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AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority.

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

Each AIM company is required pursuant to the AIM Rules to have a nominated advisor. The nominated advisor is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisors

The London Stock Exchange has not itself examined or approved the contents of this document.

PHORM, INC.

(Incorporated in the State of Delaware, USA under the Delaware General Corporation Law, registered number: 4308840)

APPENDIX

FURTHER INFORMATION ON PHORM, INC. IN CONNECTION WITH ITS PROPOSED ADMISSION TO AIM

This Appendix has been prepared in accordance with the Supplement to Schedule One of the AIM Rules published by the London Stock Exchange Plc. It includes, amongst other things, all information that would otherwise have had to be included in the Company's admission document and which is not found in the Company's current Public Record. This Appendix should be read in conjunction with the Form of Announcement to be made by an applicant at least 20 business days prior to Admission (the "Announcement Form") and the Public Record. (This Appendix and the Announcement Form together constitute the "Announcement").

The Directors of the Company, whose names appear on page 3 of this Announcement, accept responsibility for the information contained in this Announcement including individual and collective responsibility for the Company's compliance with the AIM Rules. To the best of the knowledge and belief of those Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Announcement is in accordance with the facts and, when read in conjunction with the Public Record, does not omit anything likely to affect the import of such information.

Canaccord Adams Limited, which is regulated by The Financial Services Authority is acting exclusively for the Company in connection with the Admission. Canaccord Adams Limited is not acting for any other person and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Canaccord Adams Limited or for providing advice in relation to the contents of this Announcement. No liability is accepted by Canaccord Adams Limited for the accuracy of any information or opinions contained in, or for the omission of any material information from, this document for which the Directors are solely responsible.

This Announcement does not constitute an offer for sale or a solicitation to buy Common Shares in any jurisdiction. The Common Shares have not been nor will be registered under the United States Securities Act of 1933 (as amended) nor under the applicable securities law of Canada, Japan, Australia, the Republic of Ireland or South Africa or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the Common Shares may not, subject to certain exceptions, be offered or sold directly or indirectly, into the United States of America, Canada, Japan, Australia, Republic of Ireland or South Africa or to or by any national, resident or citizen of such countries.

The distribution of the Announcement in certain jurisdictions may be restricted by law. No action has been taken by the Company, by the holders of the Common Shares or by Canaccord Adams Limited that would permit a public offer of Common Shares or possession or distribution of the Announcement where action for that purpose is required. Persons into whose possession the Announcement comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

A copy of this document, which is dated 19 April 2007, is available free of charge to the public via the Company's website at www.121media.com/investors.htm from 19 April 2007 until the date one month from the date of Admission.

THIS DOCUMENT HAS BEEN PREPARED ON THE BASIS THAT THE MERGER HAS ALREADY BEEN IMPLEMENTED AND THE NAME OF THE COMPANY HAS BEEN CHANGED TO PHORM, INC. ACCORDINGLY 121Media, INC. HAS BECOME A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY AND THE FORMER HOLDERS OF SHARES OF COMMON STOCK IN 121Media, INC. ARE NOW HOLDERS OF SHARES OF COMMON STOCK IN THE COMPANY IN THE SAME PROPORTIONS.

DEFINITIONS

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

“121Media, Inc”	a company incorporated in the State of Delaware, USA under the DGCL registered number 3533689 and a wholly-owned subsidiary of the Company following the Merger (as of the date of this document known as 121Media, Inc., which name shall change to Phorm, Inc. following 121Media, Inc.’s upcoming annual general meeting of stockholders and to Phorm UK, Inc. in the Merger)
“121Media Common Shares”	shares of common stock in 121Media, Inc., par value \$0.001
the “1985 Act”	the Companies Act 1985, as amended, of the United Kingdom
“Admission”	admission of the Common Shares to trading on AIM becoming effective
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies issued by the London Stock Exchange and setting out the rules and responsibilities in relation to companies with a class of securities admitted to AIM
“Bylaws”	the Bylaws of the Company
“Canaccord”	Canaccord Adams Limited
“Certificate of Incorporation”	the Certificate of Incorporation of the Company
“Common Shares”	shares of common stock of the Company, par value \$ 0.001
“Company” or “Phorm”	Phorm, Inc. (as of the date of this document known as Phorm Holdings, Inc., which name shall change to Phorm, Inc. following the Merger)
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which CRESTCo is the operator
“CRESTCo”	CRESTCo Limited
“DGCL”	Delaware General Corporation Law
“Directors” or “Board”	the directors of the Company at the date of this document whose names are set out on page 3
“Group”	the Company and its subsidiaries

“London Stock Exchange”

London Stock Exchange plc

“Merger”

the merger described in paragraph 4 of this document pursuant to which 121Media, Inc. has become a wholly-owned subsidiary of the Company

“Merger Sub”

Phorm Acquisition, Corp.

