

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

This Document has been drawn up in accordance with the requirements of the PLUS Rules. The contents of this document have not been approved by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000.

The Directors of Early Equity Plc, whose names appear on page 3, accept responsibility for the information contained in this Document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The share capital of the Company is not at present listed on any stock exchange.

**PLUS is a market operated by PLUS Markets Plc, a recognised investment exchange, incorporating a primary market for the shares of small and medium companies (known as PLUS-quoted securities). PLUS-quoted securities are not listed and the market is not classified as a Regulated Market under EU financial services law. An investment in the shares of smaller companies tends to involve a higher investment risk than more mature companies. If you are in any doubt about the contents of this document you should consult a person authorised by the FSA to provide investment advice.**

It is emphasised that no application is being made or has been made for admission of the Ordinary Shares to the Official List of the London Stock Exchange or to trading on the AIM market of the London Stock Exchange.

Application will be made for the entire issued share capital of the Company to be introduced to trading on PLUS. It is expected the Introduction will take place on 1 November 2007.

**The whole of this Document should be read and in particular your attention is drawn to Part II of this Document which sets out certain risk factors. All statements regarding the Company's business, financial position and prospects should be viewed in light of such risk factors. The Company is a newly formed company which has no existing business record.**



# earlyequi+y Plc

*(Incorporated in England and Wales under the Companies Act 1985 with registered number 05531552)*

## Introduction to trading on PLUS

**Lion Capital Corporation Limited - Corporate Adviser to the Company**

*(Authorised and Regulated by the Financial Services Authority)*

### SHARE CAPITAL ON INTRODUCTION

<i>Authorised</i>			<i>Issued</i>	
<i>Amount</i>	<i>Number</i>		<i>Amount</i>	<i>Number</i>
£1,000,000	200,000,000	ordinary shares of 0.5p each	£197,170	39,434,001

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Lion Capital Corporation Limited, which is authorised and regulated by the FSA and is a member of PLUS, is the Company's Corporate Adviser for the purposes of the Introduction. Lion Capital Corporation Limited has not made its own enquiries except as to matters which have come to its attention and on which it considered it necessary to satisfy itself and accepts no liability whatsoever for the accuracy of any information or opinions contained in this Document, or for the omission of any material information, for which the Directors are solely responsible.

The advisers named on page 3 are acting for the Company and for no one else in relation to the arrangements proposed in this Document and will not be responsible to anyone other than the Company for providing the protections afforded to clients of such advisers or for providing advice in relation to the Introduction.

**An investment in Early Equity Plc involves a high degree of risk and prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances, the financial resources available to them and after receiving appropriate professional advice.**

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## **DIRECTORS, SECRETARY AND ADVISERS**

<b>Directors</b>	Sir Bernard Zissman, <i>Non-Executive Chairman</i> Robert Painting, <i>Chief Executive</i> Neil Mackay, <i>Executive Director</i>
<b>Company Secretary</b>	ABA Corporate Directors Limited
<b>Registered Office</b>	Edgbaston House 3 Duchess Place Birmingham B16 8NH
<b>Corporate Adviser</b>	Lion Capital Corporation Limited 3 <sup>rd</sup> Floor, Henry Thomas House 5-11 Worship Street London EC2A 2BH
<b>Auditors to the Company</b>	JW Hinks Chartered Accountants 19 Highfield Road Edgbaston Birmingham B15 3BH
<b>Reporting Accountants</b>	Nexia Smith & Williamson 25 Moorgate London EC2R 6AY
<b>Solicitors to the Company</b>	Wilkes & Co 41 Church Street Birmingham B3 2RT
<b>Solicitors to the Introduction</b>	Marriott Harrison Staple Court 11 Staple Inn Buildings London WC1V 7QH
<b>Transaction Managers</b>	Corporate Liaison Limited 1 Carthusian Street London EC1M 6DZ
<b>Bankers</b>	National Westminster Bank 134 Aldersgate Street London EC1A 4LD
<b>Registrars</b>	Share Registrars Limited Craven House West Street Farnham Surrey GU9 7EN

## DEFINITIONS

The following terms apply in this Document unless the context requires otherwise:

“Act”	Companies Act 1985, as amended
“AIM”	the market of that name operated by the London Stock Exchange
“Articles”	the articles of association of the Company
“Board” or “Directors”	the board of directors of the Company
“Company” or “Early Equity”	Early Equity Plc
“CREST”	the computerised settlement system operated by CRESTCo which facilitates the transfer of title to shares in uncertificated form
“CRESTCo”	CRESTCo Limited
“Document”	this document
“Founders”	the Directors, their family and Addworth Plc
“FSA”	the Financial Services Authority
“Introduction to PLUS” or “Introduction”	the introduction of the Ordinary Shares to trading on PLUS Markets-
“Lion Capital”	Lion Capital Corporation Limited, a company authorised and regulated by the FSA
“London Stock Exchange”	London Stock Exchange plc
“Memorandum”	the memorandum of association of the Company
“Ordinary Shares”	ordinary shares of 0.5p each in the capital of the Company
“PLUS-quoted”	a market operated by PLUS Markets Plc which allows trading of shares in unquoted companies
“PLUS Rules”	the PLUS Rules for Issuers containing application requirements for admission to the PLUS-primary market; requirements as to the continuing obligations of PLUS-quoted issuers once admitted; and guidance notes.
“SME” or “SMEs”	small and medium enterprises
“UK Listing Authority”	the FSA as the competent authority for listing in the UK

**PART I**  
**INFORMATION ON THE COMPANY**

**Strategy**

Early Equity has been established to become a proactive investor in companies. The Company has raised £500,150 of initial capital in order to implement its strategic objective of making geographically and sector focussed investments designed to unlock potential, and to create and realise sustainable value in order to maximise capital gain for its shareholders.

Based in the West Midlands, Early Equity will focus primarily on companies based in the Midlands, the North and outside the South East, which the Directors believe is a large and relatively untapped market.

Early Equity's objective is to be a proactive manager and investor.

The Company seeks to realise gain and to generate income through innovative and creative management coupled with strategic investment.

Considerable management effort and resource will be brought to its investments both pre and post investment to ensure post investment value is maximised in both the long and short term.

Through its highly experienced management team, Early Equity is equipped to provide value adding solutions.

Key elements to achieving this strategy include:

- Investing in and promoting companies onto AIM and PLUS and generating fee income by providing strategic and board support;
- To invest in and list special purpose acquisition vehicles and increase their value through a "buy and build" strategy;
- Working with, and investing alongside, strategic partners in order to maximise synergies, reduce risk and to facilitate an early and profitable exit;
- Investment in private and early stage companies where equity injection would yield an attractive capital gain and where an early exit can be reasonably foreseen or created;
- Selective participation in new issues from new or established quoted companies where, in the opinion of the Directors, the market price does not reflect the underlying value of the business and where Early Equity can be proactive in unlocking that value; and
- Generation of fee income by provision of transaction services, strategic and operational management support.

