failure to expand effectively the Enlarged Group's operations could result in disruption or loss of business and harm the Enlarged Group's operating results.

Although Mobile Tornado's management currently believes that the Enlarged Group's capital resources post Admission, including its credit lines, are adequate to satisfy its financial needs for implementation of the Enlarged Group's business plans for the next 24 months, additional capital may nevertheless be required as, for example, new and unexpected business opportunities arise. The Enlarged Group's growth is dependent upon reacting quickly to market opportunities. A lack of sufficient capital resources required for providing bonds and securities, as part of a tender offer, may adversely affect the Enlarged Group's ability to tender successfully for projects.

#### **Risks resulting from large credit lines to customers**

In many sales transactions, the Enlarged Group grants large credit lines to customers to finance the purchase of services and products from the Enlarged Group. Any failure or delay by a customer to meet its financial obligations to the Enlarged Group may affect the financial stability of the Enlarged Group which could cause the Company's operating results to fluctuate and may result in an adverse effect on the Company's financial results.

#### **Risks relating to certain material contracts**

The majority of the assets, employees and intellectual property rights currently owned by Mobile Tornado were purchased from Mobile Tornado Ltd, an Israeli company, in January 2004. Pursuant to the agreement effecting that acquisition, an earn out arrangement was agreed, payable by Mobile Tornado to Mobile Tornado Ltd, based on a percentage of annual net sales revenue attributable to the intellectual property acquired. Payment of the earn out is secured by the grant to Mobile Tornado Ltd of a charge over the intellectual property acquired. As at the date of this document, the obligation to make the earn out payments is ongoing.

#### **Risks relating to certain key commercial contracts**

Mobile Tornado's licensing and reseller agreements do not contain minimum sales or specific promotional obligations. The effort that such resellers put into promoting Mobile Tornado's products will be driven by their own business plans and confidence in selling the products rather than to meet any pre-agreed contractual sales targets or promotional spending commitment. The resellers could decide not to promote the products without contractual penalty.

#### **Reliance on management**

The future development of the Enlarged Group is dependent upon its present and prospective management team. The Enlarged Group does not have "key person" life insurance policies covering any of its employees. The loss of any key management for whatsoever reason may have an adverse effect on the future of the Enlarged Group. The future success of the Enlarged Group depends on its ability to attract and retain highly qualified key management and employees. Competition for highly-skilled engineers and project managers is intense in the industry in which the Enlarged Group operates, and there can be no assurance that the Enlarged Group will be successful in attracting, assimilating or retaining qualified engineers and project managers to fulfil its current or future needs. This could adversely impact upon the ability of the Enlarged Group to implement the products it offers.

#### **Tax liabilities**

Although the Proposed Directors believe that Mobile Tornado has complied with applicable laws and regulations, there can be no assurance that the Enlarged Group will not be subject to future tax audits or assessments for tax (including value added tax), customs duties and other levies. In addition, Mobile Tornado does, or may, conduct sales in countries that do not have tax treaties with Ireland which may result in the relevant Enlarged Group company being subject to double taxation. In such cases, the Enlarged Group may be required to pay additional amounts, as a consequence of which the Enlarged Group's results may be adversely affected.

Mobile Tornado has structured its operations such that its principal trading company is tax resident in Ireland and the profits earned by that company will be subject to the Irish corporation tax rate of 12.5 per cent. If the UK HM Revenue & Customs conclude that the place of effective management of Mobile Tornado is in the UK then the profits of that company would become subject to UK corporation tax and the effective corporate tax rate of Mobile Tornado would increase to 30 per cent.

The Company is tax resident in the UK and as such is subject to the UK Controlled Foreign Company ("CFC") regime. The UK CFC regime covers all companies which are subsidiaries of a

UK resident company and which are subject locally to less tax than 75 per cent. of the UK corporation tax they would pay if UK residents. If the CFC regime applies then, in general terms, the income of overseas CFCs is subject to current taxation at 30 per cent. in the UK with a credit for overseas tax paid. However, the CFC regime should not apply to companies carrying on an “active trade or business”. Once the Irish and Israeli subsidiaries become profitable it will be necessary to monitor their activities to ensure, so far as is reasonably possible, that the UK CFC rules do not apply to their profits.

### **Regulations**

Each country has different statutory and regulatory requirements for telecommunications equipment. The statutory and regulatory environment in which the Enlarged Group currently, or may, operate is subject to significant change, the results and timing of which are uncertain and subjects the Enlarged Group to risks.

### **Competition**

The telecommunications market is very competitive and competition may increase in the future. Competition may come, in particular, from large existing international manufacturers, distributors, operators and other service providers, which have greater management, financial, technical, manufacturing, marketing, sales, distribution and other resources than those currently available to the Enlarged Group.

Increased competition could have a material adverse effect on the business, financial condition and operating results of the Enlarged Group through pricing pressure, loss of market share and other factors.

### **Currency exchange risks**

As a consequence of the international nature of the Enlarged Group’s business, the Enlarged Group is exposed to risks associated with changes in foreign currency exchange rates. This may result in gains or losses with respect to movements in exchange rates which may be material and may also cause fluctuations in reported financial information that are not necessarily related to the Enlarged Group’s operating results. Although the Enlarged Group may enter into currency hedging transactions to decrease the risk of financial exposure, these measures may not be adequate.

### **Volatility of share price**

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors, Company specific or otherwise, such as variations in operating results, changes in financial estimates, recommendations by securities analysts, the operating and share price performance of other companies which investors may deem comparable to the Company and news reports relating to trends in the geographical and sectoral markets in which the Enlarged Group operates. These factors may adversely affect upon the trading price of the Ordinary Shares, regardless of the Enlarged Group’s operating performance.

### **Realisation of investment**

Potential investors should be aware that the value of shares and income from them can go down as well as up, that Admission of the Enlarged Share Capital to trading on AIM should not be taken as implying that there will be a liquid market in the Ordinary Shares and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. An investment in the Ordinary Shares may therefore be difficult to realise.

### **Potential political, economic and military instability in Israel**

Political, economic and military conditions in Israel may directly affect the Enlarged Group’s Israeli operations. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and her Arab neighbours. A state of hostility, varying in degree and intensity, has led to security and economic problems for Israel. The future of potential peace efforts between Israel and her Arab neighbours remains uncertain. Any future armed conflicts or political instability in the region could harm the Enlarged Group’s operations. Several countries still restrict business with Israel and Israeli companies. These restrictive laws and policies may adversely affect the Enlarged Group.

**Obligations of certain personnel to perform military service in Israel**

The Enlarged Group's operations could be disrupted by the absence for significant periods of one or more of its executive officers, key employees or a significant number of other employees because of military service. The length of such service depends, among other factors, on an individual's age and prior position in the army. In addition, if a military conflict or war occurs, Israeli personnel could be required to serve in the military for extended periods of time. Any disruption in the Enlarged Group's operations as the result of military service by key personnel could potentially harm its business.

**The risk factors listed above do not necessarily comprise all those associated with an investment in the Company.**

## **PART V**

### **FINANCIAL RESULTS FOR THE COMPANY FOR THE THIRTEEN MONTHS ENDED 30 JUNE 2005**

The following financial information relating to the Company has been extracted, without material adjustment, from the audited consolidated financial statements of the Company for the thirteen months, from incorporation on 24 May 2004 to the period ended on 30 June 2005. Audited statutory accounts have been delivered to the Registrar of Companies for this period with an unqualified audit report in accordance with section 235 of the Act, and did not contain a statement under section 237(2) or (3) of the Act. The auditors of the Company for the period were Grant Thornton UK LLP, Registered Auditors of Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. The Directors are responsible for the audited financial statements of the Company which have been prepared in accordance with applicable laws. The information set out in this Part V has been extracted from previously published sources and does not constitute statutory accounts within the meaning of section 240 of the Act.



## PROFIT AND LOSS ACCOUNT

For the period ended 30 JUNE 2005

	<i>Note</i>	2005 £
Turnover		—
Cost of sales		—
		<hr/>
Gross profit		—
Administrative expenses		(207,907)
		<hr/>
<b>Operating loss</b>		(207,907)
Interest receivable		37,008
		<hr/>
<b>Loss on ordinary activities before taxation</b>	2	(170,899)
Tax on profit on ordinary activities	4	—
		<hr/>
<b>Loss for the period</b>		(170,899)
		<hr/> <hr/>
<b>Loss per share</b>	5	3.03p
		<hr/> <hr/>

All transactions arise from continuing operations.

There are no recognised gains or losses other than the loss for the period.

**BALANCE SHEET AT 30 JUNE 2005**

	<i>Note</i>	<i>2005</i> £
<b>Current assets</b>		
Debtors	6	26,234
Cash at bank and in hand		938,389
		<hr/>
		964,623
<b>Creditors: amounts falling due within one year</b>	7	(42,350)
		<hr/>
<b>Net current assets</b>		922,273
		<hr/> <hr/>
<b>Capital and reserves</b>		
Called up share capital	8	118,750
Share premium account	9	974,422
Profit and loss account	9	(170,899)
		<hr/>
<b>Equity shareholders' funds</b>	10	922,273
		<hr/> <hr/>

The financial statements were approved by the Board of Directors on 26 September 2005 and were signed on its behalf by:

**R D Sargent – Director**

## CASH FLOW STATEMENT

	<i>Note</i>	<i>2005</i> £
<b>Net cash outflow from operating activities</b>	11	(165,557)
<b>Returns on investments and servicing of finance</b>		
Bank interest received		10,774
<b>Management of liquid resources</b>		
Cash on deposit	12	(200,000)
<b>Financing</b>		
Issue of new shares		1,200,000
Costs of share issue	9	(106,828)
<b>Net cash inflow from financing</b>		<u>1,093,172</u>
<b>Increase in cash</b>	12	<u><u>738,389</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 June 2005

### 1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The Company's principal accounting policies are set out below.

### DEFERRED TAXATION

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

### FINANCIAL INSTRUMENTS

Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate. Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to the profit and loss account in the financial period to which it relates.

### 2 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is stated after charging:

	2005
	£
Auditors' remuneration:	
Audit services	5,000
Non-audit services – advice on accounting matters, and abortive acquisitions	25,000
	<u>25,000</u>

Additionally, Grant Thornton UK LLP have been paid £10,000 offset against the share premium account, in respect of corporate finance services.

### 3 DIRECTORS AND EMPLOYEES

The Directors were paid £30,280 in emoluments for their services to the Company. There were no contributions to pension schemes. The Company has no employees.

### 4 TAX ON LOSS ON ORDINARY ACTIVITIES

No tax charge arises for the period and there are no adjusting items between the profits for accounting and taxation purposes. Subject to agreement with the Inland Revenue, the Company has UK losses of approximately £170,899 for relief against future trading profits. No deferred tax asset has been recognised in respect of these losses as the Company has not yet completed the acquisition of its first target.

### 5 LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to Shareholders of £170,899 divided by the weighted average number of shares in issue during the period.