“Public Record”

the Company’s public disclosure record in Delaware, certificate of incorporation and disclosure made on the Company’s website at www.121Media.com/investors.htm

“Shareholders”

The holders of Common Shares

DIRECTORS, SECRETARY AND ADVISERS

Directors	Kent Thomas Ertugrul	Chief Executive Officer
	Gerard Baz	Non-Executive Director
	all of:	264 W. 40 th Street 16 th Floor New York, NY 10018
Registered office	2711 Centerville Road Suite 400 City of Wilmington 19808 County of New Castle Delaware U.S.A	
Nominated Adviser and Broker	Canaccord Adams Limited Cardinal Place 7 th Floor 80 Victoria Street London SW1E 5JL	
Auditors and reporting accountants	H.W. Fisher & Company Acre House 11/15 William House London NW1 3ER	
US Attorneys to the Company	Fulbright & Jaworski LLP 666 Fifth Avenue New York NY 10103-3198	

**UK Solicitors to the
Company**

Nabarro
Lacon House
Theobald's Road
London WC1X 8RW

Registrars

Capita IRG (Offshore) Limited
Victoria Chambers
Liberation Square
1/3 The Esplanade
St Helier
Jersey

1. CURRENT TRADING AND OBJECTIVES

- 1.1 The Group continues to strengthen its relationships with global ISPs in order to reach agreement with the ISPs to deploy the Group's innovative behavioural advertising technology platform. The Group is pleased to report that further evaluation of the Group's platform is being undertaken by a leading UK ISP. This significant development, along with enhanced interest in the Group's platform from ISPs worldwide, advances our objective of playing a major role in reshaping ISP revenue models.
- 1.2 In order to facilitate our anticipated growth, the Group has continued to build out its infrastructure, invest in senior management -- attracting leading industry figures from AT&T and AOL -- and raise funds. The most recent investment in the Group, in March 2007, came from Morgan Stanley Principal Investments, which invested at a price-per-share premium of approximately 50%. This investment represents an endorsement of the Group's strategy and underlines its ability to access the capital markets.

2. THE COMPANY

- 2.1 The Company was incorporated on 18 April 2007 as a corporation under the DGCL with file no. 4308840.
- 2.2 The Company's registered office in Delaware is 2711 Centerville Road, Suite 400, City of Wilmington 19808, County of New Castle, United States of America.
- 2.3 The liability of the Shareholders of the Company is limited.

3. SHARE CAPITAL

- 3.1 The Company was incorporated with and currently has an authorised share capital of 20 million shares of common stock with a par value of \$0.001.
- 3.2 There have been the following changes in the Company share capital since incorporation:
- 3.2.1 As of the date of the document, the Company has not issued any Common Shares
- 3.2.2 Following the date of the document and prior to the Merger, the Company anticipates issuing 100 Common Shares to 121Media, Inc.
- 3.2.3 Upon completion of the Merger, the Company shall issue its Common Shares on a one for one exchange for common shares of 121Media, Inc. issued and outstanding immediately prior to the Merger.
- 3.3 As at the date of this document, and following the Merger, the Company's authorised and issued share capital is, and will be, as follows:

	Existing		Following the Merger	
	Par Value (\$)	Number of Common Shares	Par value (\$)	Number of Common Shares
Authorised	\$0.001	20 million	\$0.001	20 million
Issued and fully paid	\$0.001	0	\$0.001	11,392,811

4. THE MERGER

Following the date of the document and prior to the Merger, the Company shall enter into an Agreement and Plan of Merger among 121Media, Inc., the Company (which, immediately prior to the Merger was a wholly owned subsidiary of 121Media, Inc.) and Merger Sub (which was a wholly owned subsidiary of the Company). Under the terms of the Agreement and Plan of Merger, Merger Sub shall merge with and into 121Media, Inc., pursuant to Section 251(g) of the DGCL. The outstanding shares in the Company held by 121Media, Inc. shall be cancelled and each outstanding share of common stock of 121Media, Inc, par value \$0.001, shall be exchanged into a share of common stock of the Company, such that 121Media, Inc. shall become a wholly owned subsidiary of the Company.

5. SUBSIDIARY UNDERTAKINGS

The Company acts as the holding company of the Group, the principal activities of which are focussed on delivering and managing targeted, contextual and behavioural online advertising campaigns on behalf of its clients. These clients are primarily the owners of well known consumer brands or advertising agencies. The Company has the following wholly owned subsidiary undertakings.