**Investment Criteria**

The Company will have no activity or business interests upon its Introduction to PLUS. However, the Directors have identified several prospects that they consider worthy of further investigation.

Early Equity is seeking companies which would typically have the following characteristics:

- A competent management team, capable of creating and managing that business and able to deploy and manage capital to deliver the strategy;
- Companies with proven viable products, services or technologies that are capable of delivering broadly based revenue streams and which have potential for growth and are clearly scalable; and
- Sector focussed complementary businesses that can be combined to form a group of companies which will create a value substantially greater than the sum of the individual parts.

**The Target Market**

The target market for Early Equity is Small to Medium Enterprises ("SMEs"). For this purpose an SME has been defined as satisfying two of the following three criteria:

	<b>Turnover</b>	<b>Balance Sheet Gross Assets</b>	<b>Employees</b>
<b>Small</b>	under £5.6m pa	under £2.8m	under 50
<b>Medium</b>	under £22.8m pa	under £11.4m	under 250

In the primary target areas of East and West Midlands, Yorkshire and Humberside and the North West, the Department of Trade and Industry statistics for 2005 show that there were approximately 539,000 "Small" enterprises and 12,900 "Medium" enterprises.

### **Management**

The management team comprises experienced individuals who have a high profile in and broad knowledge of the Company's target region of operation.

In addition the Company will access the many experienced business angel investors/mentors working with Advantage Business Angels to play an integral part in the value enhancing operational and strategic management of the Company's investments. This broadly based market sector and functional skill base provides a wealth of experience to support the Company's development work.

Two of the Directors have worked to create one of the leading UK Business Angel Networks and the third Director was part of the team that created Addworth Plc, the AIM listed active capital investor.

### **The Board and Directors**

#### **Sir Bernard Zissman - Aged 72 - Non-Executive Chairman**

Sir Bernard has been the Chairman of Advantage Business Angels since 2004 and is a director of a number of SME companies in the Midlands region. He is a member of the Council of the Birmingham Chamber of Commerce and Industry and served as a director of a number of regional businesses and organisations such as BRMB Radio, the Hyatt Regency Hotel and the Alexandra Theatre in Birmingham. He served as a leading member of Birmingham City Council from 1965 to 1995, during which time he was elected Leader of the Conservative Group and Lord Mayor of Birmingham.

He led the team which developed the Birmingham International Convention Centre and Symphony Hall, and later led the team which successfully bid for £50 million from the Millennium Commission to develop the Midlands project at Millennium Point in the Eastside of Birmingham and of which he now serves as chairman of the Trust.

Sir Bernard is also the Immediate Past Chairman of the Midlands Committee for the Princess Royal Trust for Carers, a trustee of the CBSO Benevolent Fund and City Watch Trust and President of the Representative Council of Birmingham and Midlands Jewry. He was knighted for public and political services in 1996, is a Freeman of the City of London and holds Honorary Degrees from the University of Birmingham (1997) and University of Central England (2001).

#### **Rob Painting BSc, FCA - Aged 55 - Chief Executive**

Rob is a chartered accountant who after qualifying with Price Waterhouse spent more than 20 years in senior positions with major international companies.

From 1986 to 1990 he was the Chief Financial Officer of the Keller Division of GKN plc. In 1990, as finance director, Rob was instrumental in the creation of Keller Group Plc, the UK quoted global construction services group company, via the management buy-out of the Keller companies from GKN Plc; the subsequent successful flotation of the group in 1994; and in co-developing and implementing its highly successful growth strategy.

Since leaving Keller Group Plc at the end of 1999, Rob worked as an independent consultant providing financial and strategic advice together with corporate finance transaction services to a variety of businesses. In addition to many years as a top level international financial director he has been heavily involved in corporate finance and is a serial investor in early stage businesses.

In 2004 he was appointed, a Non-Executive Director of GSH Group Plc a £135 million turnover facilities management company, which listed on AIM in 2005. He is a non-executive director of Addworth Plc, also listed on AIM.

## **Neil Mackay - Aged 52 - Executive Director**

Neil graduated from Warwick University and is both a Chartered Accountant and a Chartered Marketer. After qualifying with Arthur Andersen he worked for Rank Xerox, Pitney Bowes and then UDT which was taken over by TSB. He was a member of the LloydsTSB G.E.R. (Top 125 executives in the Group) working in the UK and overseas. He has extensive experience of company financing and development.

He joined The Business Angels Bureau Limited on 1 August 2002 as managing director and is one of three members. Since then the business has adopted the trading name of Advantage Business Angels; completed over 100 deals and established itself as one of the leading business angel groups in the UK.

### **Reasons for the Introduction to PLUS**

The Directors are of the opinion that the Company will have sufficient funds necessary for the Company to identify and carry out due diligence on potential acquisitions and investment targets in its target areas and to provide working capital for the Company's initial operations in line with its corporate strategy as set out in this Document. The Directors also believe that the principal benefit of the Introduction is the ability to heighten the Company's profile whilst also broadening the Company's investor base.

Furthermore, the Directors believe that the benefits of introducing the Company's shares to be traded on PLUS include:

- the ability to enter into negotiations with vendors of businesses or companies to whom the issue of publicly traded shares as consideration is potentially attractive;
- the increased potential to raise further funds in the future, either to enable a proposed acquisition or investment to be completed and/or to raise additional working capital or development capital for the Company once the acquisition or investment has been completed; and
- the increased potential to attract high quality directors and employees by offering share options at some time in the future. The Directors believe that the ability to grant options over PLUS traded shares is potentially more attractive to directors and employees than the grant of options over unquoted shares.

### **Employee Share Options**

In order to incentivise the management of the Company and any other company that Early Equity acquires, the Directors will, at an appropriate time, consider adopting a suitable share option scheme or schemes, although no such schemes are presently in place.

### **Corporate Governance and Internal Controls**

The Directors recognise the importance of sound corporate governance, whilst taking into account the size and nature of the Company. As the Company grows, the Directors intend that the Company should develop policies and procedures, which reflect the principles of good governance and Code of Best Practice, as published by the Committee on Good Governance (commonly known as the "Combined Code"), to the extent that they are appropriate to the size of the Company.

The Directors will comply with Paragraph 29 and Appendix 4 of the PLUS Rules relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Company's applicable employees as well.

**At present, due to the Company's size, the risk and audit management will be addressed by the Board. As the Company grows, the Board will consider establishing an audit and risk management committee. The Board will also consider developing further policies and procedures which reflect the principles of good governance and the Combined Code.**

### **Dividend Policy**

The Company has not yet commenced trading and the Directors believe that it is inappropriate to give an indication of the likely level of future dividends, although the Company intends to commence the payment of dividends once the Company's earnings and cash flows support such payments.