The weighted average number of shares used in the calculations are set out below:

2005
<i>Number of</i>
<i>shares</i>
5,648,438
<u>5,648,438</u>

### 6 DEBTORS

	2005
	£
Accrued interest receivable	26,234
	<u>26,234</u>

## 7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £
Other creditors	27,300
Other taxes and social security	3,300
Accruals and deferred income	11,750
	<u>42,350</u>

## 8 SHARE CAPITAL

	2005 £
Authorised 25,000,000 Ordinary Shares of 2 pence each	<u>500,000</u>
Allotted, called up and fully paid 5,937,500 Ordinary Shares of 2 pence each	<u>118,750</u>

The Company issued the following 2 pence Ordinary Shares during the period:

<i>Date of issue</i>	<i>Number of shares</i>	<i>Issue price</i>	<i>Cash consideration</i> £
14 June 2004	2,500,000	4p	100,000
27 July 2004	3,406,250	32p	1,090,000
11 August 2004	31,250	32p	10,000

All shares were issued to provide working capital for the company.

## 9 RESERVES

	<i>Share premium account</i> £	<i>Profit and loss account</i> £
At 24 May 2004	—	—
Loss for the period	—	(170,899)
Premium on shares issued	1,081,250	—
Issue costs	(106,828)	—
At 30 June 2005	<u>974,422</u>	<u>(170,899)</u>

## 10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £
Loss for the financial period	(170,899)
Issue of new shares (net of expenses)	1,093,172
Opening shareholders' funds	—
Closing shareholders' funds	<u>922,273</u>

## 11 RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS

	2005 £
Operating loss	207,907
Increase in creditors	42,350
Net cash outflow from operating activities	<u>165,557</u>

## 12 ANALYSIS OF CHANGES IN NET FUNDS

	<i>At 24 May</i>	<i>Cash flow</i>	<i>At 30 June</i>
	<i>2004</i>		<i>2005</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Cash in hand	—	738,389	738,389
Cash on deposit	—	200,000	200,000
	<hr/>	<hr/>	<hr/>
	—	938,389	938,389
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 13 FINANCIAL INSTRUMENTS

### *Financial Risk*

The Company's financial instruments comprise cash and liquid resources, and various items, such as trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate and liquidity. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged during the year.

### *Liquidity risk*

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

### *Interest rate risk*

The Company finances its operations through equity group funds are invested in deposit accounts with the objective of maintaining a balance between accessibility of funds and competitive rates of return. The average rate of return on financial assets was LIBOR plus 2.5%.

### *Fair values*

The Directors consider there to be no material difference between the book value and fair value of the Company's financial instruments in either financial year.

## 14 CAPITAL COMMITMENTS

The Company had no capital commitments at 30 June 2005.

## 15 CONTINGENT LIABILITIES

There were no contingent liabilities at 30 June 2005.

## PART VI

### ACCOUNTANT'S REPORT ON MOBILE TORNADO



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Ireland

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4th Floor  
French Railways House  
178-180 Piccadilly  
London W1J 9EN  
England

Corporate Synergy Plc  
30 Old Broad Street  
London EC2N 1HT  
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9 February 2006

Dear Sirs

#### **Mobile Tornado International Limited**

##### **Introduction**

We report on the financial information set out on pages 41 to 53 of the admission document dated 9 February 2006 ("the Admission Document") relating to the proposed acquisition by TMT Group plc ("the Company") of Mobile Tornado International Limited ("Mobile Tornado") and its subsidiary M.T. Labs Limited (together with Mobile Tornado, "the Mobile Tornado Group") and the Admission of the Ordinary Shares of the Company to trading on AIM. The financial information has been prepared on the basis of the accounting policies set out on pages 43 to 45 of the Admission Document. This report is required by item 20.1 of Annex 1 of the AIM Rules and is given for the purpose of complying with that item and for no other reason.

##### **Responsibilities**

The Directors of Mobile Tornado are responsible for preparing the financial information on the basis of preparation set out above.

The Directors of the Company are responsible for the contents of the Admission Document in which this report is included.

It is our responsibility to form an opinion on the financial information 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 management accounts and records underlying the financial information and whether the accounting policies are appropriate to the circumstances of the Mobile Tornado Group, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that

the financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing standards generally accepted in the United States of America or auditing standards of the Public Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with these standards.

**Opinion**

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Mobile Tornado Group as at the dates stated and of its results and cash flows for the periods then ended, in accordance with the basis of preparation paragraph set out above.

**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 that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

PricewaterhouseCoopers  
*Chartered Accountants*



### 1(a) Consolidated profit and loss account

		<i>6 months to</i> <i>30 June</i> <i>2005</i> <i>£'000</i>	<i>60 week</i> <i>period to</i> <i>31 December</i> <i>2004</i> <i>£'000</i>
<b>Turnover</b>	4.3	617	329
Cost of sales		(178)	(64)
<b>Gross profit</b>		439	265
Sales and marketing costs		(370)	(579)
Research and development		(630)	(1,213)
Administrative expenses		(798)	(533)
Amortisation of intangible asset	4.9	(299)	(517)
<b>Operating loss</b>		(1,658)	(2,577)
Interest payable and similar charges	4.5	(222)	(21)
<b>Loss on ordinary activities before taxation</b>	4.6	(1,880)	(2,598)
Taxation	4.7	(9)	(18)
<b>Loss on ordinary activities after taxation</b>		(1,889)	(2,616)
<b>Loss per share (basic)</b>		3.93p	

All of the activities relate to continuing operations.

### 1(b) Statement of total recognised gains and losses

		<i>6 months to</i> <i>30 June</i> <i>2005</i> <i>£'000</i>	<i>60 week</i> <i>period to</i> <i>31 December</i> <i>2004</i> <i>£'000</i>
<b>Loss on ordinary activities after taxation</b>		(1,889)	(2,616)
Translation adjustments	4.14	88	(105)
<b>Total recognised gains and losses for the period</b>		(1,801)	(2,721)

## 2 Consolidated balance sheet

	<i>Notes</i>	<i>As at 30 June 2005 £'000</i>	<i>As at 31 December 2004 £'000</i>
<b>Fixed assets</b>			
Tangible assets	4.8	122	139
Intangible assets	4.9	2,133	2,538
		<u>2,255</u>	<u>2,677</u>
<b>Current assets</b>			
Debtors	4.10	429	190
Cash at bank and in hand		844	176
		<u>1,273</u>	<u>366</u>
<b>Creditors: Amounts falling due within one year</b>	4.11	<u>(4,797)</u>	<u>(4,012)</u>
<b>Net current liabilities</b>		<u>(3,524)</u>	<u>(3,646)</u>
<b>Total assets less current liabilities</b>		<u>(1,269)</u>	<u>(969)</u>
<b>Creditors: Amounts falling due after more than one year</b>	4.12	<u>(1,860)</u>	<u>(359)</u>
<b>Net liabilities</b>		<u><u>(3,129)</u></u>	<u><u>(1,328)</u></u>
<b>Capital and reserves</b>			
Called up share capital	4.13	3	3
Share premium	4.14	1,390	1,390
Other reserves	4.14	(17)	(105)
Profit and loss account – deficit	4.14	<u>(4,505)</u>	<u>(2,616)</u>
<b>Equity shareholders' deficit</b>	4.15	<u><u>(3,129)</u></u>	<u><u>(1,328)</u></u>

## 3 Consolidated cash flow statement

	<i>Notes</i>	<i>6 months to 30 June 2005 £'000</i>	<i>60 week period to 31 December 2004 £'000</i>
<b>Net cash outflow from operating activities</b>	4.16(a)	(817)	(1,545)
Returns on investments and servicing of finance	4.16(b)	1	—
Taxation		(7)	—
Business acquisition	4.18	—	(308)
Capital expenditure	4.16(b)	<u>(10)</u>	<u>(42)</u>
<b>Net cash outflow before financing</b>		<u>(833)</u>	<u>(1,895)</u>
Financing	4.16(b)	<u>1,501</u>	<u>2,069</u>
<b>Increase in cash</b>	4.17	<u><u>668</u></u>	<u><u>174</u></u>

#### **4. Notes to the financial information**

##### **4.1 Accounting policies**

The significant accounting policies applied in the preparation of the financial information are as follows:

###### **Basis of preparation**

The financial information is based on the unaudited management accounts of the Mobile Tornado Group for the periods from 6 October 2003 (date of incorporation) to 31 December 2004 and the six months ended 30 June 2005.

The financial information has been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2005 and the European Communities (Companies: Group Accounts) Regulations, 1992. Accounting standards generally accepted in Ireland in preparing financial information giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

The financial information is prepared under the historical cost convention. The currency used in the financial information is Pounds Sterling, denoted by the symbol “£”.

###### **Basis of consolidation**

The financial information incorporates Mobile Tornado and its wholly owned subsidiary, M.T. Labs Limited. Inter-group sales and profits are eliminated on consolidation and all turnover and profit figures relate to external transactions only.

###### **Turnover and revenue recognition**

Turnover represents the invoiced sales price, less trade discounts allowed, value added tax and other sales taxes (where applicable).

The majority of revenues are derived from software licence sales of Mobile Tornado products.

###### Licences

For software licence arrangements that do not require significant modification or customisation of the underlying software, revenues are recognised on the later of:

1. The entering into a legally binding arrangement with the customer for the licence of the software.
2. The fulfilment of any related obligation defined in such an arrangement related to the various stages of the product(s) delivery, such as installation or acceptance.
3. Customer payment being deemed fixed or determinable and free of material contingencies or other significant uncertainties.
4. Collection is considered probable.

###### Consulting services (fixed price basis)

Many of these software licence arrangements also include consulting implementation services.

To the extent that such consulting services are considered distinct from the installation of Mobile Tornado’s licenced product:

- Expenses relating to the provision of such consulting services are recognised as incurred.
- The related revenues are recognised in the accounting period in which the work is performed.
- Any related loss on completion of such work is recognised as soon as it is anticipated.

Factors considered in determining whether consulting service revenues should be accounted for separately include:- the nature of the services (ie. whether the services are essential to the functionality of the licenced product), the degree of risk, the availability of services from other vendors, timing of payments and the impact of milestones or other acceptance criteria on the realisation of the software licence fee.

### **Tangible fixed assets**

Tangible fixed assets are stated at cost, less accumulated depreciation. Depreciation is charged at rates calculated to write off the cost less residual value of each asset on a straight line basis over its expected useful life, as follows:

Computer equipment	3 years
Fixtures, fittings and equipment	5 to 7 years

### **Intellectual property**

Acquired technology assets are capitalised and amortised over five years, on a straight line basis, with provision made for any permanent diminution in value.

### **Development expenditure**

Development expenditure is written off in the period in which it is incurred.

### **Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into Euro at rates of exchange ruling at the balance sheet dates. Transactions in foreign currencies are translated into Euro at the rate of exchange prevailing at the time of the transaction.

The balance sheets of foreign subsidiary undertakings are translated into Euro using the closing rate method and profit and loss accounts are translated using the average rate for the period. Exchange differences arising from translation of the opening net investment together with the difference between the profit and loss translated at the average rate and the closing rate are dealt with as adjustments to reserves.