Name	Place of incorporation and registered number	Issued share capital	Percentage of issued share capital held	Field of activity
121Media, Inc.	Delaware Registered no. 3533689	100 shares issued	100%	Contextual and behavioural online advertising
121Media, Europe Limited	UK Registered no. 05049875	100 shares issued	100%	Contextual and behavioural online advertising
121Media UK Limited	UK Registered no. 05294562	2 shares issued	100%	Dormant

6. OPTIONS AND WARRANTS

Total current options: 2,657,601

Total current warrants: 26,473

7. CERTIFICATE OF INCORPORATION AND BYLAWS

7.1 Certificate of Incorporation

The following is a brief summary of certain material provisions of the Certificate of Incorporation:

- (i) The purpose of the Company is to engage in any lawful act or activity for which a corporation may be organised under the DGCL.
- (ii) The Company is authorised to issue one class of stock, the Common Shares. The total number of shares which the Company is authorised to issue is 20,000,000 shares of Common Shares.
- (iii) The management of the business and the conduct of the affairs of the Company will be vested in its Board. The number of directors shall be fixed exclusively by one or more resolutions adopted by the Board in accordance with the Bylaws.
- (iv) Each director shall serve until his successor is duly elected and qualified or until his death, resignation or removal. No decrease in the number of directors constituting the Board shall shorten the term of any incumbent director. The Board or any individual director may be removed from office with cause at any time by an affirmative vote of the holders of a majority of the Common Shares present in person or represented by proxy at the meeting of Shareholders of the Company at which such action shall be approved and entitled to vote on the subject matter and which has actually been voted.
- (v) Newly created directorships resulting from any increase in the number of directors and any vacancies on the Board resulting from death, resignation, disqualification, removal, or other cause will be filled solely by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board, or by a sole remaining director. No decrease in the number of directors constituting the Board will shorten the term of an incumbent director.

- (vi) The directors of the Company need not be elected by written ballot unless the By-laws so provide. Advance notice of Shareholder nominations for the election of directors and of business to be brought by Shareholders before any meeting of the Shareholders of the Company shall be given in the manner provided in the Bylaws of the Company.
- (vii) No director shall be personally liable to the Company or its Shareholders for damages for breach of any fiduciary duty owed to the Company or its Shareholders, except for liability (a) for any breach of such person's duty of loyalty to the Company or its Shareholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the DGCL, which involves unlawful declarations of dividends or other distributions of assets to Shareholders or the unlawful purchase of shares of the Company or (d) for any transaction from which the director derived an improper personal benefit. If the DGCL is amended after approval by the Shareholders of this provision to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. Any repeal or modification of the provision regarding limitation of liability shall be prospective and shall not affect the rights in effect under that provision at the time of the alleged occurrence of any act or omission to act giving rise to liability or indemnification.
- (viii) Each person who is or was a director or officer of the Company and is or was made a party to, or is threatened to be made a party to, or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he or she or a person of whom he or she is the legal representative, is or was a director, officer, employee or agent of the Company (including any constituent corporation absorbed in a merger) or is or was serving at the request of the Company (including any such constituent corporation) as a director, officer, employee or agent of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, shall be indemnified and held harmless by the Company to the fullest extent permitted by the DGCL, as it presently exists or may hereafter be amended, against all liability and loss suffered and expenses reasonably incurred by such person in connection therewith (including attorneys' fees, judgments, fines, ERISA excise taxes and penalties and amounts paid or to be paid in settlement), and such indemnification shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that the Company shall indemnify any such person seeking indemnity in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of the Company. The Company shall pay all expenses incurred by such a director or officer in defending any such proceeding as they are incurred in advance of its final disposition; provided, however, that if the DGCL then so requires, the payment of such expenses incurred by a director or officer in advance of the final disposition of such proceeding shall be made only upon delivery to the Company of an undertaking, by or on behalf of such director or officer to repay all amounts so advanced if it should be determined ultimately that such director or officer is not entitled to be indemnified hereunder or otherwise.
- (ix) The Bylaws may be altered or amended or new Bylaws adopted by the Board. The Bylaws may also be altered or amended or new Bylaws adopted by an affirmative vote of at least a majority of the Common Shares present in person or represented by proxy at the meeting of Shareholders of the Company at which such action shall be approved and entitled to vote on the subject matter.

- (ix) Special meetings of Shareholders may be called at any time by the chairman of the Board of Directors or the chief executive officer and shall be called by the chief executive officer or secretary at the request in writing of a majority of the Board or the holders of not less than 10 per cent, of the Common Shares.
- (x) No action shall be taken by the Shareholders of the Company except at an annual or special meeting of Shareholders called in accordance with the Bylaws and no action shall be taken by the Shareholders by written consent. Shareholders must comply with strict notice requirements and procedures under the Company's Bylaws in order to submit a proposal for consideration at the annual meeting of Shareholders.
- (xi) Any provision of the Company's certificate of incorporation may be amended, altered, changed or repealed by an affirmative vote of the holders of at least a majority of the outstanding Common Shares on the record date of the meeting of Shareholders of the Company at which such action shall be approved and entitled to vote thereon.