### **Taxation**

Due to the nature of the Company's proposed business, it is not possible to ascertain whether the issue of Ordinary Shares will rank as a qualifying investment for the purposes of the Enterprise Investment Scheme, or whether it will be a 'Qualifying Holding' for the purposes of investment by Venture Capital Trusts.

Further information regarding taxation in relation to the Introduction to PLUS is set out in paragraph 10 of Part IV of this Document. If you are in any doubt as to your tax position you should consult your own professional adviser immediately.

## **Introduction to PLUS**

The Company will make an application for the Ordinary Shares to be introduced to trading on PLUS. Dealings in the Ordinary Shares are expected to commence on or around 1 November 2007.

The share capital of the Company is not presently listed or dealt in on any stock exchange. An application will be made for the Company's issued Ordinary Shares to be traded on PLUS. It is emphasised that no application is being made for the admission of these securities to trading on AIM, the market operated by the London Stock Exchange or the Official List of the UK Listing Authority.

PLUS has a comprehensive company information and announcement system called Newstrack, which is presently distributed by Bloomberg, Thomson Financial, Reuters, ADVFN, Telekurs and FT Interactive Data Europe. Newstrack is an electronic news and information service for professional intermediaries which carries information on PLUS-quoted companies, announcements by such companies and other information on PLUS, including mid-prices. Newstrack is available to private investors through the Internet at [www.plusmarketsgroup.com](http://www.plusmarketsgroup.com). Any individual wishing to buy or sell PLUS-quoted shares, must trade through a stockbroker regulated by the FSA, as the market cannot deal directly with the public.

## **Lock-In Arrangements**

On Introduction, the Directors will be interested in 12 million Ordinary Shares representing approximately 30.43 per cent. of the issued share capital of the Company.

Rob Painting and the Founders whose aggregate shareholding will amount to 65.93 per cent. of the issued share capital of the Company, have undertaken to the Company and to Lion Capital that, in accordance with paragraph 10 of the PLUS Rules, save in certain limited circumstances with the prior written consent of PLUS, they and their connected persons will not during a period of twelve months from the date of the Introduction, dispose of any interest in Ordinary Shares held by them.

## **Administration and Management**

The Directors are aware of rule 46 of the PLUS Rules and will adopt a Code of Dealing sufficient to ensure an orderly market in the Company's shares.

## **Financial Information**

An Accountants' Report on the Company, which has no trade or business, is set out in Part III of this Document. The information provided comprises a short form report prepared by the Company's Reporting Accountants, Nexia Smith & Williamson, for the period from its incorporation on 9 August 2005 to 31 August 2007.

The Company's accounting reference date is 31 August.

## **Strategy Implementation**

If the Company has not implemented its strategy within 12 months from the date of the Introduction, then it shall convene a meeting of its shareholders to determine the future of the Company which may include proposals to wind up the Company.

## **CREST**

The Company's Articles permit the Company to issue shares in uncertificated form in accordance with the Uncertificated Securities Regulations 2001. Application has been made for the Ordinary Shares to be admitted to CREST upon start of trading on PLUS.

## **Risk Factors**

**Your attention is drawn to the risk factors set out in Part II of this Document. Potential investors should carefully consider the risks described in Part II before making a decision to invest in the Company.**

**PART II**  
**RISK FACTORS**

**The attention of potential investors is drawn to the fact that ownership of shares in the Company involves a variety of risks. Investors should be aware of the risks associated with an investment in a business in the early stages of development. All potential investors should carefully consider the entire contents of this Document including, but not limited to, the factors described below before deciding whether or not to invest in the Company. The information below does not purport to be an exhaustive list or summary of the risks affecting the Company and are not set out in any particular order of priority. There may be additional risks of which the Directors are not aware. Investors should carefully consider these risks before making a decision to invest in the Company.**

If any of the events described in the following risks actually occur, the Company's business, financial conditions, results or future operations could be adversely affected. In such a case, the price of the Company's Ordinary Shares could decline and investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Company. These might include the following:-

- i. The success of the Company depends largely upon the expertise of the current Directors and their ability to identify suitable investment and flotation opportunities and implement the Company's strategy. The loss of one or other of the key Directors could have an adverse effect on the Company.
- ii. The Company's future success will also depend, *inter alia*, on its future Directors and management team. The recruitment of suitable skilled directors and retention of their services or the services of any future management team cannot be guaranteed.
- iii. The value of the Ordinary Shares will depend, to a significant degree, on the Company's ability to identify and make suitable investments in a reasonable timeframe and the success of its flotations. The Directors intend that appropriate due diligence be carried out by the Company on potential prospects, but there is an inherent risk in researching companies or businesses, which could adversely affect the value of the Ordinary Shares.
- iv. As part of its corporate strategy in buying into projects the Company may well acquire shares in quoted companies where the market price may be volatile and may therefore be difficult to realise due to a potentially illiquid market. The Company's strategy also includes investing in unquoted private companies. Investments in private companies carry a high risk and these may be even more difficult to value and realise.
- v. The Company is a newly formed company with no established trading record and does not presently carry on any trading activities. The value of an investment in the Company is dependent *inter alia* upon the Company investing in or floating on PLUS (previously called Ofex) and acquiring a company or business that meets the Company's corporate strategy. There can be no guarantee that the Company will develop any project, company or business meeting the Company's criteria or that any such company or business so promoted will be profitable or achieve significant or sustainable growth. As a consequence, resources might have been expended fruitlessly on investigative work and due diligence.
- vi. The Ordinary Shares are not listed on any stock exchange. Notwithstanding the fact that an application will be made for the Ordinary Shares to be traded through PLUS this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. An investment in the Ordinary Shares may thus be difficult to realise. The value of the Ordinary Shares may go down as well as up. Investors may therefore realise less than their original investment, or sustain a total loss of their investment.
- vii. Share market conditions, may affect the ultimate value of the Company's share price regardless of future operating performance.
- viii. The market price of the Ordinary Shares may not reflect the underlying value of the assets of the Company.
- ix. Continued membership of PLUS is entirely at the discretion of PLUS Markets plc.
- x. PLUS quoted securities are not traded on AIM or admitted to the Official List. Consequently, it may be more difficult for an investor to sell his or her Ordinary Shares and he or she may receive less than the amount paid. The market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets or operations.