The results and financial position of the Mobile Tornado Group have been translated to Pounds Sterling (“£”) for the purposes of this financial information. The underlying consolidated management accounts of the Mobile Tornado Group are prepared in Euro (“€”), which the Directors consider to be the functional currency of the Mobile Tornado Group. The presentation has been adopted to allow the results and financial position to be shown on a more comparable basis with TMT. It is the intention of the Directors and Proposed Directors to present future consolidated information for the Enlarged Group in Sterling.

The consolidated profit and loss accounts for each period have been translated from Euro to Sterling using the average exchange rates for each period. The consolidated balance sheets have been translated from Euro to Sterling at the closing period end rates. Any resultant exchange differences have been taken to reserves.

### **Pensions**

The Mobile Tornado Group operates defined contribution pension arrangements for certain of its employees. The expected cost of providing pensions to employees is charged to the profit and loss account as incurred.

### **Financial risk**

Financial instruments comprise cash and liquid resources and other items (such as trade debtors and trade creditors) arising directly from its trading activities.

The main risks arising from these financial instruments are liquidity risk and foreign currency risk.

(i) **Liquidity risk**

The Directors seek to manage financial risk by ensuring sufficient cash and other liquid resources are available to meet foreseeable needs. This includes investing cash assets safely and profitably.

(ii) **Foreign currency risk**

The primary currency exposure of the Mobile Tornado Group is for transactions (both revenues and costs) denominated in US\$. The Directors seek to use a number of techniques to minimise any related foreign currency risk. This includes matching, where appropriate, foreign currency receipts with equivalent foreign currency outflows.

(iii) Fair values

The Directors do not consider there to be any material difference between the book value and fair value of the Mobile Tornado Group's financial instruments at the end of either financial period.

#### 4.2 Going concern

This financial information has been prepared on a going concern basis. The validity of this assumption is dependent on the continued support of the shareholders and convertible loan note holders (note 4.12).

The audit opinion on the financial statements of Mobile Tornado for the period ended 31 December 2004 was modified to include an emphasis of matter paragraph, referring to the going concern basis on which those financial statements were prepared. That modification has not been repeated in this financial information, as it has been prepared solely for the purposes of the Admission Document of TMT, which assumes that the acquisition of Mobile Tornado and the related Placing will be completed on Admission.

#### 4.3 Turnover

	<i>2005</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>
An analysis of turnover by geographical market is as follows:		
Europe	109	135
Middle East	74	42
Africa	298	—
Asia / Pacific	136	152
	<u>617</u>	<u>329</u>

Mobile Tornado is involved in the development and sale of Push-to-Talk systems over wireless packet networks. All of the turnover, profit and net assets derives from these and related activities and products.

#### 4.4 Staff costs and employees

	<i>2005</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>
Wages and salaries	585	746
Social welfare costs	27	41
Pension costs	43	51
	<u>655</u>	<u>838</u>

#### Directors' remuneration

	<i>2005</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>
Remuneration	216	148
Payment for loss of office	56	—
Social welfare costs	3	2
Pension costs	10	9
	<u>285</u>	<u>159</u>

## Number of employees

	<i>Number</i>	<i>Number</i>
The number of full-time equivalent employees (including directors) in place at each period end was:		
Sales and support	4	4
Administration and finance	4	4
Product development	23	25
	<u>31</u>	<u>33</u>

## 4.5 Interest payable and similar charges

	<i>2005</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>
Deposit interest	(1)	—
9% cumulative preference share dividend (note 4.11)	14	13
Interest on convertible loan notes (note 4.12)	209	8
	<u>222</u>	<u>21</u>

## 4.6 Loss on ordinary activities before taxation

	<i>2005</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>
This is stated after charging:		
Auditor's remuneration		
Audit services	4	8
Taxation services	18	15
Other assurance services	32	31
Loss/(gain) on foreign exchange	242	(152)
Amortisation of intangible assets	299	517
Depreciation	36	61
	<u>222</u>	<u>21</u>

All of the non-audit services set out above (including taxation services) payable to the Mobile Tornado Group auditors, PricewaterhouseCoopers, during the period related to the current proposed transaction.

## 4.7 Taxation

	<i>2005</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>
Charge for the period	<u>9</u>	<u>18</u>

The corporation tax charge above related solely to the wholly owned Israeli subsidiary, M.T. Labs Limited. All of its expenses for the periods were recharged to its parent company under a formal cost-plus arrangement. This has represented the subsidiary's only income. The related tax charge originated on certain timing differences and expenses not deductible for tax purposes.

No corporation tax charge arose for the Irish operation for either period due to trading losses incurred.

#### 4.8 Tangible assets

	<i>Computer equipment £'000</i>	<i>Fixtures, fittings and equipment £'000</i>	<i>Total £'000</i>
<b>Cost</b>			
Business acquired (note 4.18)	166	—	166
Additions during the period	40	2	42
Translation adjustments	(10)	—	(10)
	<hr/>	<hr/>	<hr/>
At 31 December 2004	196	2	198
Additions during the period	7	3	10
Translation adjustments	13	—	13
	<hr/>	<hr/>	<hr/>
At 30 June 2005	216	5	221
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
Charge for the period	61	—	61
Translation adjustments	(2)	—	(2)
	<hr/>	<hr/>	<hr/>
At 31 December 2004	59	—	59
Charge for the period	36	—	36
Translation adjustments	4	—	4
	<hr/>	<hr/>	<hr/>
At 30 June 2005	99	—	99
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 30 June 2005	117	5	122
	<hr/>	<hr/>	<hr/>
At 31 December 2004	137	2	139
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

All assets are owned outright and are carried at original cost.

#### 4.9 Intangible assets

	<i>Intellectual property £'000</i>
Business acquired (note 4.18)	3,076
Amortisation charge	(517)
Translation adjustment	(21)
	<hr/>
At 31 December 2004	2,538
Amortisation charge	(299)
Translation adjustment	(106)
	<hr/>
At 30 June 2005	2,133
	<hr/> <hr/>

#### 4.10 Debtors

	2005 £'000	2004 £'000
Amounts falling due within one year:		
Trade debtors	344	123
VAT	34	33
Accrued income	7	—
Other debtors and prepayments	44	34
	<u>429</u>	<u>190</u>

#### 4.11 Creditors: Amounts falling due within one year

	2005 £'000	2004 £'000
Bank overdraft	2	2
Trade creditors and accruals	1,338	703
9% cumulative redeemable convertible preference shares	303	317
Deferred consideration	2,956	2,747
Corporation tax	21	19
Payroll taxes	104	117
Deferred income	73	107
	<u>4,797</u>	<u>4,012</u>

#### 9% cumulative redeemable preference shares

The holder of the 9% cumulative redeemable convertible preference shares (“the preference shareholder”) is entitled to receive notice of and attend all general meetings of Mobile Tornado but has no voting rights. The preference shareholder is also entitled to payment of a dividend in priority to any other class of shares. The dividend accrues annually in arrears and is only repayable in the event of the earlier of (i) the redemption of the preference shares or (ii) a repayment of capital. The preference shareholder is also entitled to any repayment of capital (including any accrued dividends) in priority to any other class of shares.

Prior to Completion, the 9% cumulative redeemable convertible preference shares will be converted into ordinary shares.

Pursuant to the Acquisition Agreement the preference shareholder has agreed to sell those shares in return for ordinary shares in the Company. A sum of €145,000 (£98,000) payable to the preference shareholder by Mobile Tornado remains outstanding.

#### Deferred consideration

The deferred consideration represents a royalty payable on future sales of Push to Talk related product by Mobile Tornado (the “relevant sales”), payable in part consideration for the acquisition of the rights to the technology underlying such product (see note 4.18 below). The royalty is payable quarterly on any relevant sales (on a cash receipts basis) as follows:

- (i) 50% of the first US\$200,000 relevant sales.
- (ii) 15% of any additional relevant sales, subject to any related cumulative royalty payments being capped at a maximum of US\$5.3 million. Direct reseller and other third party costs may be deducted in arriving at these royalty payments, subject to such costs not exceeding 10% of the relevant sales.

No related payments had been made by 30 June 2005. Movements in the period ended 30 June 2005 represented unrealised exchange losses.

The deferred consideration is secured by a charge over the intellectual property of the Mobile Tornado Group.



#### 4.12 Creditors: Amounts falling due after one year

	<i>2005</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>
Convertible loan notes	1,860	359

##### **Convertible loan notes**

On 10 August 2005 the outstanding convertible loan notes (including accrued interest to that date) were consolidated as part of a new issue of convertible loan notes ("the Notes"). The Notes carry an annual coupon of 20%. The holders of the Notes have agreed not to seek repayment of the Notes until periods commencing after 1 January 2007.

On the occurrence of a conversion event (including the Acquisition) the holders of the Notes have the option to convert the Notes into ordinary shares in any resultant entity.

Should the conversion event arise within the second anniversary of the issue of the 9% cumulative redeemable convertible preference shares (the period to July 2006) the conversion rate applicable to those Notes shall represent a discount of 25% of the issue price for any new ordinary shares in the listed entity. Thereafter the discount applying shall range between 35% and 55%, until the fifth anniversary of the original issue of the shares.

Pursuant to the Acquisition Agreement, the holders of the Notes have agreed to convert the Notes into ordinary shares in Mobile Tornado which will be sold to the Company in return for Ordinary Shares on Completion.

#### 4.13 Share capital

	<i>2005</i>	<i>2004</i>
	<i>€'000</i>	<i>€'000</i>
<b>Authorised</b>		
10,000,000,000 ordinary shares of €0.0001 per share	10,000	10,000
<b>Issued</b>		
48,121,677 ordinary shares of €0.0001 per share	5	5
	<i>£'000</i>	<i>£'000</i>
Translated to Sterling	3	3

#### 4.14 Reserves

	<i>Profit and loss account £'000</i>	<i>Share premium £'000</i>	<i>Other £'000</i>
Share issues during the period	—	1,390	—
Arising on translation of subsidiary results	—	—	4
Translation of result for the period	—	—	(109)
Loss retained for period	(2,616)	—	—
	<hr/>	<hr/>	<hr/>
At 31 December 2004	(2,616)	1,390	(105)
Arising on translation of subsidiary results	—	—	(5)
Retranslation of opening reserves	—	—	58
Translation of result for the period	—	—	35
Loss retained for period	(1,889)	—	—
	<hr/>	<hr/>	<hr/>
At 30 June 2005	<u>(4,505)</u>	<u>1,390</u>	<u>(17)</u>

Other reserves relate to translation differences on:

- (i) The consolidation of the assets and liabilities of the wholly owned Israeli subsidiary, M.T. Labs Limited.
- (ii) The translation of the results of the Mobile Tornado Group from Euro in Sterling.