7.2 Bylaws

The following is a brief summary of certain material provisions of the Bylaws:

- (i) The authorized number of directors shall be no less than 2 and no more than 10 or such other number as shall from time to time be fixed by the Board. A director need not be a Shareholder, a citizen of the United States or a resident of the State of Delaware. The directors shall be divided into three classes, each of which shall be composed as nearly as possible of one third of the directors. Each director shall serve for the term to which the director was elected, and until a successor shall have been elected and qualified or until the director's prior death, resignation, or removal. At each annual election, directors shall be chosen for a full three year term to succeed those whose terms expire.
- (ii) Newly created directorships resulting from any increase in the number of directors and any vacancies on the board resulting from death, resignation, disqualification, removal, or other cause will be filled solely by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the board, or by a sole remaining director. No decrease in the number of directors constituting the Board will shorten the term of an incumbent director.
- (iii) Any director may be removed from office by the Shareholders only in the manner provided in the Certificate of Incorporation.
- (iv) An annual meeting of the Shareholders will be held at such date and time as may be designated from time to time by the Board, at which meeting the Shareholders will elect by plurality vote the directors to succeed those whose terms expire at such meetings and will transact such other business as may properly be brought before the meeting.
- (v) All Shareholders must be given written notice of every meeting of Shareholders not less than 14 nor more than 60 days before the date of such meeting.
- (vi) The holders of not less than one third of the stock issued and outstanding and entitled to vote thereat, present in person or represented in proxy, will constitute a quorum at all meetings of the Shareholders, except as otherwise provided by law or by the Certificate of Incorporation.

(vii) Subject to the provisions of the Certificate of Incorporation, each Shareholder will be entitled at every Shareholders' meeting to one vote for each Common Share standing in the name of the Shareholder on the books of the Company on the record date for the meeting. Such votes may be cast either in person or by proxy. No proxy shall be voted upon after three years from its date unless the proxy provides for a longer period and every proxy must be in a form permitted by the DGCL. A Shareholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person, by giving notice to the Secretary of the Company, or by a later appointment of a proxy. Any question brought before a Shareholders meeting may be voted upon by voice vote unless otherwise required. Every vote taken by written ballot will be counted by the inspectors of election. When a quorum is present at any meeting, the affirmative vote of the holders of a majority of the stock present in person or represented by proxy at the meeting and entitled to vote on the subject matter and which has actually been voted will be the act of the Shareholders, except in the election of the Directors or as otherwise provided in the Bylaws, the Certificate of Incorporation, or by law.

(viii) Special meetings of the Board may be called by the chairman, by the chief executive officer or the Board and notice will be deemed given to each director, if it is given at least 24 hours before the start of the meeting:

- (1) in person;
- (2) by facsimile telecommunication;
- (3) by electronic mail; or
- (4) by other similar medium of communication,

or if it is given 72 hours before the start of the meeting, by mail. Special meetings of the Board may be held at such time and place either within or without the State of Delaware as is determined by the Board or specified in the notice of any such meeting.

(ix) At all meetings of the Board, a quorum for the transaction of business will be constituted by the lowest whole number of directors which is not less than one third of the authorized number of directors. The act of a majority of the directors present at any meeting at which there is a quorum will be the act of the Board. If a quorum is not present at any meeting of the Board, the directors present may adjourn the meeting from time to time to another place, time or date, without notice other than an announcement at the meeting, until a quorum is present.

(x) The Board may designate an executive committee of not less than 2 members of the Board one of whom will be the Chairman. The Board may establish one or more other committees, each consisting of one or more directors.

(xi) The Board may establish the compensation for, and reimbursement of the expenses of directors for membership on the Board and on committees of the Board, attendance at meetings of the Board or committees of the Board, and for other services by directors to the Company or any of its majority-owned subsidiaries.

(xii) The principal officers of the Company shall be the chairman, a chief executive officer, a chief operating officer, a chief financial officer and a secretary, and a treasurer, and if desired, one or more vice chairmen, one or more assistants to the chairman, one or more vice presidents, one or more assistant secretaries, one or more assistant

treasurers and such other officers as the Board may from time to time determine. The officers may be elected by the Board and any officer may be removed at any time by the Board.