- xi. The share prices of public companies are often subject to significant fluctuations. In particular, the market for shares in smaller public companies is less liquid than for larger public companies. Consequently, the Company's share price may be subject to greater fluctuation and the Ordinary Shares may be difficult to sell.
- xii. It is likely that the Company will need to raise further funds in the future to raise further working or development capital. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares. Shareholders may be materially diluted by any further issue of ordinary shares by the Company.
- xiii. The Company's Ordinary Shares are intended for capital growth and therefore may not be suitable as a short-term investment. Investors may therefore not realise their original investment at all, or within the time-frame they had originally anticipated.

**Investment in this Company's equity may not be suitable for all recipients of this Document. Investors are therefore strongly recommended to consult an adviser authorised under the Financial Services and Markets Act 2000, who specialises in investments of this nature before making their decision to invest.**

**PART III**  
**ACCOUNTANTS' REPORT**

**Nexia Smith & Williamson**

**The Directors**  
**Early Equity Plc**  
**Edgbaston House,**  
**3 Duchess Place,**  
**Birmingham**  
**B16 8NH**

**The Directors**  
**Lion Capital Corporation Limited**  
**3<sup>rd</sup> Floor, Henry Thomas House**  
**5-11 Worship Street**  
**London**  
**EC2A 2BH**

16 October 2007

**Dear Sirs**

**Early Equity Plc (“the Company”)**

**Introduction**

We report on the financial information set out on pages 13 to 18. This financial information has been prepared for inclusion in the PLUS Markets Admission Document dated 16 October 2007 (the “Admission Document”) of the Company on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph 26 of Appendix 1 of the PLUS Markets Rules of Issuers and is given for the purpose of complying with that schedule and for no other purpose.

Early Equity Plc was incorporated on 9 August 2005 as Early Equity Limited. The Company re-registered as a Plc on 17 July 2007.

**Responsibilities**

The directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information.

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

Save for any responsibility arising under paragraph 26 of Appendix 1 of the PLUS Markets Rules to any person and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 26 of Appendix 1 of the PLUS Markets Rules, consenting to its inclusion in the Admission Document.

**Basis of opinion**

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

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

**Opinion**

In our opinion, the financial information gives, for the purposes of the PLUS Markets Admission Document, a true and fair view of the state of affairs of the Company as at the dates stated and of its results and cash flows for the periods then ended in accordance with the basis of preparation set out in note 1.

**Declaration**

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 the PLUS Markets Rules.

Yours faithfully

**Nexia Smith & Williamson**  
25 Moorgate  
London, EC2R 6AY

**Financial information****PROFIT AND LOSS ACCOUNTS**

	Notes	Year ended 31 August 2007 £	Period from 9 August 2005 to 31 August 2006 £
<b>Turnover</b>	1	-	-
Administrative expenses		(2,938)	-
<b>Operating loss</b>	2	(2,938)	-
Interest receivable	3	974	-
<b>Loss on ordinary activities before taxation</b>		(1,964)	-
Tax on loss on ordinary activities	4	-	-
<b>Retained loss for the financial year/period</b>		(1,964)	-
<b>Loss per share (pence)</b>			
Basic	14	0.06p	-

The company's operations are classed as continuing. There were no gains or losses other than those included in the above profit and loss account.

**BALANCE SHEETS**

	<b>Notes</b>	<b>31 August 2007</b>	<b>31 August 2006</b>
		<b>£</b>	<b>£</b>
<b>Current assets</b>			
Debtors	5	10,000	1
Cash at bank and in hand		184,005	-
		<hr/>	<hr/>
		194,005	1
<b>Creditors:</b> amounts falling due within one year	6	(1,469)	-
		<hr/>	<hr/>
<b>Net current assets</b>		192,536	1
		<hr/>	<hr/>
<b>Net assets</b>		192,536	1
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	7	115,000	1
Shares to be issued	9	79,500	
Profit and loss account	8	(1,964)	-
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	10	192,536	1
		<hr/>	<hr/>

## CASH FLOW STATEMENTS

	Notes	Year ended 31 August 2007 £	Period ended 31 August 2006 £
<b>Net cash outflow from operating activities</b>	11	(1,469)	-
<b>Returns on investments and servicing of finance</b>			
Interest received		974	-
<b>Financing</b>			
Issue of ordinary share capital		105,000	-
Proceeds in respect of shares to be issued		79,500	-
<b>Net cash inflow from financing</b>		<hr/> 184,500 <hr/>	<hr/> - <hr/>
<b>Increase in cash</b>	12	<hr/> 184,005 <hr/>	<hr/> - <hr/>

## NOTES TO THE FINANCIAL INFORMATION

### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information. The financial information has been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Principles. The more important accounting policies adopted are described below.

#### Basis of accounting

The financial statements are prepared under the historical cost convention and on a going concern basis.

#### Turnover

Turnover, which excludes value added tax, represents the value of services supplied.

### 2. Operating loss is stated after charging:

	Year ended 31 August 2007 £	Period ended 31 August 2006 £
Auditors' remuneration:		
- audit	1,469	-
- other services	1,469	-

### 3. Interest receivable

	£	£
Bank interest	974	-

### 4. Taxation charge

There was no corporation tax charge incurred due to the trading losses suffered during the period ended 31 August 2005 and the year ended 31 August 2006. The difference between the nil tax charge incurred and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	£	£
Loss on ordinary activities before tax	(1,964)	-
Loss on ordinary activities multiplied by standard rate corporation tax in the UK of 20% (2006: 19%)	(392)	-
Tax effects of:		
Losses not utilised	392	-
	-	-

The Company has an unrecognised deferred tax asset of £392 (2005: £nil) relating principally to pre-trading losses not utilised. The deferred tax asset has not been recognised in the accounts due to the uncertainty surrounding its recoverability. The deferred tax asset should be recovered against suitable future trading profits.

### 5. Debtors

	2007 £	2006 £
Unpaid share capital	10,000	1

On 24 September 2007 the £10,000 unpaid share capital was paid up on the shares as a post balance sheet event.

6.	<b>Creditors:</b> amounts falling due within one year	<b>2007</b> £	<b>2006</b> £
	Accruals	1,469	-
		<hr/>	<hr/>
7.	<b>Called up share capital</b>	<b>2007</b> £	<b>2006</b> £
	<b>Authorised:</b> 200,000,000 (2006: 100) ordinary shares of 0.5p (2006: £1) each	1,000,000	1
	<b>Allotted, called up and fully paid</b> 23,000,000 (2006: 1) ordinary shares of 0.5p (2006: £1) each	115,000	1
		<hr/>	<hr/>

The Company was incorporated on 9 August 2007 with an authorised share capital of 100 ordinary shares of £1 each. On this date, one £1 ordinary share was issued for a consideration of £1.

On 13 July 2007, the Company increased the authorised share capital from £100 to £1,000,000 by the creation of 999,900 ordinary shares of £1 each ranking pari passu with the existing ordinary shares of the Company. On the same day, the Company split each of the issued and unissued ordinary shares of nominal value £1 each into 200 ordinary shares of 0.5p each.