#### 4.15 Reconciliation of movements in shareholders' deficit

	<i>2005 £'000</i>	<i>2004 £'000</i>
At beginning of period	(1,328)	—
Par value of shares issued during the period	—	3
Share premium arising	—	1,390
Translation differences	88	(105)
Loss retained for period	(1,889)	(2,616)
	<hr/>	<hr/>
Deficit at end of period	<u>(3,129)</u>	<u>(1,328)</u>

#### 4.16 Cash flow statement

	2005 £'000	2004 £'000
<b>(a) Reconciliation of operating loss to net cash outflow from operating activities</b>		
Operating loss	(1,658)	(2,577)
Depreciation	36	61
Amortisation of intangible assets	299	517
Increase in debtors	(239)	(190)
Increase in creditors	588	927
Translation losses/(gains)	157	(283)
	<u>(817)</u>	<u>(1,545)</u>
<b>(b) Analysis of cash flows for headings netted in the cash flow statement</b>		
<b>Returns on investment and servicing of finance</b>		
Deposit interest received	<u>1</u>	<u>—</u>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	<u>(10)</u>	<u>(42)</u>
<b>(b) Analysis of cash flows for headings netted in the cash flow statement</b>		
<b>Financing</b>		
Issue of ordinary shares (including share premium)	—	1,393
Issue of 9% cumulative redeemable preference shares	—	317
Issue of convertible loan notes	<u>1,501</u>	<u>359</u>
	<u>1,501</u>	<u>2,069</u>

#### 4.17 Analysis of net cash

	<i>Cash at bank</i> £'000	<i>Bank overdraft</i> £'000	<i>Net cash position</i> £'000
Cash flow for period	<u>176</u>	<u>(2)</u>	<u>174</u>
At 31 December 2004	176	(2)	174
Cash flow for period	<u>668</u>	<u>—</u>	<u>668</u>
At 30 June 2005	<u>844</u>	<u>(2)</u>	<u>842</u>

#### 4.18 Principal interests in undertakings

<i>Subsidiary undertaking</i>	<i>Principal activity</i>	<i>% holding</i>	<i>Country of incorporation</i>
M.T. Labs Limited	Software development	100%	Israel

On 16 February 2004 Mobile Tornado acquired the assets, intellectual property and cumulative employee obligations of an Israeli incorporated company, Mobile Tornado Ltd, through its wholly owned subsidiary M.T. Labs Limited. The consideration comprised a cash payment of US\$300,000 and deferred consideration of US\$5,300,000, payable based on future sales receipts (see note 4.11 above). Mobile Tornado also agreed to fund pre-completion liabilities of US\$200,000.

Details of the fair value of the net assets acquired and the consideration paid are as follows:

	<i>£'000</i>
Intellectual property	3,048
Acquisition costs	28
	<hr/>
Related costs capitalised (see note 4.9)	3,076
Fixed assets (note 4.8)	166
	<hr/>
Total assets acquired	3,242
	<hr/> <hr/>
Satisfied by:	
Cash consideration	166
Liabilities settled on behalf of the vendor	114
Acquisition costs	28
	<hr/>
Total initial cash outflow	308
Deferred consideration	2,934
	<hr/>
Total consideration payable	3,242
	<hr/> <hr/>

The registered office of M.T. Labs Limited is Galgaly Haplada 6n Hertzeliya 46140, Tel Aviv, Israel.

#### 4.19 Related party transactions

Transactions between Mobile Tornado and its wholly owned subsidiary, M.T. Labs Limited, are not disclosed as Mobile Tornado has taken advantage of the exemption available under Financial Reporting Standard 8 “Related Party Disclosures”.

- (i) From 6 October 2003 to 10 August 2005 Maria Archer was a director and shareholder of both Mobile Tornado and Muir International BV. During the period Muir International BV, a company controlled by Maria Archer, provided consulting services to Mobile Tornado. Director’s remuneration payable to Maria Archer (and disclosed as directors’ remuneration in note 4.4 above) was also charged through that company. These and other services were provided by Muir International BV on an arms length basis. The liabilities were settled in full under the terms of an agreement dated 10 August 2005.
- (ii) During the period Mobile Tornado sourced goods and services from Eescape Holdings Limited (trading as Evoxus), a company in which John Swingewood has an interest. Again these transactions were conducted on an arms length basis.
- (iii) From 3 February 2004 to 10 August 2005 Colin Orviss was a director and a shareholder of Mobile Tornado. During the period ended 31 December 2004 Oli Consulting Limited, a company controlled by Colin Orviss, recharged certain expenses on an arms length basis to Mobile Tornado. The liabilities were settled in full under the terms of an agreement dated 10 August 2005.

	<i>2005</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>
Charged by:		
Muir International BV	93	150
Eescape Holdings Limited	19	—
Oli Consulting Limited	—	3
	<hr/>	<hr/>
Owing at period end:		
Muir International BV	83	25
Eescape Holdings Limited	11	—
Oli Consulting Limited	3	3
	<hr/>	<hr/>
	97	28
	<hr/> <hr/>	<hr/> <hr/>

- (iv) The following directors and shareholders owing in excess of 20% of the share capital of Mobile Tornado held convertible loan notes in Mobile Tornado at the balance sheet dates. Further details of these convertible loan notes are set out in note 4.12. The par value of these holdings at the balance sheet dates were as follows:

	<i>30 June</i>	<i>31</i>
	<i>2005</i>	<i>December</i>
	<i>£'000</i>	<i>2004</i>
		<i>£'000</i>
Peter Wilkinson	792	-
John Swingewood	87	-
Eyal Fishler	12	12
Jorge Pinievsky	12	12
Maria Archer	47	47
Oli Consulting Limited	40	34
	<u>990</u>	<u>105</u>

#### 4.20 Pensions and similar arrangements

Mobile Tornado offers defined contribution pension arrangements to its Irish employees. No employees had availed of these arrangements by 30 June 2005.

Certain employees of the wholly owned Israeli subsidiary are entitled to pension benefits under a defined contribution pension arrangement. The total related cost to Mobile Tornado for the period ended 30 June 2005 was £43,000 (2004: £51,000).

The wholly owned Israeli subsidiary, M.T. Labs Limited, has statutory obligations to accrue for severance pay for certain employees, in compliance with the provisions of the local Israeli Severance Pay Law. The liability of M.T. Labs Limited for such severance pay, which is calculated on the basis of the employee's last salary and the period of service, is fully covered by a combination of insurance cover and a related accrual.

Details of the related net accrual (included in Trade Creditors and Accruals in note 4.11 above) are as follows:

	<i>30 June</i>	<i>31</i>
	<i>2005</i>	<i>December</i>
	<i>£'000</i>	<i>2004</i>
		<i>£'000</i>
Gross liability	158	118
Funded amounts deposited with insurers	(71)	(56)
Payments made	(18)	(9)
	<u>69</u>	<u>53</u>

#### 4.21 Subsequent events

Since 30 June 2005 Mobile Tornado has raised additional funds in the form of convertible loan note subscriptions from a combination of existing shareholders and new subscribers. The total such funding raised since that date is £1.4 million.

As outlined in note 4.12 above, the existing convertible loan notes in issue at 30 June 2005 (£1.9 million) were rolled-up under one overall new convertible loan note agreement. This roll-up included the related convertible loan note coupons accrued at the date of the roll-ups. The related coupon accrual amounted to £0.2 million. The total such convertible loan notes in issue at 31 January 2006 (following the roll-up and additional fund raising) had a par value of £3.9 million.

## PART VII

### UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

The following pro forma statement of combined net assets of the Enlarged Group is based on the net assets of TMT at 30 June 2005, as extracted without material adjustment from the audited balance sheet of TMT contained in the financial information set out in Part V of this document, and the net assets of Mobile Tornado as at 30 June 2005, contained in the financial information in Part VI of this document.

The *pro forma* statement, which has been prepared for the purpose of providing information about the impact of (i) the Acquisition of Mobile Tornado, (ii) the conversion of its outstanding loan notes and (iii) the proposed Placing, has been prepared for information purposes only and, because of its nature, may not give a true picture of the financial position of the Enlarged Group.

	At 30 June 2005		Adjustments		Pro forma statement of net assets £'000
	TMT Group plc £'000 Note 1	Mobile Tornado £'000 Note 2	Conversion of loan notes £'000 Note 3	Placing £'000 Note 4	
<b>Fixed assets</b>					
Tangible assets	—	122	—	—	122
Intangible assets	—	2,133	—	—	2,133
	—	2,255	—	—	2,255
<b>Current assets</b>					
Debtors	26	429	—	—	455
Cash at bank and in hand	938	844	—	405	2,187
	964	1,273	—	405	2,642
<b>Creditors: amounts falling due within one year</b>	(42)	(4,797)	—	—	(4,839)
<b>Net current assets/(liabilities)</b>	922	(3,524)	—	405	(2,197)
<b>Total assets less current liabilities</b>	922	(1,269)	—	405	58
<b>Creditor's amounts falling due after one year</b>	—	(1,860)	1,860	—	—
<b>Net assets/(liabilities)</b>	922	(3,129)	1,860	405	58

**Notes:**

1. The net assets of TMT as at 30 June 2005 have been extracted from the audited accounts, as reproduced in Part V of this document.
2. The net assets of Mobile Tornado as at 30 June 2005 have been extracted from the financial information set out in Part VI of this document.
3. An adjustment has been made to reflect the conversion of €2,759,000 (£1,860,000) of convertible loan notes in issue by Mobile Tornado at 30 June 2005 into Ordinary Shares immediately prior to Admission.
4. An adjustment has been made to reflect the minimum proceeds of the Placing, raising approximately £405,000 net of related expenses of £465,000.
5. No adjustment has been made to take account of the trading or other transactions of TMT or Mobile Tornado since 30 June 2005.
6. Amounts denominated in Euro have been translated in Sterling at an exchange rate of 0.6742, the closing rate of exchange at 30 June 2005.
7. No account has been taken of:
  - (i) changes in trading or working capital of the Enlarged Group subsequent to 30 June 2005.
  - (ii) any other post balance sheet events.
  - (iii) any adjustments which may be necessary to reflect any restatement of the assets and liabilities of Mobile Tornado to their fair value on acquisition.

## **PART VIII**

### **ADDITIONAL INFORMATION**

#### **1 RESPONSIBILITY**

- 1.1 The Directors and the Proposed Directors whose names appear on page 5 of this document accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Proposed 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 there is no omission likely to affect the import of such information.
- 1.2 The Concert Party whose names appear in paragraph 7 of this Part VIII accepts responsibility for the information relating to Mobile Tornado and the Concert Party contained in this document including the information regarding the Concert Party in this Part VIII. To the best of the knowledge and belief of the Concert Party, each of whose members has taken all reasonable care to ensure that such is the case, the information relating to Mobile Tornado and the Concert Party contained in this document is in accordance with the facts and there is no omission likely to affect the import of such information.