- (xiii) Transfers of Common Shares shall be made on the books of the Company only by the person named in the certificate or by such person's attorney lawfully constituted in writing and upon the surrender of the certificate therefore, properly endorsed for transfer and payment of all necessary transfer taxes; provided, however, that such surrender and endorsement or payment of taxes shall not be required in any case in which the officers of the Company shall determine to waive such requirement. No transfer of Common Shares shall be valid as against the Company for any purpose until it shall have been entered in the records of the Company by an entry showing from and to whom transferred.
- (xiv) For the purposes of determining Shareholders entitled to notice of, or to vote at, any meeting of the Shareholders or for the purpose of determining Shareholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of Common Shares, or for the purpose of any other lawful action, the Board may fix, in advance, a record date. Such record date shall not be more than 60 nor less than 14 days before the date of any meeting of Shareholders or prior to any other action.
- (xv) Subject to the provisions of the DGCL and the Certificate of Incorporation, the Board shall have full power to declare and pay dividends on the Common Shares of the Company. Before payment of any dividend, there may be set aside out of any funds available for dividends such sum or sums as the Board in its absolute discretion may determine for any proper purpose, and the Board may modify or abolish such reserve.
- (xvi) Except as otherwise provided by law or by the Certificate of Incorporation or the Bylaws, the Bylaws may be amended in any respect or repealed at any meeting of Shareholders, provided that any amendment or supplement proposed to be acted upon at any such meeting has been described or referred to in the notice of such meeting. Notwithstanding the foregoing, the Bylaws may not be amended or repealed by the Shareholders, and no provision inconsistent therewith may be adopted by the Shareholders, without the affirmative vote of the holders of not less than 75 per cent, of the Common Shares present in person or represented by proxy at the meeting of Shareholders of the Company at which such action shall be approved and entitled to vote on the subject matter and which has actually been voted.
- (xvii) The Company will not register any transfer of the Common Shares issued or sold pursuant to the Placing, not made in accordance with the provisions of Regulation S under the US Securities Act, pursuant to registration under the US Securities Act, or pursuant to an available exemption from registration under the US Securities Act. Otherwise the Common Shares are freely transferable.
- (xviii) Any Shareholder of the Company or any other person appearing to have an interest in Common Shares held by such Shareholder can be required by the Company to provide information concerning the beneficial ownership and voting rights of such Common Shares. In respect of Common Shares held by such a Shareholder ("the Default Shares"), unless a majority of the Board determine otherwise, failure to provide such information, or the provision of false or inadequate information will result in the Shareholder or any transferee to whom any of the Default Shares has been transferred not being entitled to attend or vote at a Shareholders' meeting of the Company for so long as the default continues. If the Default Shares represents 1 per cent or more of a particular class of the issued and outstanding Common Shares, the

Board, may upon giving notice, direct that (1) any dividend that would be payable in respect of the Default Shares shall be retained by the Company; and/or (2) no transfer of any of the Common Shares held by such Shareholder shall be registered unless the transfer is approved by the Board in its sole discretion.

8. DIRECTORS' AND OTHER INTERESTS

- 8.1 The interests of the Directors, the directors of 121Media, Inc. and their immediate families and of persons connected with them within the meaning of section 346 of the 1985 Act in the share capital of the Company and 121Media, Inc. as at the date of this document and as they are expected to be immediately following the completion of the Merger are as follows:

Name	Company		Company	
	Existing Number of issued Common Shares	Percentage of issued share capital	Following the Merger Number of issued Common Shares	Percentage of issued share capital
Kent Ertugrul	0	0	2,594,412	22.8%
Gerard Baz	0	0	1,729,161	15.2%
David Svendsen	0	0	57,308	0.5%
David Gwozdz	0	0	7,700	0.1%

121Media, Inc.

Name	Existing		Following the Merger	
	Number of issued Common Shares	Percentage of issued share capital	Number of issued Common Shares	Percentage of issued share capital
Kent Ertugrul	2,594,412	22.8%	0	0
Gerard Baz	1,729,161	15.2%	0	0
David Svendsen	57,308	0.5%	0	0
David Gwozdz	7,700	0.1%	0	0

- 8.2 The Directors and directors of 121Media, Inc. are interested in options over the Common Shares which remain outstanding as follows:

	Number of Common Shares subject to options	Exercise Period 10 year period expiring on:	Exercise Price
K Ertugrul	180,707	12/23/2014	£2.45
K Ertugrul	200,000	4/19/2016	£2.115
K Ertugrul	500,000	6/7/2016	£5.40
D Svendsen	21,752	12/23/2014	£2.45
D Gwozdz	75,000	10/3/2015	£1.715
D Gwozdz	50,000	10/3/2015	£1.715
D Gwozdz	75,000	4/19/2016	£2.115

8.3 Save as set out in paragraphs 8.1 and 8.2 above, following the Merger no Director and no director of 121Media, Inc. will, and no person connected with a Director or director of 121Media, Inc. is expected to, have any interest in the share capital of the Company or any of its subsidiaries.

8.4 As at 18 April 2007 (being the latest practicable date prior to publication of this document) in so far as is known to the Company, no person or persons, other than as set out below, are or will, immediately following the Merger, have an interest, directly or indirectly, in 3 per cent or more of the share capital or voting rights of the Company.