On 13 July 2007 the Company issued 22,999,800 ordinary shares of 0.5p each for 0.5p per share.

8.	<b>Reserves</b>	<b>Shares to be issued reserve</b> £	<b>Profit and loss account</b> £	<b>Total</b> £
	At 9 August 2005 and 31 August 2006	-	-	-
	Loss for the financial year	-	(1,964)	(1,964)
	Shares to be issued	79,500	-	79,500
		<hr/>	<hr/>	<hr/>
	At 31 August 2007	79,500	(1,964)	77,536
		<hr/>	<hr/>	<hr/>

9. **Shares to be issued**

During the year the company received gross consideration of £79,500 in respect of 3,180,000 ordinary shares, which were issued on 16 October 2007.

10.	<b>Reconciliation of movements in shareholders' funds</b>	<b>Year ended 31 August 2007</b> £	<b>Period ended 31 August 2006</b> £
	Loss for the financial period	(1,964)	-
	Share capital issued during the period	114,999	1
	Shares to be issued	79,500	-
		<hr/>	<hr/>
	Net addition to shareholders' funds	192,535	1
	Opening shareholders' funds	1	-
		<hr/>	<hr/>
	Closing shareholders' funds	192,536	1
		<hr/>	<hr/>

11.	<b>Reconciliation of operating loss to net cash outflow from operating activities</b>	<b>Year ended 31 August 2007</b>	<b>Period ended 31 August 2006</b>
		£	£
	Operating loss	(2,938)	-
	Increase in creditors	1,469	-
		<hr/>	<hr/>
	Net cash outflow from operating activities	(1,469)	-
		<hr/> <hr/>	<hr/> <hr/>

12.	<b>Reconciliation of net cash flow to movement in net funds</b>	<b>Year ended 31 August 2007</b>	<b>Period ended 31 August 2006</b>
		£	£
	Increase in cash in the year/period	184,005	-
	Net funds at 1 September	-	-
		<hr/>	<hr/>
	Net funds at 31 August	184,005	-
		<hr/> <hr/>	<hr/> <hr/>

13.	<b>Analysis of net debt</b>	<b>At 9 August 2005</b>	<b>Cash flow</b>	<b>At 31 August 2006</b>
		£	£	£
	Cash at bank and in hand	-	-	-
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>Analysis of net debt</b>	<b>At 1 September 2006</b>	<b>Cash flow</b>	<b>At 31 August 2007</b>
		£	£	£
	Cash at bank and in hand	-	184,005	184,005
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

14. **Basic loss per share**

The basic loss per share is based upon a loss of £1,964 (2005: £nil) and the weighted average number of shares of 3,150,686 (2006: 1) in issue during the year.

15. **Post balance sheet events**

On 16 October 2007, 16,434,001 (including the shares to be issued as shown in note 9) ordinary shares were issued for a consideration of £395,150.

Save as disclosed, there have been no material changes.

## PART IV

### STATUTORY AND GENERAL INFORMATION

#### 1 Incorporation and details of the Company

- 1.1 The Company was incorporated and registered in England and Wales on 9 August 2005, as a private limited company with registered number 05531552. The Company was re-registered as a public limited company on 17 July 2007.
- 1.2 The Company's registered office is at Edgbaston House, 3 Duchess Place, Birmingham B16 8NH and its telephone number is 0121 456 7948.
- 1.3 The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 1.4 The liability of the members of the Company is limited.

#### 2 Share Capital of the Company

- 2.1 The authorised and issued share capital of the Company at the date of this Document and following the Introduction to PLUS are as follows:-

	£
<b>Authorised</b>	
200,000,000 Ordinary Shares	1,000,000
<b>Issued</b>	
39,434,001 Ordinary Shares	197,170

- 2.2 The following Ordinary Shares have been issued by the Company before the date of this Document:-

Date of issue	No. of Ordinary shares allotted	Nominal Value per share	Amount invested £
8 August 2006	1 subscriber share	£1	1
13 July 2007	22,999,800	£0.005	114,999
16 October 2007	3,000,000	£0.005	15,000
16 October 2007	570,001	£0.005	8,550
16 October 2007	4,864,000	£0.005	121,600
16 October 2007	8,000,000	£0.005	240,000

- 2.3 Each of the issued shares in the capital of the Company is fully paid.
- On 13 July 2007 the following written resolutions were passed:
- (a) THAT the authorised share capital of the Company be increased from £100 to £1,000,000 by the creation of 999,900 ordinary shares of £1 each;
- (b) THAT each of the issued and unissued shares in the capital of the Company be subdivided into 200 ordinary shares of 0.5p each in the capital of the Company, having the rights and being subject to the restrictions set out in the existing Articles of Association of the Company;
- (c) THAT the directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to a maximum amount equal to the nominal amount of the authorised but unissued share capital for the time being for a period expiring five years from the date of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired;
- (d) THAT, subject to the passing of the previous resolution, the directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities (within the meaning of section 94 of the said Act) pursuant to the authority conferred by resolution (c) as if section 89(1) of the said Act did not apply to any such allotment provided that this authority is for a period expiring five years from the date of this resolution, save that the Company may before such expiry make

an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred had not expired.

2.4 The provisions of section 89(1) of the Act (which 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 other than by way of allotment to employees under an employees' share scheme as defined in section 743 of the Act) apply to the authorised but un-issued share capital of the Company to the extent not disapplied as described in paragraph 2.3 (d) above.

2.5 In connection with the Introduction no share or loan capital of the Company is proposed to be issued or is under option or agreed, conditionally or unconditionally, to be put under option.

### **3 Memorandum and Articles**

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

3.2 The Articles which were adopted on 13 July 2007 include provisions to the following effect:

#### **3.2.1 Voting Rights**

Subject to any terms as to voting under which any shares may be issued, or may for the time being be held, every member present in person shall have one vote on a show of hands and, on a poll, every member shall have one vote for every Ordinary Share of which he is the holder. The duly authorised representative of a corporate member may exercise the same powers on behalf of that corporation as it could exercise if it were an individual member. A member is not entitled to vote unless all calls due from him have been paid. A member is not entitled to attend or vote at meetings of the Company 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 with a notice under section 212 of the Act and, having failed to supply the Company with the information which he knows to be, or having recklessly given information which is, false in any material particular, within the period specified in such notice (being not less than 14 days or 28 days, depending on the size of his shareholding, from the date of service of such notice) is served with a disenfranchisement notice. Such disenfranchisement notice will apply only for so long as the notice from the Company has not been complied with.