#### **2 THE COMPANY**

- 2.1 The Company was incorporated and registered with the Registrar of Companies in England and Wales on 24 May 2004 under the Act as a public company limited by shares with registered number 5136300 under the name TMT Group plc. On 25 June 2004, the Registrar of Companies issued the Company with a certificate to commence business and borrow pursuant to section 117 of the Act.
- 2.2 The Company's main activity is that of a general commercial company, including being a holding company for companies, particularly those in the telecoms, media and technology sector. The Company currently has two wholly owned subsidiaries, each incorporated with the Registrar of Companies in England and Wales, TMT Administration Limited (registered number 05136286) and TMT Ventures Limited (registered number 05136275), both of which are non-trading and whose registered address is 4th Floor, French Railways House, 178-180 Piccadilly, London W1J 9EN.
- 2.3 The principal legislation under which the Company operates is the Act and regulations made thereunder. The Company is subject to the City Code.
- 2.4 The Company's registered office and its principal place of business is located at 4th Floor, French Railways House, 178-180 Piccadilly, London W1J 9EN.
- 2.5 The liability of the members of the Company is limited.

#### **3 SHARE CAPITAL OF THE COMPANY**

- 3.1 The Company was incorporated with an authorised share capital of £50,000 divided into 50,000 ordinary shares of £1 each, of which two were issued as subscriber shares.
- 3.2 By a special resolution passed on 14 June 2004:
  - 3.2.1 the Company's authorised share capital was sub-divided into 2,500,000 ordinary shares of 2p each;
  - 3.2.2 the Company's authorised share capital was increased from £50,000 to £500,000 by the creation of an additional 22,500,000 ordinary shares of 2p each;
  - 3.2.3 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 (as defined in section 80(2) of the Act) up to an aggregate nominal value of £499,998 for the period expiring on 13 June 2009, provided that such authority would allow the Company to make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred by this special resolution had not expired; and

- 3.2.4 the Directors were given power pursuant to section 95 of the Act to allot or make offers or agreements to allot equity securities (as defined in section 94(2) of the Act) pursuant to the section 80 authority referred to in sub-paragraph 3.2.3 above as if section 89(1) of the Act did not apply to any such allotment, such power to expire at the conclusion of the first annual general meeting of the Company (unless previously revoked, varied or extended by the Company in general meeting).
- 3.3 On 14 June 2004:
- 3.3.1 the subscriber shares were transferred to Rodger Sargent and Andrew Gardiner at par value; and
- 3.3.2 the Company issued for cash at 4p per Ordinary Share 2,499,900 Ordinary Shares.
- 3.4 On 16 July 2004, 3,437,500 Ordinary Shares of 2p each were issued fully paid as a result of a placing at 32p per share in order to fund due diligence on, and provide capital for the acquisition of, potential acquisition targets.
- 3.5 Save as disclosed in this document, since the date of the Company's admission to AIM on 16 July 2004:
- 3.5.1 no share or loan capital of the Company has been issued or agreed to be issued, fully or partly paid, either for cash or for a consideration other than cash and no such issue is now proposed;
- 3.5.2 no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such share or loan capital; and
- 3.5.3 no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.
- 3.6 The table below sets out both the authorised and the issued and fully paid share capital of the Company as at the date of this document and at Admission:

<i>At the date of this document</i>			
	<i>Authorised</i>	<i>Issued and fully paid</i>	
£	<i>Number of Ordinary Shares</i>	£	<i>Number of Ordinary Shares</i>
500,000	25,000,000	118,750	5,937,500
<i>At Admission (assuming maximum subscription pursuant to the Placing)</i>			
	<i>Authorised</i>	<i>Issued and fully paid</i>	
£	<i>Number of Ordinary Shares</i>	£	<i>Number of Ordinary Shares</i>
4,000,000	200,000,000	2,087,602	104,380,096
<i>At Admission (assuming minimum subscription pursuant to the Placing)</i>			
	<i>Authorised</i>	<i>Issued and fully paid</i>	
£	<i>Number of Ordinary Shares</i>	£	<i>Number of Ordinary Shares</i>
4,000,000	200,000,000	1,790,102	89,505,096

- 3.7 There are no issued but not fully paid Ordinary Shares.
- 3.8 All Existing Ordinary Shares are, and the New Ordinary Shares will be, in registered form and are, or will be, eligible for settlement within CREST.
- 3.9 Other than the issue of the New Ordinary Shares and upon a due exercise of options referred to in paragraph 11 of this Part VIII and the warrants referred to in paragraphs 16.1.7, 16.1.8, 16.1.9 and 16.1.10 of this Part VIII, there is no present intention to issue any of the authorised but unissued share capital of the Company.
- 3.10 As at the date of this document, the Company has no listed or unlisted securities not representing share capital.
- 3.11 The Ordinary Shares are not redeemable and the Company has not issued any convertible or exchangeable securities or securities with warrants other than as set out in paragraphs 11, 16.1.7, 16.1.8, 16.1.9 and 16.1.10 of this Part VIII.



- 3.12 The provisions of section 89(1) of the Act (which, to the extent not disapplied pursuant to section 95 of the Act, confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash), apply to the authorised but unissued share capital of the Company, except to the extent disapplied by the resolutions referred to in paragraph 3.2 above.
- 3.13 As at the date of this document the Company does not hold any of its own Ordinary Shares, and none of the Company's subsidiaries hold any of the Company's Ordinary Shares.
- 3.14 In order to give effect to the Acquisition and to approve the other elements of the Proposals and the Waiver, the EGM is being convened by the means of the Notice of EGM set out at the end of this document. At the EGM, Shareholders will be asked to consider the Resolutions, which will be proposed as follows:
- (a) to approve the Acquisition in accordance with the Acquisition Agreement;
  - (b) to increase the authorised share capital of the Company from £500,000 to £4,000,000 by the creation of 175,000,000 New Ordinary Shares;
  - (c) to authorise the Directors to allot relevant securities until the fifth anniversary of the passing of such resolution pursuant to section 80 of the Act in connection with the Acquisition and the Placing and for other purposes up to a maximum nominal amount of approximately £2,964,752;
  - (d) to disapply the statutory pre-emption rights contained in section 89(1) of the Act in connection with the Proposals and for other purposes up to an aggregate nominal amount of £1,080,625;
  - (e) to approve the Waiver;
  - (f) to change the name of the Company to Mobile Tornado Group plc; and
  - (g) to approve the New Share Option Plan.
- 3.15 The New Ordinary Shares will rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends or other distributions hereafter declared, paid or made in respect of the ordinary share capital of the Company.
- 3.16 Further details of the Resolutions are set out in the Notice of EGM at the end of this document.
- 3.17 In accordance with the requirements of the City Code, the voting on the resolution referred to in paragraph 3.14(e) will be held on a poll and only Independent Shareholders will be permitted to vote thereon. The following Shareholders have undertaken not to vote on Resolution 2:
- (a) John Swingewood;
  - (b) Jeremy Fenn;
  - (c) Headline Securities Limited;
  - (d) Christopher Akers; and
  - (e) Rodger Sargent.

#### **4 SHARE CAPITAL OF MOBILE TORNADO**

- 4.1 Mobile Tornado was incorporated on 6 October 2003 in Ireland under the Irish Companies Acts 1963-2005, as a private limited company with registered number 376578.
- 4.2 Mobile Tornado has one wholly owned subsidiary, M.T. Labs Limited, incorporated in Israel on 5 January 2004 with registered number 513486217.
- 4.3 The authorised share capital of Mobile Tornado is €1,000,450 divided into 10,000,000,000 ordinary shares of €0.0001 each and 450 convertible preference shares. The issued share capital of Mobile Tornado is currently 53,468,527 ordinary shares and 450 convertible preference shares.
- 4.4 The following rights over ordinary shares in Mobile Tornado currently exist:
- 4.4.1 €4,899,100 of redeemable convertible loan stock has been issued by Mobile Tornado. As at the date of this document all of the holders of such loan stock have agreed to the conversion of such loan stock into ordinary shares in Mobile Tornado. The conversion

will result in 26,221,442 ordinary shares in Mobile Tornado being issued, conditional on Completion of the Acquisition, such shares to be immediately acquired by the Company pursuant to the Acquisition Agreement.

#### 4.4.2 Warrants:

Please see paragraph 17.1.2 of this Part VIII for a summary of the warrants granted by Mobile Tornado to Nortel Networks.

- 4.5 Enterprise Ireland currently holds 450 cumulative redeemable convertible preference shares of €1 each in Mobile Tornado. Enterprise Ireland has agreed to convert such shares into loan stock of Mobile Tornado prior to Completion. This loan stock will then be converted into ordinary shares in Mobile Tornado sold to the Company pursuant to the Acquisition Agreement in return for 1,589,415 Ordinary Shares. In addition, Mobile Tornado remains liable to repay €145,000 of the original loan.

## 5 MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

- 5.1 Clause 4 of the Memorandum of Association of the Company provides that the Company's principal object is, *inter alia*, to act and perform all the functions of a holding company for companies. The objects of the Company are set out in full in clause 4 of its Memorandum of Association which is one of the documents available for inspection at the address specified in paragraph 21.27 below.

- 5.2 The Company's Articles of Association contain provisions, *inter alia*, to the following effect:

#### 5.2.1 Annual general meetings

Subject to the provisions of the Act, annual general meetings shall be held at such time and place as the Board may determine. An annual general meeting convened for the passing of a special resolution shall be convened by not less than 21 clear days' notice in writing and an annual general meeting is deemed to have been duly convened if it is so agreed by all the members entitled to attend and vote at the meeting.

#### 5.2.2 Extraordinary general meetings

- (a) The Board may convene an extraordinary general meeting whenever it thinks fit. An extraordinary general meeting shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by section 368 of the Act. At any meeting convened on such requisition or by such requisitionists no business shall be transacted except that stated by the requisition or proposed by the Board. If there are not within the United Kingdom sufficient members of the Board to convene a general meeting, any Director may call a general meeting. An extraordinary general meeting convened for the passing of a special resolution shall be convened by not less than 21 clear days' notice in writing and all other extraordinary general meetings shall be convened by not less than 14 clear days' notice in writing. An extraordinary general meeting is deemed to have been duly convened by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right.
- (b) In the case of both an annual general meeting and an extraordinary general meeting, the notice must specify whether the meeting is an annual general meeting or an extraordinary general meeting, the place, day and time of the meeting, the general nature of the business (if special business is to be transacted) and the intention to propose a special or extraordinary resolution if that be the case and with reasonable prominence, that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not also be a member.
- (c) The notice must be given to the members (other than any who, under the provisions of these Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), the Directors and the Auditors.
- (d) The Board may, for the purpose of controlling the level of attendance and ensuring the safety of those attending at any place specified for the holding of a general meeting, from time to time make such arrangements as the Board shall in its

absolute discretion consider to be appropriate and may from time to time vary any such arrangements or make new arrangements in place therefor. The entitlement of any member or proxy to attend a general meeting at such place shall be subject to any such arrangements as may be for the time being approved by the Board. In the case of any meeting to which such arrangements apply the Board may, when specifying the place of the meeting:

- (i) direct that the meeting shall be held at a place specified in the notice at which the Chairman of the meeting shall preside (“the Principal Place”); and
  - (ii) make arrangements for simultaneous attendance and participation at other places by members otherwise entitled to attend the general meeting but excluded therefrom under the provisions of this Article or who wish to attend at any of such other places, provided that persons attending at the Principal Place and at any of such other places shall be able to see, and hear and be seen and heard by, persons attending at the Principal Place and at such other places, by any means.
- (e) Such arrangements for simultaneous attendance may include arrangements for controlling the level of attendance in any manner aforesaid at any of such other places, provided that they shall operate so that any such excluded members as aforesaid are able to attend at one of such other places. Any such meeting shall be treated as being held and taking place at the Principal Place.
  - (f) The Board may direct that any person wishing to attend any general meeting should provide such evidence of identity and submit to such searches or such other security arrangements or restrictions as the Board shall consider appropriate in the circumstances and shall be entitled in its absolute discretion to refuse admission to any person who fails to provide such evidence of identity or fails to submit to such searches or to otherwise comply with such security arrangements or restrictions.