Name	Number of Common Shares	Percentage of issued share capital	Percentage of issued share capital following the Merger
Kent Ertugrul	1,964,885	17.25%	17.25%
Gestrust SA	1,729,161	15.18%	15.18%
Fidelity Investments Services Limited	1,065,580	9.35%	9.35%
Societe General Asset Management S.A.	752,843	6.61%	6.61%
Dartley Holdings	629,527	5.53%	5.53%
AXA Framlington Limited	629,983	5.53%	5.53%
Madjedie Asset Management Limited	525,305	4.61%	4.61%
Valerie Boffy	400,000	3.51%	3.51%

8.5 The Company's major shareholders set out in paragraph 8.4 do not have different voting rights.

8.6 As at 18 April 2007 (being the latest practicable date prior to publication of this document) save as disclosed in this paragraph 8, neither the Company nor the Directors nor the directors of 121Media, Inc. are aware of any person or persons who, directly or indirectly, owns or controls the Company.

8.7 No Director nor director of 121Media, Inc. nor member of a Director's family nor the family of any director of 121Media, Inc. has any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the Common Shares.

9. ADDITIONAL INFORMATION ON THE DIRECTORS AND 121MEDIA DIRECTORS

9.1 Other than their directorships of Group companies, the directorships and partnerships currently held by the Directors and the directors of 121Media, Inc. and held over the five years preceding the date of this document are as follows [those companies marked with an asterisk are dormant:]

Director	Current directorships	Past directorships
Kent Ertugrul	121Media, Inc.	Life.com, Voxster, Inc., Envolve S.A.

Director	Current directorships	Past directorships
Gerard Baz	121Media, Inc.	NetCatalyst France S.A. Envolve S.A.
David Svendsen	121Media, Inc. eTechnology VCT plc triyoga UK Ltd. Sveno Media Ltd. Element X Ltd. Advisory Board, GSC Partners National Appeal board, NSPCC Advisor to NSPCC for There4Me Advisor to Netsite Ltd.	Microsoft Ltd. Microsoft Properties BV Content Technologies Holdings Ltd. Campaign for Learning Eurocentre London Ltd. SDL plc Ward Cosultancy plc West Privat Equity Advisory Board, eTec India Federation against Software Theft E-Learning Foundation Equology (Holdings) Ltd.
David Gwozdz	121Media, Inc. Seacliff Ventures, LLC FlyFish Media, LLC	

- 9.2 None of the Directors:
- 9.2.1 has any unspent convictions in relation to indictable offences;
- 9.2.2 had a bankruptcy order made against him or made an individual voluntary arrangement;
- 9.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary arrangement or made any composition or arrangement with its creditors generally or of any class of its creditors whilst he was a director of that company or within 12 months after he ceased to be a director of that company;
- 9.2.4 been a partner in a partnership which has been placed in compulsory liquidation, administration or made a partnership voluntary arrangement whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;
- 9.2.5 had any asset placed in receivership or any asset of a partnership in which he was a partner placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership; or
- 9.2.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies) or disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

10. DIRECTORS' AND 121MEDIA DIRECTORS' SERVICE AND CONSULTANCY AGREEMENTS AND EMOLUMENTS

- 10.1 The Directors and the directors of 121Media, Inc. have entered into service or consultancy agreements with the members of the Group as follows:

10.1.1. Kent Ertugrul

On 26 November 2004, 121Media, Inc. and its subsidiary, 121Media (Europe) Limited entered into a service agreement with Kent Ertugrul under which Mr Ertugrul was employed as Chief Executive Officer of 121Media (Europe) Limited and any of its subsidiaries with effect from 23 December 2004. Mr Ertugrul is entitled to an annual salary of £150,000 and is eligible for any bonus calculated by the remuneration committee of the board of directors of 121Media, Inc. in its absolute discretion in recognition of the performance by 121Media, Inc. or its subsidiaries in excess of budgeted performance.

The agreement is terminable by either party on not less than 12 months' notice in writing given at any time on or after 23 December 2005. If the agreement is terminated, Mr Ertugrul will be subject to non-compete and other restrictions for a period of 12 months after the termination date.

10.1.2. Gerard Baz

On 26 November 2004, 121Media, Inc. entered into a letter of appointment with Gerard Baz appointing Mr Baz as a non-executive director of 121Media, Inc. 121Media, Inc. agreed to pay Mr Baz a fee of £15,000 gross per annum. The appointment is terminable by 121Media, Inc. on not less than one month's written notice.

10.1.3. David Svendsen

On 26 November 2004, 121Media, Inc. entered into a letter of appointment with David Svendsen appointing Mr Svendsen as a non-executive director and Chairman of 121Media, Inc. with effect from 23 December 2004. Under the terms of the letter of appointment, Mr Svendsen is entitled to a fee of £25,000 gross per annum. Under the terms of the letter of appointment, 121Media, Inc. may terminate Mr Svendsen's directorship on not less than one month's written notice.