#### **3.2.2 Dividends**

Subject to the Act, the Companies Act 1989 and every other statute for the time being in force concerning companies and affecting the Company ("the Statutes"), the Company may by ordinary resolution declare dividends to be paid to members of the Company according to their rights and interests in the profits available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board. Subject to the Statutes, the Board may from time to time pay to the members of the Company such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company.

Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide (no such shares presently being in issue), all dividends shall be apportioned and paid pro rata according to the amounts paid or credited as paid up (other than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid. Any dividend unclaimed after a period of 12 years from the date of declaration shall be forfeited and shall revert to the Company.

The Board may, if authorised by an ordinary resolution, offer the holders of Ordinary Shares the right to elect to receive additional Ordinary Shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

#### **3.2.3 Distribution of Assets on a Winding Up**

On a winding-up any surplus assets will be divided between the holders of the shares according to the respective number of shares held by them, subject to the rights of any shares which may be issued with special rights or privileges. The liquidator may, with the sanction of an extraordinary resolution of the Company and subject to the Insolvency Act 1986, divide amongst the members of the Company *in specie* the whole or any part of the assets of the Company, and vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine but no member shall be compelled to accept any assets on which there is a liability.

#### **3.2.4 Transfer of Shares**

The Ordinary Shares are in registered form. Any member may transfer all or any of his shares by an instrument of transfer in the usual form or in such other form as the Board may approve. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee. The transferor shall be deemed to remain the holder until the name of the transferee is entered in the register. There is no restriction on the registration of a transfer of a fully paid

share provided the transfer (i) is duly stamped and lodged at the registered office, accompanied by the relevant share certificate and such other evidence of the right of the transferor to make the transfer as the Board may reasonably require, (ii) is in respect of only one class of share and (iii) is in favour of not more than four transferees. If any of the above conditions is not complied with, the Board has the discretion whether or not to register the transfer in question. The Board may, in its absolute discretion and without assigning any reason therefor, refuse to register any transfer of shares, all or any of which are not fully paid or on which the Company has a lien, provided that such discretion may not be executed in such a way as to prevent dealings in the shares from taking place on an open and proper basis.

### 3.2.5 Variation of Rights

Subject to the Statutes, all or any of the rights attached to any class of shares may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, whether or not the Company is being wound up, either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders. The quorum at any such general meeting is two persons holding or representing by proxy at least one third in nominal value of the issued shares of that class and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled on a poll to one vote for every share of the class held by him. Except as mentioned above, such rights may not be varied. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking *pari passu* therewith or subsequent thereto.

### 3.2.6 Share Capital and Changes in Capital

3.2.6.1 Subject to the Statutes, the Company may issue redeemable shares. Without prejudice to any special rights previously conferred on the holders of any existing shares, any share may be issued with such rights or such restrictions as the Company may from time to time determine by ordinary resolution. Subject to the provisions of the Articles and the Statutes, the power of the Company to allot and issue shares shall be exercised by the Board at such time and for such consideration and upon such terms and conditions as the Board may determine.

3.2.6.2 The Company may by ordinary resolution increase its share capital, consolidate its share capital into shares of a larger amount and (subject to the provisions of the Statutes) sub-divide its shares or any of them into shares of a smaller amount than is fixed by its Memorandum (and so that the resolution may determine that, as between the holders of shares resulting from the sub-division, any of the shares may have any preference or advantage or be subject to any restriction as compared with the others), cancel any shares which, at the date of the passing of the resolution, have not been subscribed for or agreed to be subscribed for, by any person and diminish the amount of its authorised share capital by the amount of the shares to be cancelled.

3.2.6.3 Subject to the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve or any share premium account in any way.

3.2.6.4 Subject to the Statutes, the Company may purchase all or any of its own shares of any class (including any redeemable shares) and such shares do not have to be purchased rateably.

### 3.2.7 Share Warrants

3.2.7.1 The Company may, with respect to any fully paid shares, issue a share warrant stating that the bearer of the warrant is entitled to the shares specified in it and may provide (by coupons or otherwise) for the payment of future dividends or other monies on the shares included in a share warrant.

3.2.7.2 The power to issue share warrants may be exercised by the Board, which may determine and vary the conditions on which share warrants shall be issued. Subject to such conditions and to the Articles, the bearer of a share warrant shall be deemed to be a member for all purposes. The bearer of a share warrant shall be subject to the conditions for the time being in force applicable thereto, whether made before or after the issue of such share warrant.

### 3.2.8 Directors

3.2.8.1 Save as mentioned below, a director shall not vote at a meeting of the Board or of a committee of the Board on any resolution concerning a matter in which he has, directly or indirectly, any material interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or in or otherwise through, the Company) or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

- 3.2.8.2 A Director shall (in the absence of material interests other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:-
- (i) the giving of any guarantee, security or indemnity to him or any other person in respect of money lent to, or an obligation incurred by him or by any other person at the request of or for the benefit of, the Company or any of its subsidiaries;
  - (ii) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
  - (iii) any proposal concerning his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of shares, debentures or other securities by the Company or any of its subsidiaries for subscription, purchase or exchange;
  - (iv) any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested in one per cent. or more of either any class of the equity share capital of such company (or of any corporate third party through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);
  - (v) any arrangement for the benefit of the employees of the Company or any of its subsidiaries under which the Director benefits in a similar manner to the employees and which does not accord to any Director any privilege or benefit not generally awarded to the employees to which such arrangement relates; and
  - (vi) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for the benefit of any of its Directors or for persons who include Directors of the Company provided that for this purpose "insurance" means only insurance against liability incurred by a Director in respect of any act or omission by him in the execution of the duties of his office or otherwise in relation thereto or any other insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any groups of persons consisting of or including Directors.
- 3.2.8.3 The Directors shall be paid such remuneration (by way of fee) for their services as may be determined by the Board. The Directors shall also be entitled to be repaid by the Company all travel, hotel and other expenses of travelling to and from Board meetings, committee meetings, general and other meetings or otherwise reasonably incurred while engaged on the business of the Company or in the discharge of his duties as a Director. Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, commission, percentage of profits or otherwise as the Board may determine.
- 3.2.8.4 The Board may exercise all the powers of the Company to provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, to or for the benefit of past directors who held executive office or employment with the Company or any of its subsidiaries or a predecessor in business of any of them or to or for the benefit of persons who are or were related to or dependants of any such Directors.
- 3.2.8.5 Directors and officers of the Company are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office and they shall not be liable for any loss, damage or misfortune which may be incurred by the Company in or from the execution of those duties.
- 3.2.8.6 At each annual general meeting as nearly as possible (but not exceeding) one third of those Directors who are subject to retirement by rotation shall retire but shall be eligible for re-election. A Director holding executive office in the Company shall not, while holding that office, be subject to retirement by rotation or be taken into account in deciding the number of Directors to retire by rotation on any particular occasion. The Directors to retire will be those who have been longest in office or, in the case of those who became or were re-elected Directors on the same day, will, unless they agree otherwise, be determined by lot. Any Director appointed by the Board holds office only until the next annual general meeting, when he is eligible for re-election, but is not taken into account in determining the number of Directors to retire by rotation at that meeting.
- 3.2.8.7 There is no age limit for directors and section 293 of the Act does not apply to the Company.