### 5.2.3 *Voting rights*

Subject to any special rights or restrictions as to voting attached to any shares, on a show of hands every member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. If a member, in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares, has been duly served by the Company with a notice under section 212 of the Act and fails to supply the Company with the information thereby required within a period of 14 days from the date of service of such notice, he shall not be entitled to attend or vote at a general meeting either personally or by proxy or to receive any dividend or to transfer or agree to transfer any shares or any rights therein (depending on the percentage of any class of shares held by such member).

### 5.2.4 *Variation of rights and changes of capital*

- (a) If at any time the capital of the Company is divided into different classes of shares the special rights attached to any class of shares may, subject to the provisions of the Act, be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of such provision, either with the consent in writing of the holders of three-quarters in nominal amount of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class, but not otherwise. To every such separate meeting, the provisions of the Articles relating to general meetings of the Company shall apply with the necessary modifications except that the necessary quorum shall be not less than two persons holding or representing by proxy at least one-third in nominal amount of the issued shares of that class.
- (b) The Company may from time to time by ordinary resolution increase its share capital by such sum to be divided into shares of such amounts and carrying such rights as the resolution may prescribe.
- (c) The Company may by ordinary resolution consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares, cancel any shares which at the date of the passing of the resolution have not been taken or

agreed to be taken by any person and diminish the amount of its share capital by the nominal amount of the shares so cancelled and sub-divide its shares, or any of them, into shares of smaller amounts.

- (d) The Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account. The Company may, subject to the provisions of the Act and to any rights for the time being attached to any shares, purchase any of its own shares (including redeemable shares).

#### 5.2.5 *Transfer of shares*

All transfers of shares shall be effected in writing in any usual or common form or in any other form acceptable to the Directors. The instrument of transfer shall be executed by or on behalf of the transferor. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered on the register of members. The Directors may decline to recognise any instrument of transfer unless: (a) it is duly stamped and deposited at the registered office of the Company accompanied by the certificate for the shares and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, provided that, in the case of a transfer by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange, the lodgement of a share certificate will only be necessary if a certificate has been issued in respect of the share in question; and (b) the instrument of transfer is in respect of only one class of shares, which are fully paid up and over which the Company has no lien and is in favour of not more than four transferees. If the Directors refuse to register any transfer of shares, they shall send to the transferee notice of such refusal within two months after the date on which the transfer was lodged with the Company. There are no rights of pre-emption on the issue or transfer of Ordinary Shares contained in the Articles.

#### 5.2.6 *Dividends and distribution of assets on a winding up*

The profits of the Company available for dividend and resolved to be distributed shall be applied in the payment of dividends to the members in accordance with their respective rights and interests in the profits of the Company. The Company in general meeting may declare dividends accordingly, but no dividend shall exceed the amount recommended by the Directors. No dividends shall be payable otherwise than in accordance with the Act out of the profits of the Company available for that purpose. If the Company should be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may with the authority of a special resolution and any other sanction required by the Act, divide amongst the members *in specie* the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or of properties of different kinds, and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine how such division should be carried out as between the members or different classes of members. There are no fixed dates on which entitlement to dividends arises.

#### 5.2.7 *Unclaimed dividends*

No dividend or other monies payable in respect of a share shall bear interest as against the Company unless otherwise provided by the rights attached to the share. Any dividend which has remained unclaimed for a period of twelve years from its due date of payment shall, if the Board so resolves, be forfeited and shall cease to remain owing by the Company and belong to the Company absolutely.

#### 5.2.8 *Redeemable shares and share warrants*

The Company may issue redeemable shares and, with respect to fully paid shares, may issue a warrant stating that the bearer of the warrant is entitled to the shares specified in it and may provide for the payment of future dividends on the shares.

#### 5.2.9 *Borrowing powers*

Subject to the further provisions of the Articles, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property, assets (present and future) and uncalled capital and, subject to

the provisions of the Act, to create and issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or of any third party.

#### *5.2.10 Directors*

- (a) Unless and until otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate directors) shall be not less than two but there shall be no maximum. Save as mentioned below, a Director shall not vote on or in respect of any contract or arrangement or any other proposal in which he has any interest which is to his knowledge a material interest otherwise than by virtue of his or her interest in shares, debentures or other securities or rights of, or otherwise in or through, the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he or she is debarred from voting but this shall not apply to a proposal in which he or she has any interest which is not material.
- (b) A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:
  - (i) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
  - (ii) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
  - (iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which he is or may be entitled to participate as a holder of securities or in the underwriting or sub underwriting in which he is to participate;
  - (iv) any proposal relating to any other company in which he (together with persons connected with him within the meaning of section 346 of the Act) does not to his knowledge hold an interest (as the term is used in Part VI of the Act) in shares (as that expression is defined for the purposes of Part VI of the Act) in one per cent. or more of any class of the equity share capital of such company or the voting rights in such company;
  - (v) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award to him any privilege or benefit not generally awarded to the employees to whom the arrangement relates; or
  - (vi) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including the Directors.
- (c) Where proposals are under consideration concerning the appointment (including determining or varying the terms of appointment) of two or more Directors to offices or employment with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately. In such case, each of the Directors concerned shall (if not debarred from voting under the Articles) be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- (d) If any question shall arise at a meeting as to the right of a Director to vote or to the materiality of a Director's interest, and such question is not resolved by his voluntary agreement to abstain from voting, the question may (subject to the Act) be referred to the chairman of the meeting (or, if the Director concerned is the chairman of the meeting, to such other Directors present at the meeting) and his ruling in relation to any other Director shall be final and conclusive.

- (e) The Directors shall be entitled to receive by way of fees for their services such sum as the Board may from time to time determine. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with the business of the Company or in attending meetings of the Directors or any committee of the Directors or general meetings or separate meetings of the holders of any class of shares or debentures of the Company. Extra remuneration may be paid out of the funds of the Company by way of salary, commission, participation in profits or otherwise as the Directors may determine to any Director who, by arrangement with the Board, shall perform or render any special duties or services outside the scope of the ordinary duties of a Director and not in his capacity as a holder of employment or executive office.
- (f) The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for, or to institute and maintain any institution, association, society, club, trust, other establishment or profit-sharing, share incentive, share purchase or employees' share scheme calculated to advance the interests of the Company or to benefit any person who is or has at any time been a Director or employee of the Company or any company which is a holding company or a subsidiary undertaking of or allied to or associated with the Company or any such holding company or subsidiary undertaking or any predecessor in business of the Company or of any such holding company or subsidiary undertaking, and for any member of his family (including a spouse or former spouse) and any person who is or was dependent on him. For such purpose the Board may establish, maintain, subscribe and contribute to any scheme, institution, association, club, trust or fund and pay premiums and, subject to the provisions of the Act, lend money or make payments to, guarantee or give an indemnity in respect of, or give any financial or other assistance in connection with any of the aforesaid matters. The Board may procure any of such matters to be done by the Company either alone or in conjunction with any other person. Any Director or former Director shall be entitled to receive and retain for his own benefit any pension or other benefit provided under the Articles and shall not be obliged to account for it to the Company.
- (g) No person shall be, or shall become, incapable of being appointed a Director by reason of his having attained the age of 70 or any other age.

#### *5.2.11 Non-United Kingdom shareholders*

There are no limitations in the Articles on the rights of non-United Kingdom shareholders to hold, or to exercise voting rights attached to, the ordinary shares. However, non-United Kingdom shareholders are not entitled to receive notices of general meetings unless they have given an address in the United Kingdom to which such notices may be sent.

#### *5.2.12 CREST*

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Articles are consistent with CREST membership and, amongst other things, allow for the holding and transfer of shares in uncertificated form.

#### *5.2.13 Restrictions on changes in control, mergers, acquisitions or corporate restructuring of the Company*

There are no provisions in the Articles that would have the effect of delaying, deferring or preventing a change of control in the Company or that would operate only with respect to a merger, acquisition or corporate restructuring involving the Company.

#### *5.2.14 Ownership threshold requiring public disclosure*

There are no provisions in the Articles governing the threshold above which shareholder ownership must be disclosed. The Company is subject to the provision of the Act requiring public disclosure of shareholdings.

## 6 DIRECTORS, PROPOSED DIRECTORS AND OTHER INTERESTS

6.1 As at 8 February 2006 (the latest practicable date prior to the publication of this document), the interests (all of which are beneficial) of the Directors and the Proposed Directors and their immediate families and of persons connected with them (within the meaning of section 346 of the Act) in the share capital of the Company which:

- (a) have been notified to the Company pursuant to sections 324 and 328 of the Act; or
- (b) are required to be entered in the register of directors' interests maintained under the provisions of section 325 of the Act (or which could, with reasonable diligence, be ascertained by the Directors), are as follows:

<i>Name</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of issued Ordinary Share capital</i>	<i>Number of Ordinary Shares under option</i>
Christopher Akers <sup>1</sup>	1,000,000	16.8	Nil
Rodger Sargent <sup>1</sup>	337,500	5.7	Nil
John Swingewood <sup>2</sup>	46,875	0.79	Nil
Mark Hughes	Nil	Nil	Nil
Jorge Pinievsky	Nil	Nil	Nil

1 Strand Nominees Limited holds Ordinary Shares nominally on behalf of Rodger Sargent and Christopher Akers.

2 Redmayne (Nominees) Limited holds Ordinary Shares nominally on behalf of John Swingewood.

6.2 As at Admission (assuming implementation of the Proposals in full and assuming the Placing is fully subscribed), the interests (all of which will be beneficial) of the Directors, the Proposed Directors and their immediate families and of persons connected with them (within the meaning of section 346 of the Act) in the share capital of the Company which:

- (a) have been notified to the Company pursuant to sections 324 and 328 of the Act; or
- (b) are or would, following Admission, be required to be entered in the register of directors' interests maintained under the provisions of section 325 of the Act (or which could, with reasonable diligence, be ascertained by the Directors), will be as follows:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Share Capital</i>	<i>Number of Ordinary Shares under option<sup>4</sup></i>
Christopher Akers <sup>2</sup>	1,312,500	1.5%	Nil
Rodger Sargent <sup>1/2</sup>	337,500	0.4%	Nil
John Swingewood <sup>3</sup>	7,805,511	8.7%	Nil
Mark Hughes <sup>4</sup>	291,530	0.3%	500,000
Jorge Pinievsky	9,168,624	10.2%	Nil

1 Rodger Sargent will resign as a Director on Admission.

2 Strand Nominees Limited holds Ordinary Shares nominally on behalf of Rodger Sargent and Christopher Akers.

3 Redmayne (Nominees) Limited holds Ordinary Shares nominally on behalf of John Swingewood. In addition, John Swingewood will hold Warrants entitling him to subscribe for 375,000 Ordinary Shares as further described in paragraph 16.1.7 of this Part VIII.