10.1.4. David Gwozdz

On 11 December 2006, 121Media, Inc. entered into an employment agreement with David Gwozdz under which Mr Gwozdz was employed as Senior Vice President of Sales of 121Media, Inc. with effect from 11 December 2006. Mr Gwozdz is entitled to an annual salary of \$205,000 unless the gross revenue of 121Media, Inc. is greater than \$1.5 million for two consecutive months in which case his salary will automatically increase to \$230,000 per annum. In addition to this salary, Mr Gwozdz is also entitled to quarterly commissions from 121Media, Inc. based on the sales revenue of 121Media, Inc. in accordance with the commission plan of 121Media, Inc. then in effect. Mr Gwozdz also is eligible for a bonus in 121Media's absolute discretion in recognition of performance.

The agreement is terminable by either party on not less than 30 days' notice in writing. If the agreement is terminated, Mr Gwozdz will be subject to non-compete and other restrictions for a period of 6 months after the termination date and depending on the reason for termination, shall be entitled to continued base salary during such 6 month period.

- 10.2 Save as set out in **paragraph** 10.1 above, there are no existing or proposed service agreements between any of the Directors or directors of 121Media, Inc. and any member of the Group.
- 10.3 Other than payment of salary and benefits in lieu of notice the Directors' service contracts and letters of appointment do not provide for compensation upon termination of employment.

- 10.4 The aggregate remuneration paid and benefits in kind granted to the Directors and directors of 121Media, Inc. including amounts paid from all members of the Group during the year ended December 31, 2006 amounted to approximately \$765,000.
- 10.5 The aggregate amount payable and benefits in kind to be granted to the Directors and directors of 121Media, Inc. under the arrangements in force at the date of this document during the financial year ending 31 December 2007 are estimated to amount to approximately \$700,000.

11. LITIGATION

There are no governmental, legal or arbitration proceedings which may have or have had in the recent past a significant effect on the Company's or the Group's financial position or profitability (and the Company is not aware of any such proceedings which are pending or threatened).

12. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the period of two years preceding the date of this document which are or may be material:

- 12.1 121Media, Inc. (1) and Canaccord Capital (Europe) Limited ("Canaccord Capital") (2) entered into a placing agreement on 22 July 2005 under which Canaccord Capital agreed (conditionally) to use its reasonable endeavours to procure subscribers for 517,500 121Media Common Shares in each case at £2.00 per share.

121Media, Inc. agreed to pay to Canaccord Capital a commission of 5 per cent on the aggregate value, at £2.00 per share, of the new 121Media Common Shares being issued by 121Media, Inc.

121Media, Inc. agreed to pay all other costs, charges and expenses of, and incidental to, the placing, including the registrars fees, printing, advertising and distribution expenses, 121Media, Inc.'s legal and accountancy expenses and Canaccord Capital's legal expenses and all related irrecoverable value added tax, if applicable.

121Media, Inc. gave certain representations, warranties and indemnities to Canaccord Capital as to the accuracy of information provided in relation to 121Media, Inc. and its business.

- 12.2 121Media, Inc. (1) and Canaccord (2) entered into a placing agreement on 3 February 2006 under which Canaccord agreed (conditionally) to use its reasonable endeavours to procure subscribers for 1,600,000 121Media Common Shares in each case at £1.50 per share (US\$2.65 in respect of places procured from the United States of America).

121Media, Inc. agreed to pay to Canaccord a commission of 5 per cent on the aggregate value, at £1.50 per share, of the new 121Media Common Shares being issued by 121Media, Inc..

121Media, Inc. agreed to pay all other costs, charges and expenses of, and incidental to, the placing, including the registrars fees, printing, advertising and distribution expenses, 121Media, Inc.'s legal and accountancy expenses and Canaccord's legal expenses and all related irrecoverable value added tax, if applicable.

121Media, Inc. gave certain representations, warranties and indemnities to Canaccord as to the accuracy of information provided in relation to 121Media, Inc. and its business.

- 12.3 121Media, Inc. (1) and Canaccord (2) entered into a placing agreement on 29 September 2006 under which Canaccord agreed (conditionally) to use its reasonable endeavours to procure subscribers for 175,054 121Media Common Shares in each case at £11.425 per share.

121Media, Inc. agreed to pay to Canaccord Capital a commission of 5 per cent on the aggregate value, at £11.425 per share, of the new 121Media Common Shares being issued by 121Media, Inc..