3.2.8.8 Unless and until otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall not be less than two and there shall be no maximum number of Directors.

### 3.2.9 **Borrowing Powers**

The Board may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, and, subject to the Statutes, to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

### 3.2.10 **CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. This settlement procedure is reflected in the Articles.

## **4 Directors' and other interests**

4.1 The interests of the Directors and the persons connected with them all of which are beneficial (which have been notified to the Company pursuant to Section 324 and 328 of the Act or are required to be disclosed in the register of Directors' interests pursuant to Section 325 of the Act) as at the date of this Document and as expected to be immediately following the Introduction are as follows:

<b>Name</b>	<b>Number of issued Ordinary Shares</b>	<b>% of issued Ordinary Shares</b>
Robert Painting	6,000,000	15.22
Private Equity Builders LLP*	1,000,000	2.54

The issued share capital consists of 39,434,001 Ordinary Shares which are the only shares in issue at the date of this Document and upon the date of the Introduction.

\*Sir Bernard Zissman and Neil Mackay are members of Private Equity Builders LLP ("PEB"). Sir Bernard Zissman has a 5 per. cent interest in PEB and Neil Mackay has a 31.66 per cent. interest in PEB.

Robert Painting and his wife Linda Painting are the sole directors and shareholders of SC2000 Limited, which has been allotted 1,000,000 Ordinary Shares (2.54 per cent. of the issued ordinary share capital).

4.2 Save as disclosed in sub paragraph 4.1 above and this sub-paragraph 4.2, the Directors are not aware of any interest (within the meaning of Part VI of the Act) in the Company's ordinary share capital which, immediately following the Introduction, would amount to 3 per cent. or more of the Company's issued ordinary share capital.

<b>Name</b>	<b>Number of issued Ordinary Shares</b>	<b>% of issued Ordinary Shares</b>
Addworth Plc	12,000,000	30.43
Hythe Nominees Limited	8,000,000	20.29
Linda June Painting	4,000,000	10.14
Robert George Legg	1,600,000	4.06

4.3 Save as set out in sub paragraphs 4.1 and 4.2 above following the Introduction to PLUS, no director or any person connected with such a director (within the meaning of Section 346 of the Act) is expected to have any interest in the share capital of the Company which would amount to 3 per cent. or more of the Company's issued ordinary share capital. Hythe Nominees Limited's shareholding is held on behalf of clients of Hythe Securities Limited and none of those clients' beneficial holding amounts to more than 3% of the issued share capital.

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

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

## **5 Directors' Service Agreements/Consultancy Agreements**

5.1 On 16 October 2007, the Company entered into a consultancy agreement with The Business Angels Bureau Limited for the provision of Sir Bernard Zissman's services as Non-Executive Chairman of the Company for a fee of £5,000 per annum payable monthly in arrears, subject to such deductions as the Company is required, by law, to make. A review of the fee will take place once the Company's business develops. The appointment runs for one year from the Introduction to PLUS and is terminable thereafter by three months' notice on either side.

- 5.2 On 16 October 2007, Robert Painting entered into a service agreement with the Company under the terms of which he agreed to act as Chief Executive of the Company for a salary of £10,000 per annum payable monthly in arrears, subject to such deductions as the Company is required, by law, to make. A review of the salary will take place once the Company's business develops. The appointment runs for one year from the Introduction to PLUS and is terminable thereafter by six months' notice on either side. The agreement contains provisions restricting Mr Painting from competing directly with the Company for a period of six months' after termination of his appointment.
- 5.3 On 16 October 2007, the Company entered into a consultancy agreement with the Business Angels Bureau Limited for the provision of Neil Mackay's services as Executive Director of the Company for a fee of £10,000 per annum payable monthly in arrears, subject to such deductions as the Company is required, by law, to make. A review of the fee will take place once the Company's business develops. The appointment runs for one year from the Introduction to PLUS and is terminable thereafter by six months' notice on either side.
- 5.4 Save as disclosed in paragraphs 5.1 to 5.3 above, there are no service contracts or letters of appointment, existing or proposed, between any Director and the Company.
- 5.5 It is estimated that under arrangements currently in force, the aggregate remuneration and benefits in kind to be paid to the Directors for the financial period ending 30 September 2008 will be £26,280.

## 6 Additional information on the Board

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

<b>Director</b>	<b>Current Directorships/ Partnerships</b>	<b>Past Directorships</b>
Sir Bernard Zissman	ABA Corporate Finance Limited Birmingham Citywatch Trust CDI Group Plc Millennium Point Property Limited Millennium Point Shared Services Limited Millennium Point Trust MPT Environmental Private Equity Builders LLP Private Equity UK Limited The Business Angels Bureau Limited Thinktank Trust	Audos Limited
Robert Painting	Active Capital Investors Limited Addworth Plc Corporate Solutions Limited GSH Group Plc Multi Screen Media Limited ORT UK Limited Seraphim Capital (General Partners) LLP SC2000 Limited	Elevations Limited
Neil Mackay	Advantage Business Angels Limited ABA Corporate Directors Limited ABA Corporate Finance Limited ABA Private Equity Limited Commercial-FD Limited Finmediary Limited Poets Friday Limited Private Equity Builders LLP Private Equity UK Limited The Business Angels Bureau Limited	Insurance Funding Limited Strategic Funding Limited

- 6.2 The Directors have held directorships in the following companies which have been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst they were a director of that company or within the 12 months after they ceased to be a director of that company:

<b>Director</b>	<b>Company</b>	<b>Status</b>
Sir Bernard Zissman	Audos Limited Network Chauffeur Drive Limited	subject to an administration order dissolved
Robert Painting	Elevations Limited	in liquidation

- 6.3 Save as disclosed above, none of the directors has:
- (a) any unspent convictions in relation to indictable offences;
  - (b) had any bankruptcy order made against him or entered into any voluntary arrangements;
  - (c) been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
  - (d) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
  - (e) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
  - (f) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
  - (g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.