4 The option will be granted subject to and on Admission under the New Share Option Plan. The exercise price payable per share will be equal to the Placing Price.

6.3 Following Admission, it is proposed that additional options will be granted in due course to senior management and employees under the New Share Option Plan the details of which are set out in paragraph 11 below.

6.4 Save as set out in paragraphs 6.1 and 6.2 above and as set out below, as at the date of this document or at Admission (on the assumption that the Placing is fully subscribed), the Company is not aware of any person who, directly or indirectly jointly or severally, exercises or could exercise control over the Company or who is or will, or is expected to be interested in 3 per cent. or more of the issued share capital or voting rights over Ordinary Shares of the Company:

<i>Name</i>	<i>Number of Ordinary Shares as at the date of this document</i>	<i>Percentage of issued share capital as at the date of this document</i>	<i>Number of Ordinary Shares to be held on Admission</i>	<i>Percentage of issued share capital to be held on Admission</i>
Peter Wilkinson	Nil	Nil	24,536,392	23.5%
Eyal Fishler	Nil	Nil	9,119,259	8.7%
Jeremy Fenn <sup>3</sup>	Nil	Nil	7,670,396	7.4%
Erin Invest & Finance Ltd	Nil	Nil	3,849,102	3.2%
RBC Trustees on behalf of A189 Trust	Nil	Nil	3,133,820	3.0%
Richard James	Nil	Nil	2,959,870	2.8%
NCL (Nominees) Limited	387,500	6.5	1,724,018	1.6%
Strand Nominees Limited <sup>1</sup>	1,337,500	22.5	1,337,500	1.3%
Pershing Keen Nominees Limited	766,172	12.9	766,172	0.7%
Stephen Yorke	481,250	8.1	481,250	0.5%
Rock (Nominees) Limited	408,290	6.9	408,290	0.4%
Michael Giffin	325,000	5.7	325,000	0.3%
Thomas Pridmore	340,625	5.7	340,625	0.3%
Redmayne (Nominees) Limited <sup>2</sup>	93,750	1.6	93,750	0.1%

1 Strand Nominees Limited holds Ordinary Shares on behalf of Rodger Sargent and Christopher Akers.

2 Redmayne (Nominees) Limited holds Ordinary Shares nominally on behalf of John Swingewood and Jeremy Fenn.

3 Excluding 46,875 Ordinary Shares held on behalf of Jeremy Fenn by Redmayne (Nominees) Limited. Jeremy Fenn will also hold Warrants entitling him to subscribe for 375,000 Ordinary Shares as further described in paragraph 16.1.7 of this Part VIII.

- 6.5 No Director, nor any Proposed Director has dealt for value in the securities of the Company during the 12 months prior to 8 February 2006 (the latest practicable date prior to the publication of this document).
- 6.6 Save as disclosed in this paragraph 6, no Director, nor any Proposed Director, nor any member of their respective immediate families, nor any person connected with them within the meaning of section 346 of the Act, is interested in any share capital of the Company.
- 6.7 No loan or guarantee has been granted or provided by the Company to any Director or any Proposed Director or any person connected with them.
- 6.8 All holders of Ordinary Shares have the same voting rights.
- 6.9 The details of the relevant securities of the Company owned or controlled (as at 8 February 2006, the latest practicable date prior to publication of this document) by persons who have an arrangement of the kind referred to in Note 6(b) on Rule 8 of the City Code with the Company or any associate of the Company by virtue of paragraphs (1), (2), (3) or (4) of the definition of associate in the City Code are as follows:

<i>Name</i>	<i>Number of Ordinary Shares owned or controlled</i>
Christopher Akers	1,000,000
John Swingewood	46,875
Rodger Sargent	337,500
Jorge Pinievsky	Nil
Mark Hughes	Nil
Eyal Fishler	Nil

- 6.10 The Company is not aware of any arrangements in place, other than the Acquisition, which may result in a change of control of the Company.
- 6.11 The Company has not redeemed or purchased any relevant securities of the Company during the 12 months prior to 8 February 2006 (the latest practicable date prior to the publication of this document).



## 7. CONCERT PARTY

7.1 Details of the interests of the Mobile Tornado shareholders in Mobile Tornado Shares being sold in accordance with the terms of the Acquisition Agreement and details of the relevant securities of the Company which are, as at the date of this document, and will, following Admission and on the assumption that the Proposals are implemented in full and that the minimum required subscription of £870,000 is made pursuant to the Placing, be owned or controlled by members of the Concert Party are as follows:

	Existing Mobile Tornado shareholding	Convertible Loan Note (£)	TMT shares arising from the acquisition of Mobile Tornado	Number of Placing Shares	Existing TMT shareholding	Number of Ordinary Shares held on Admission	Percentage of Enlarged Share Capital**	Options	Warrants	Percentage share capital assuming conversion of Options and exercise of Warrants only by the members of the Concert Party
<i>Existing Shareholders</i>										
P Wilkinson	15,464,521	1,234,569	23,755,142	781,250	Nil	24,536,392	27.4%	Nil	1,250,000	28.0%
Eyal Fishler	8,550,000	56,962	8,963,009	156,250	Nil	9,119,259	10.2%	Nil	Nil	9.9%
Jorge Pinievsky	8,550,000	64,367	9,012,374	156,250	Nil	9,168,624	10.2%	Nil	Nil	10.0%
J Swingewood <sup>1</sup>	5,792,620	272,772	7,633,636	125,000	46,875	7,805,511	8.7%	Nil	375,000	8.9%
J Fenn <sup>1</sup>	5,791,662	260,580	7,551,396	125,000	46,875	7,723,271	8.6%	Nil	375,000	8.8%
RBC Trustees on behalf of A189 Trust	3,121,675	Nil	3,133,820	Nil	Nil	3,133,820	3.5%	Nil	Nil	3.4%
R James	2,047,474	135,664	2,959,870	Nil	Nil	2,959,870	3.3%	Nil	Nil	3.2%
J Wood	829,098	145,853	1,804,674	Nil	Nil	1,804,674	2.0%	Nil	Nil	2.0%
Erin Invest & Finance Ltd	1,189,862	356,004	3,567,852	281,250	Nil	3,849,102	4.3%	Nil	Nil	4.2%
Headline Securities Ltd	1,189,862	105,009	1,894,550	Nil	160,000	2,054,550	2.2%	Nil	Nil	2.2%
J Freeland	651,353	58,182	1,041,766	Nil	Nil	1,041,766	1.2%	Nil	Nil	1.1%
Mark Hughes	290,400	Nil	291,530	Nil	Nil	291,530	0.3%	500,000	Nil	0.9%
<i>Shareholders pursuant only to conversion of the convertible loan notes:</i>										
Timothy Charles										
Dewhurst*	Nil	108,454	723,030	156,250	Nil	879,280	1.0%	Nil	Nil	1.0%
John Doyle*	Nil	108,454	723,030	Nil	Nil	723,030	0.8%	Nil	Nil	0.8%
Alexander Acloque*	Nil	56,097	373,981	156,250	Nil	530,231	0.6%	Nil	Nil	0.6%
Warren Todd <sup>2*</sup>	Nil	108,454	723,030	Nil	Nil	723,030	0.8%	Nil	Nil	0.8%
David Poutney <sup>4*</sup>	Nil	216,909	1,446,059	Nil	Nil	1,446,059	1.6%	Nil	Nil	1.6%
Charles Farquhar*	Nil	5,984	39,891	Nil	Nil	39,891	0.0%	Nil	Nil	0.0%
Richard Hartley*	Nil	24,458	163,056	Nil	Nil	163,056	0.2%	Nil	Nil	0.2%
Tigerhawk Limited*	Nil	61,482	409,883	Nil	Nil	409,883	0.5%	Nil	Nil	0.4%
<i>TMT Directors</i>										
Chris Akers <sup>3</sup>	Nil	Nil	Nil	312,500	1,000,000	1,312,500	1.5%	Nil	Nil	1.4%
Rodger Sargent <sup>3</sup>	Nil	Nil	Nil	Nil	337,500	337,500	0.4%	Nil	Nil	0.4%
<b>Total</b>	<b>53,468,527</b>	<b>3,380,254</b>	<b>76,211,579</b>	<b>2,250,000</b>	<b>1,591,250</b>	<b>80,052,829</b>	<b>89.4%</b>	<b>500,000</b>	<b>2,000,000</b>	<b>92.2%</b>

\* Introduced as an investor in Mobile Tornado by existing shareholders

\*\* Assumes the minimum of 870,000 is raised pursuant to the Placing

1 Redmayne (Nominees) Limited holds Ordinary Shares nominally on behalf of John Swingewood and Jeremy Fenn

2 Held in the name of Greybrook Limited

3 Strand Nominees Limited holds Ordinary Shares nominally on the behalf of Rodger Sargent and Christopher Akers

4 NCL (Nominees) Limited holds Ordinary Shares on behalf of David Poutney

7.2 Further details of the members of the Concert Party or, where shares are held in nominee names, details of the beneficial owners are set out below:

### 7.2.1 Peter Wilkinson

Peter Wilkinson, aged 51, founded STORM in 1983 and VData in 1998. Both of these businesses were sold to AIM listed InTechnology plc ("InTechnology") in 2000. Peter is still executive chairman and retains a 57 per cent. stake in InTechnology. InTechnology has a turnover in excess of €500 million, employs 550 people in 11 offices in different European countries. In 1995 Peter started Planet Online, the internet service provider, which was subsequently sold to Energis plc in 1998. Planetfootball.com Limited was not part of the sale but was sold to Sports Internet Group plc in 1999 and subsequently sold to BSkyB plc in 2000 for £301 million. In 1998, Peter was the architect of the free ISP model Freeserve, the internet access service which was launched by the Dixons Group Limited. In 2002, he formed Digital Interactive Television Group Limited where he retained a 40 per cent. shareholding which was subsequently sold to YooMedia plc in December 2004.