121Media, Inc. agreed to pay all other costs, charges and expenses of, and incidental to, the placing, including the registrars fees, printing, advertising and distribution expenses, 121Media, Inc.'s legal and accountancy expenses and Canaccord Capital's legal expenses and all related irrecoverable value added tax, if applicable.

121Media, Inc. gave certain representations, warranties and indemnities to Canaccord Capital as to the accuracy of information provided in relation to 121Media, Inc. and its business.

- 12.4 121Media, Inc. (1) and Canaccord (2) entered into a placing agreement on 6 December 2006 under which Canaccord agreed (conditionally) to use its reasonable endeavours to procure subscribers for 136,400 121Media Common Shares in each case at £11.00 per share.

121Media, Inc. agreed to pay to Canaccord Capital a commission of 5 per cent on the aggregate value, at £11.00 per share, of the new 121Media Common Shares being issued by 121Media, Inc..

121Media, Inc. agreed to pay all other costs, charges and expenses of, and incidental to, the placing, including the registrars fees, printing, advertising and distribution expenses, 121Media, Inc.'s legal and accountancy expenses and Canaccord Capital's legal expenses and all related irrecoverable value added tax, if applicable.

121Media, Inc. gave certain representations, warranties and indemnities to Canaccord Capital as to the accuracy of information provided in relation to 121Media, Inc. and its business.

- 12.5 121Media, Inc. (1) and Canaccord (2) entered into a nominated advisor and broker agreement on 6 December 2006 under which Canaccord agreed to act as nominated advisor to 121Media, Inc. and provide such continuing advice and guidance as 121Media, Inc. and the Directors may reasonably require in connection with their respective responsibilities and obligations to ensure compliance by 121Media, Inc. on an ongoing basis with the AIM Rules, and the requirements of the London Stock Exchange.

Canaccord also agreed, in its capacity as nominated broker, to provide the services and carry out the responsibilities of a broker under the AIM Rules

121Media, Inc. agreed to pay to Canaccord a fee for its services of £50,000 per annum.

121Media, Inc. gave certain indemnities to Canaccord in relation to loss Canaccord may suffer as a result of (amongst other things) a breach of the agreement by 121Media, Inc. and its business.

- 12.6 121Media, Inc. (1) and Morgan Stanley Principal Investments, Inc., a Delaware corporation (“Morgan Stanley”) (2) entered into a stock purchase agreement dated 26 February 2007 under which Morgan Stanley purchased 169,808 121Media Common Shares for \$5,000,000.

121Media, Inc. made certain representations and gave certain warranties to Morgan Stanley as to (amongst other things) its ability to enter into the agreement, its compliance with the AIM Rules and validity of material contracts entered into by 121Media, Inc..

13. GENERAL

- 13.1 The Nominated Adviser and Broker to the Company is Canaccord Adams Limited, which is regulated by the Financial Services Authority Limited.
- 13.2 The International Security Identification Number (ISIN) of the Common Shares with respect to the OTO series is USU6829W1028 and with respect to OTOM is US68241U1097.
- 13.3 Other than the intended application for Admission the Common Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made, nor, except as stated below, are there intended to be any other arrangements for dealings in the Common Shares.
- 13.4 Other than as disclosed in this document, there has been no significant change in the financial or trading position of the Group since the publication on 29 September 2006 of 121Media, Inc.’s interim results of operation for the six months ended 30 June 2006.
- 13.5 No person other than professional advisers otherwise disclosed in this document as well as the following professional advisors:

Advisor

Alleman Hall McCoy Russell & Tuttle
LLP
BroadView
Chapell & Associates
Daniel J Edelman Inc.
Daniel J Edelman Ltd.
Digital Strategy Consulting Ltd
Ernst & Young
H.W. Fisher & Company
Javers Group

John East & Partners Limited
Menzies Bolton Colby Outsourcing
Saffron Brand Consultants Ltd
Sprecher Grier Halberstam LLP
White & Lee LLP

and trade suppliers has received, directly or indirectly, from the Company within 12 month preceding the date of this document; or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after completion of the Placing any of the following:

- (a) fees totalling £10,000 or more
- (b) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
- (c) any other benefit with a value of £10,000 or more at the date of completion of the Placing.

13.6 The Common Shares are in registered form and will, following Admission, be capable of being held in uncertificated form if not restricted by any applicable securities laws. The Company has applied to CRESTCo Limited, the operator of CREST, for the common shares to be admitted to CREST with effect from Admission. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Company's Certificate of Incorporation and Bylaws permit the holding of common shares under CREST. CREST is a voluntary system and holders of common shares who wish to retain share certificates will be able to do so.

14. AVAILABILITY OF THIS DOCUMENT

Copies of this document, are available during normal business hours on any weekday (except Saturdays and public holidays) free of charge from the Company's registered office and at the offices of Canaccord Adams Limited and shall remain available for at least one month after Admission.

Dated: 19 April 2007