## **7 Material contracts**

- 7.1 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company within the period from incorporation to the date immediately preceding the date of this Document and are, or may be, material:
- 7.1.1 Corporate Adviser Agreement dated 16 October 2007 between the Company (1), the Directors (2) and Lion Capital (3) pursuant to which the Company has been appointed to act as Corporate Adviser to the Company for the purposes of the Introduction. The Company has agreed to pay Lion Capital, conditionally on the Introduction, a fee of £10,000 (plus VAT) for corporate services provided in connection with the Introduction and £10,000 (plus VAT) per annum, monthly in advance, for its services as Corporate Adviser under this agreement. The agreement contains certain undertakings and indemnities given by the Company in respect of, inter alia, compliance with all applicable laws and regulations. The agreement continues for a fixed period of one year from the date of the agreement and thereafter is subject to termination on the giving of 3 months' written notice.
- 7.1.2 A lock-in agreement dated 16 October 2007 between Rob Painting and others (1), the Company (2) and Lion Capital (3) pursuant to which each of the covenantors gave undertakings to the Company and to Lion Capital that, save in certain limited circumstances, they will not dispose of any of the Ordinary Shares (or of any interest therein) held by them and by their connected persons for the period of twelve months from the date of the Introduction.
- 7.1.3 An agreement dated 26 June 2007 between the Company (1), the Directors (2) and Corporate Liaison Limited (3) pursuant to which the Company has agreed to pay to Corporate Liaison, conditionally on the Introduction, the sum of £20,000 (plus VAT) for its services conditionally on the Company's Introduction to PLUS Markets.
- 7.1.4 An agreement dated 16 October 2007 between the Company and Addworth Plc pursuant to which the Company has agreed to pay to Addworth Plc, conditionally on the Introduction, the sum of £15,000 (plus VAT) for its services conditionally on the Company's Introduction to PLUS Markets.

## **8 Litigation**

The Company is not involved in any legal or arbitration proceedings which may have or have had since incorporation a significant effect on the Company's financial position and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company.

## **9 Working capital**

The Directors are of the opinion, having made due and careful enquiry and having taken into account the funds that the Company currently has on deposit, that following the Introduction the Company will have sufficient working capital for its present requirements, that is for at least the next 12 months from the Introduction.

## 10 United Kingdom taxation

The following paragraphs are intended as a general guide only for shareholders who are resident and ordinarily resident in the UK for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade. They do not purport to be comprehensive nor to describe all potential relevant considerations. They are based on current legislation and HM Revenue & Customs practice. Any shareholder who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK, should consult his or her own professional adviser immediately.

### *UK capital gains tax*

If a shareholder who is a UK individual disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may arise. The extent of the tax liability on any gains which may arise will depend on the availability of the annual CGT exemption and any other tax relief such as existing capital losses or taper relief. The level of taper relief will depend, amongst other factors, on the length of time the shares have been held and whether that individual is able to treat the shares as a business or non-business asset. Any gain will be assessed to tax at that individual's marginal rate.

Corporate entities holding shares as an investment will be subject to corporation tax on any gain arising, subject to mitigation by indexation allowance and potentially by losses available for relief.

Trustees of a UK trust will be subject to tax on any gains. Any gain will be capable of mitigation by use of the annual exemption to the extent this has not been used against other gains. Trustees are also able to benefit from taper relief. As for individuals the rate of taper relief is contingent on the period of ownership and whether the shares are a business or non business asset. Net gains are, generally, assessed to tax at 40 per cent.

Please note that the above rules are subject to change by future legislation, in particular the proposed changes announced in the 2007 pre-budget report.

### *UK Stamp duty and stamp duty reserve tax*

No United Kingdom stamp duty will be payable on the issue by the Company of Ordinary Shares. Transfers of Ordinary Shares for value will give rise to a liability to pay United Kingdom ad valorem stamp duty, or stamp duty reserve tax, at the rate in each case of 50p per £100 of the amount or value of the consideration (rounded up in the case of stamp duty to the nearest £5). Transfers under CREST system for paperless transfers of shares will generally be liable to stamp duty reserve tax.

### *UK taxation of dividends*

Individual shareholders whose income is within the lower or basic rate bands are liable to tax at 10 per cent. on their gross dividend income. Individual shareholders resident for tax purposes in the UK are entitled to a non-refundable tax credit of an amount equal to 10 per cent. of the aggregate of the net dividend received and the tax credit. The effect of this is that the tax credit attaching to the dividend will satisfy the income tax liability on UK dividends of an individual shareholder whose income is within the lower or basic rate bands. Shareholders liable to higher rate tax are liable to tax at 32.5 per cent. on their gross dividend income and will have further tax to pay of 22.5 per cent. of their gross dividend equivalent to 25 per cent. of the net dividend received.

A corporate shareholder resident for tax purposes in the UK will generally not be liable for UK corporation tax on any dividend received from the Company.

UK resident trustees of discretionary or accumulation trusts are liable to income tax on UK company dividends at 32.5 per cent. of the gross dividend. After taking into account the 10 per cent. tax credit, the trustees will be liable to additional income tax of 22.5 per cent. of the gross dividend, equal to 25 per cent. of the net dividend.

The above comments are intended as a general guide to the current tax position in the UK. This summary is not a substitute for the investor obtaining professional or tax advice before applying for shares. If you are not resident in the UK or are in any doubt as to your tax position you should consult an appropriate professional adviser without delay.

## 11 General

- 11.1 The total costs and expenses relating to Introduction payable by the Company are estimated to amount to approximately £100,000 (including Value Added Tax).
- 11.2 Lion Capital has given and not withdrawn its written consent to the inclusion in this Document of reference to its name in the form and context in which it appears.
- 11.3 Nexia Smith & Williamson has given and not withdrawn its written consent to the inclusion in this Document of reference to its name in the form and context in which it appears.

- 11.4 Other than the current application for Introduction to PLUS, the Ordinary Shares have not been admitted to dealings on any other recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in the Ordinary Shares.
- 11.5 The accounting reference date of the Company is 31 August.
- 11.6 The Directors are unaware of any exceptional factors which have influenced the Company's activities.
- 11.7 The Directors are not aware of any patents or other intellectual property rights, licenses or particular contracts which are or may be of fundamental importance to the Company's business.
- 11.8 Save as disclosed in sections 5 and 7, no person directly or indirectly (other than the Company's professional advisors and trade suppliers or save as disclosed in this Document) in the last twelve months received or is contractually entitled to receive, directly or indirectly, from the Company on or after the Introduction (excluding in either case persons who are professional advisors otherwise than as disclosed in this Document and persons who are trade suppliers) any payment or benefit from the Company to the value of £10,000 or more or securities in the Company to such value or entered into any contractual arrangements to receive the same from the Company at the Introduction.
- 11.9 The Directors accept responsibility for the financial information of the Company contained in this Part III of this Document which has been prepared in accordance with the law applicable to the Company.

**12 Availability of Document**

Copies of this Document are available free of charge from the Company's registered office and at the offices of Lion Capital, during normal business hours on any weekday (Saturdays and public holidays excepted) and shall remain available for at least one month after Introduction.

**Dated: 16 October 2007**