- 7.2.2 Eyal Fishler  
Eyal Fishler is proposed Chief Technical Officer of the Enlarged Group. Further details of Mr Fishler are set out in Part I of this document.
- 7.2.3 Jorge Pinievsky  
Jorge Pinievsky is proposed Chief Operating Officer of the Enlarged Group. Further details of Mr Pinievsky are set out in Part I of this document.
- 7.2.4 John Swingewood  
John Swingewood is proposed Executive Chairman of the Enlarged Group. Further details of Mr Swingewood are set out in Part I of this document.
- 7.2.5 Jeremy Fenn  
Jeremy Fenn, aged 43, qualified as a chartered accountant in 1988. He joined Caspian Group plc in 1996 as finance director and played a key role in the acquisition of Leeds United Holdings plc in 1996. He was appointed as managing director of Leeds United Football Club plc in early 1997. He left in June 1999 to join Sports Internet Group plc as chief executive officer and oversaw its sale to BSkyB plc for £301 million in July 2000. He remained as an executive director of Skysports.com, a trading division of BSkyB plc, until January 2004. He is non-executive director of YooMedia plc and Eescape Holdings Limited.
- 7.2.6 Royal Bank of Canada (Trustees) Limited  
Royal Bank of Canada Trustees Limited (“RBCTL”) is the corporate trustee of the A189 Trust. RBCTL’s registered and mailing address is, 54 Bath Street, Le Gallais, St Helier, Jersey, Channel Islands, JE4 8YD. The trustee is not acting on behalf of any person or institution. The trust is a Jersey trust and is not acting as a nominee or agent for a third party. The A189 Trust is connected to the family of Jon Wood.
- 7.2.7 Richard James  
Richard James qualified as a solicitor with Allen & Overy in 1986. He specialised in corporate finance work and became a Partner with Simpson Curtis (now Pinsent Masons) and then Garretts before moving to Hammonds and becoming a Partner there in 1996. Richard left Hammonds in 1999 to work with his principal client Peter Wilkinson, becoming managing director of Planetfootball.com Limited, a subsidiary of Sports Internet Group plc which was sold to BSkyB plc in 2000. Richard then became a director and company secretary of InTechnology plc. Richard is currently a director of a number of other companies, including Hull City Association Football Club Limited and Eescape Holdings Limited.
- 7.2.8 Jon Wood  
Jon Wood is a managing director at UBS AG where he is employed as a proprietary trader. He has made a number of investments in his personal capacity alongside Peter Wilkinson.
- 7.2.9 Erin Invest & Finance Ltd.  
Joe Dayani is the beneficial owner of Mobile Tornado shares held by Erin Invest & Finance Ltd. Joe has a number of business interests primarily in the real estate sector.
- 7.2.10 Headline Securities Limited  
Headline Securities Limited was established in 1997 and managed by the company’s two directors, David Gaskell and Michael Charlton from their Monte-Carlo offices. Headline Securities Limited has invested successfully in a number start-up ventures, as well as a portfolio of quoted and unquoted companies world-wide, with a view to achieving capital growth. Headline Securities Limited has focused mainly on the technology stocks and has always concentrated on finding sensible commercially viable, well managed companies, with sound financial management.

- 7.2.11 Jonathan Freeland  
Jonathan Freeland is a consultant to several companies and specialises in transaction support and fundraising. Jonathan was previously employed by UBS AG where he was an Executive Director and prior to his departure, head of the advisory and execution functions of UBS's Wealth Management division in London having held other specialist positions prior to this.
- 7.2.12 Mark Hughes  
Mark Hughes is proposed Finance Director of the Enlarged Group. Further details of Mark Hughes are set out in Part I of this document.
- 7.2.13 Christopher Akers  
Christopher Akers is the Non-Executive Chairman of the Company. Further details of Christopher Akers are set out in Part I of this document
- 7.2.14 Rodger Sargent  
Rodger Sargent is a Non-Executive Director of the Company. Further details of Rodger Sargent are set out in Part I of this document.
- 7.3 On 26 January 2005 Headline Securities Limited, a holder of Mobile Tornado Shares, bought 10,000 Ordinary Shares at 25 pence per share.
- 7.4 Save as disclosed in this paragraph 7, no member of the Concert Party nor any of the Mobile Tornado Directors nor any director of any corporate member of the Concert Party, has any interest, rights to subscribe to or short positions in the relevant securities of the Company nor has any member of the Concert Party nor any of the Mobile Tornado Directors dealt for value in any such securities during the 12 months prior to 8 February 2006 (the latest date prior to the publication of this document).
- 7.5 The interests of the managers of any member of the Mobile Tornado Group, including the Mobile Tornado Directors, in the relevant securities of Mobile Tornado are set out in paragraph 7.1 above and other than as set out below no such person has dealt for value in any such securities during the 12 months prior to 8 February 2006 (the latest date prior to the publication of this document).
- 7.6 The relevant securities of Mobile Tornado owned or controlled by members of the Concert Party as at 8 February 2006 (the latest date prior to the publication of this document) are as set out in paragraph 7.1 of this Part VIII.
- 7.7 As at 8 February 2006 (the latest date prior to the publication of this document) the Company does not own or control any relevant securities of Mobile Tornado. The Company does own £280,486 of loan stock in Mobile Tornado which will be converted into 1,862,657 ordinary shares in Mobile Tornado being 2.34 per cent. of the issued ordinary share capital of Mobile Tornado.
- 7.8 Save as disclosed in paragraph 7.7 above, neither the Company nor any Director has any interest in the relevant securities of any member of the Mobile Tornado Group, nor has the Company nor any Director dealt for value in any such securities during the 12 months prior to 8 February 2006 (the latest practicable date prior to the publication of this document).
- 7.9 Mobile Tornado has no interest in the relevant securities of the Company, nor has Mobile Tornado dealt for value in any such securities during the last 12 months prior to 8 February 2006 (the latest practicable date prior to the publication of this document).
- 7.10 No associate of the Company, nor any pension fund of the Company or of an associated Company (including stockbrokers, other than in their capacity as exempt principal trader), including any person controlling, controlled by or under the same control as any such bank or financial or other connected adviser and no employee benefit trust of the Company or of an associated Company has any interest right to subscribe or short position in the relevant securities of the Company, nor have they dealt for value in any such securities during the 12 months prior to 8 February 2006 (the latest practicable date prior to the publication of this document).
- 7.11 Save as set out in paragraphs 16.1.4, 16.1.5, 16.1.6 and 16.1.7 of this Part VIII, no member of the Concert Party, nor the Company, nor any associate of the Company has any arrangement with any person in relation to relevant securities of the Company.

7.12 Save as disclosed in this Part VIII of this document no member of the Concert Party, nor the Company, nor any associate of the Company has entered into any arrangement having a connection with or which is dependent on the Acquisition.

7.13 The Directors have the following shareholdings in common with shareholders of Mobile Tornado (other than their shareholdings in TMT):

7.13.1 **Ardent Plc**

	<i>No of ordinary shares</i>	<i>% of issued share capital</i>
Christopher Akers	2,000,000	16.8
Rodger Sargent	875,000	7.3
John Swingewood	93,750	0.8
Jeremy Fenn	156,250	1.3

7.13.2 **Web Events Limited**

	<i>No of ordinary shares</i>	<i>% of issued share capital</i>
Christopher Akers	11,482	21.6
Rodger Sargent	4,458	0.9
John Swingewood	294	0.6
Jeremy Fenn	9,125	17.2

7.13.3 The Directors have personal relationships with the following shareholders of Mobile Tornado:

- Peter Wilkinson
- John Swingewood
- Jeremy Fenn
- Jonathan Freeland
- Mark Hughes
- Warren Todd (who owns Mobile Tornado Shares through Greybrook Limited)
- David Poutney (who owns Mobile Tornado Shares through NCL (Nominees) Limited)
- Tigerhawk Limited

Save as disclosed above, there are no relationships (personal, financial, commercial) arrangements or understandings between Mobile Tornado shareholders and the Directors.

7.14 Mobile Tornado has not redeemed or purchased any relevant securities of Mobile Tornado during the 12 months prior to 8 February 2006 (the latest practicable date prior to the publication of this document).

7.15 In this paragraph 7:

7.15.1 in relation to a company, “relevant securities” means shares in that company and any securities convertible into, rights to subscribe for, short positions or options (including traded options) in respect of or derivatives referenced to such shares;

7.15.2 reference to an “associate” shall have the meaning given to that term in paragraph (i) of its definition in the City Code;

7.15.3 references to an “arrangement” include any indemnity or option arrangement and any agreement or undertaking, formal or informal, of whatever nature relating to relevant securities of the Company which may be an inducement to deal or refrain from dealing; and

7.15.4 references to “interests” or similar phrases has the meaning set out in Parts VI and X of the Act and related regulations.

7.16 In accordance with the requirements of the City Code, the voting on the resolution referred to in paragraph 3.14(e) of this Part VIII will be held on a poll and only Independent Shareholders will be permitted to vote thereon. The following Shareholders have undertaken not to vote on Resolution 2:

- (a) John Swingewood;
- (b) Jeremy Fenn;
- (c) Headline Securities Limited;
- (d) Christopher Akers; and
- (e) Rodger Sargent.

7.17 Save as disclosed in this Part VIII of this document:

- (a) the Company has no interests, rights to subscribe or short positions in Mobile Tornado;
- (b) the Directors have no interests, rights to subscribe or short positions in Mobile Tornado;
- (c) the Directors have no interests, rights to subscribe or short positions in the Company;
- (d) no associate of the Company has any interests, rights to subscribe or short positions in the Company;
- (e) the Company has no interests, rights to subscribe or short positions in any pension funds;
- (f) no pension fund of the Company or of any associate of the Company has any interests, rights to subscribe or short positions in the Company;
- (g) no employee benefit trust has any interests, rights to subscribe or short positions in the Company;
- (h) no employee benefit trust of any associate of the Company has any interests, rights to subscribe or short positions in the Company;
- (i) no connected adviser of the Company has any interests, rights to subscribe or short positions in the Company;
- (j) no connected advisers of an associate of the Company or of the Concert Party have any interests, rights to subscribe or short positions in the Company;
- (k) no person controlling, controlled by or under the same control as a connected adviser of an associate of the Company or of the Concert Party has any interests, rights to subscribe or short positions in the Company; and
- (l) no member of the Concert Party or any concert party of the Company has borrowed or lent any Ordinary Shares.

For the purposes of this paragraph 7.17, “associate” has the meaning ascribed to it in category 1 of the definition of associate in the Code. “Connected adviser” also has the meaning ascribed to it in the Code.

## **8 DIRECTORS’ AND PROPOSED DIRECTORS SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT**

8.1 The Directors have been appointed to the offices set out against their respective names on page 5 of this document.

8.1.1 On 2 July 2004 Christopher Akers entered into a letter of appointment with the Company which provides for him to act as Non-Executive Chairman of the Company for an initial fee of £15,000 per annum which may be terminated by either party giving not less than 6 months’ notice at any time.

8.1.2 On 2 July 2004 Rodger Sargent entered into a letter of appointment with the Company which provides for him to act as Non-Executive Director of the Company with responsibility for the finance function for an initial fee of £15,000 per annum which may be terminated by either party giving not less than 6 months’ notice at any time. It is proposed that Rodger Sargent will resign from office on completion of the Proposals.

8.2 The Proposed Directors will, upon Admission, be appointed to the offices set out against their respective names below:

John Swingewood	Executive Chairman
Mark Hughes	Finance Director
Jorge Pinievsky	Chief Operating Officer

With effect from Admission, it is proposed that new service contracts or letters of appointment will be entered into between each Proposed Director and the Company as set out below:





















































