

**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 for the purposes of the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.**

This document is an admission document in relation to AIM. Whilst this document has been drawn up in accordance with the Public Offers of Securities Regulations 1995, as amended (the "POS Regulations"), it is not a prospectus and does not comprise an offer or invitation to the public to subscribe for or to purchase ordinary shares in the Company in the United Kingdom for the purposes of the POS Regulations.

**The Directors of Zetar plc, whose names appear on page 4 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the rules of AIM published by London Stock Exchange plc. 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.**

Application has been made for the entire issued and to be issued ordinary share capital of the Company to be admitted to trading on AIM. It is expected that trading in the Ordinary Shares will commence on AIM on 6 January 2005. 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 United Kingdom 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. London Stock Exchange plc has not itself examined or approved the contents of this document.

**The whole text of this document should be read. The Company has not yet commenced trading and has no business record. Attention is drawn in particular to the section entitled "Risk Factors" in Part III of this document.**

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# ZETAR PLC

*(Registered in England and Wales with registered number 5308258)*

## **Placing of 749,998 new Ordinary Shares at 100p per share**

### **Admission to trading on AIM**

### **Nominated Adviser and Broker**

## **ALTUM CAPITAL LIMITED**

#### **Share capital immediately following Admission**

<i>Authorised</i>			<i>Issued and fully paid</i>	
<i>Number</i>	<i>Amount</i>		<i>Number</i>	<i>Amount</i>
10,000,000	£1,000,000	ordinary shares of 10p each	775,000	£77,500

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Altium Capital Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser and broker to the Company in connection with the proposed admission of the Ordinary Shares to trading on AIM. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or to any Director or to any other person. No representation or warranty, express or implied, is made by Altium Capital Limited as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Altium Capital Limited will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document or for advising them on the contents of this document or any other matter.

This document does not constitute any offer to buy or subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular the Ordinary Shares offered by this document have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "Securities Act") or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Canada, Australia or Japan and, subject to certain exceptions, may not be offered or sold in the United States or to, or for account or the benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or any national, resident or citizen of Canada, Australia or Japan. The distribution of this document in other jurisdictions may be restricted by law and, therefore, persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, this document may not be distributed, directly or indirectly in or into the United States, Canada, Australia or Japan.

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## DEFINITIONS

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

“Act”	the Companies Act 1985, as amended
“Admission”	admission of the issued and to be issued Ordinary Shares, to trading on AIM becoming effective in accordance with paragraph 6 of the AIM Rules
“AIM”	the AIM Market of the London Stock Exchange
“AIM Rules”	the Rules governing the admission to, and operation of AIM published by the London Stock Exchange
“Altium Capital”	Altium Capital Limited
“Articles”	the articles of association of the Company
“City Code”	the City Code on Takeovers and Mergers
“Combined Code”	the Principles of Good Governance and Code of Best Practise, published in July 2003 by the Financial Reporting Council and appended to the Listing Rules
“Company” or “Zetar”	Zetar Plc
“CREST”	the relevant system (as defined in the Regulations) in respect of which CRESTCo Limited is the operator (as defined in the Regulations), which facilitates the transfer of title to shares in uncertificated form
“Directors” or “Board”	the board of directors of the Company, whose names are set out on page 4 of this document
“FSMA”	Financial Services and Markets Act 2000 as amended including any revisions made pursuant thereto
“Listing Rules”	the Listing Rules of the UK Listing Authority made pursuant to Part VI of FSMA
“London Stock Exchange”	London Stock Exchange plc
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	ordinary shares of 10p each in the capital of the Company
“Placing”	the allotment and issue of the Placing Shares at the Placing Price as described in this document
“Placing Price”	100p per Placing Share
“Placing Shares”	749,998 new Ordinary Shares being issued by the Company pursuant to the Placing
“POS Regulations”	the Public Offers of Securities Regulations 1995 (SI 1995/1537), as amended
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
“Shareholders”	holders of Ordinary Shares
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA

## DIRECTORS, SECRETARY AND ADVISERS

**Directors:** David Jeffreys Williams (*Non-Executive Chairman*)  
Ian Marcel Blackburn (*Chief Executive Officer*)  
Mark Irvine John Watts (*Non-Executive Director*)

All of:

10th Floor, Bucklersbury House,  
3 Queen Victoria Street,  
London EC4N 8EL

**Company Secretary:** Bush Lane Secretaries Limited

**Registered Office:** Sovereign House  
212-224 Shaftesbury Avenue  
London WC2H 8HQ

**Nominated Adviser and Broker:** Altium Capital Limited  
30 St James's Square  
London SW1Y 4AL

**Auditors and Reporting Accountants:** RSM Robson Rhodes  
186 City Road  
London EC1V 2NU

**Solicitors to the Company:** Berwin Leighton Paisner  
Adelaide House  
London Bridge  
London EC4R 9HA

**Financial PR:** Financial Dynamics  
Holborn Gate  
26 Southampton Buildings  
London WC2A 1PB

**Registrars:** Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

**Bankers:** Bank of Scotland  
155 Bishopsgate  
London EC2M 3YB

## PART I

### KEY INFORMATION

The following information is derived from, and should be read in conjunction with, the full text of this document. Potential investors should read the whole of this document, including the risk factors set out in Part III and not rely solely on the following summarised information.

#### THE COMPANY

Zetar is a newly incorporated company established for the purpose of acquiring, or making investments, in companies or businesses engaged primarily in the confectionery and snack foods or related markets.

#### STRATEGY

The Directors' initial strategy following Admission is to use the Company as a vehicle to identify and acquire one or more businesses or interests in businesses that are suitably positioned to take advantage of the growth opportunities perceived by the Directors to exist within the confectionery and snack foods or related markets.

#### DIRECTORS

The Directors have extensive experience in successfully establishing, growing and acquiring businesses, and the executive director has specific acquisition and operational experience within the food sector.

#### USE OF PROCEEDS

The net proceeds of the Placing will enable the Company to carry out due diligence on potential acquisition targets and fund its initial working capital requirements.

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission and dealings in Ordinary Shares to commence on AIM	6 January 2005
CREST accounts credited in respect of the Placing Shares	6 January 2005
Despatch of definitive share certificates (if applicable) by	17 January 2005

### PLACING STATISTICS

Placing Price	100p
Number of Ordinary Shares in issue at the date of this document	2
Number of Placing Shares	749,998
Number of Ordinary Shares in issue immediately following Admission	775,000
Market capitalisation of the Company at the Placing Price	£775,000
Gross proceeds of the Placing receivable by the Company, before expenses	£749,998
Estimated net proceeds of the Placing receivable by the Company <sup>(1)</sup>	£674,998
AIM Symbol	“ZTR”

(1) Stated after deducting the estimated cash expenses of the Placing and Admission of approximately £75,000.

## PART II

### INFORMATION ON THE COMPANY

#### **Introduction**

Zetar is a newly incorporated company established for the purpose of acquiring, or making investments, in companies or businesses engaged primarily in the confectionery and snack foods or related markets.

Ian Blackburn, the sole executive director following Admission, has extensive experience of building businesses in the food industry and has identified a number of potential acquisitions for Zetar. The Board hopes to complete at least one potential acquisition within a short period following Admission. It is expected that Ian Blackburn will be joined on the Board by selected executives from the management teams of the target businesses. If appropriate candidates are not forthcoming from the acquisition targets additional executive directors will be recruited externally as appropriate.

The net proceeds of the Placing will be used by the Company to carry out due diligence on potential acquisition targets and fund the initial working capital requirements of the Company.

It is likely that any acquisition by the Company will be a “reverse take-over” as defined in the AIM Rules and will require the consent of Shareholders at an extraordinary general meeting of the Company.

#### **Strategy**

The Directors’ initial strategy following Admission is to use the Company as a vehicle to identify and acquire or invest in one or more businesses that are suitably positioned to take advantage of the growth opportunities perceived by the Directors to exist within the confectionery and snack foods or related markets. The Directors believe that there are opportunities to create substantial shareholder value by the acquisition and consolidation of businesses in this large but fragmented market.

The Directors have extensive experience in successfully establishing, growing and acquiring businesses, and Ian Blackburn has specific acquisition and operational experience within the food sector, both in the UK and Europe. Through this experience, the Directors have built a broad international network of relationships with individuals and businesses, which will assist the Company as it seeks to identify suitable acquisitions and investment partners.

#### **Directors**

*David Williams, 52, Non-executive Chairman*

David has 35 years experience in the investment market. He has served as Chairman in both executive and non-executive capacities for a number of companies, both public and private. He has overseen the development of these companies through both organic and acquisitive growth as well as dealing with turnaround situations. For example, in 1994, David, as Chairman, worked with the executive team to float Waste Recycling Group plc at an initial value of £8 million. During his seven years as Chairman at the company, its value grew to £550 million. David is currently Chairman of Augean plc as well as Marwyn Investments Group Limited and associated companies.

*Ian Blackburn, 47, Chief Executive Officer with responsibility for the finance function*

Ian is a qualified chartered accountant. Between 1981 and 1988 he worked for KPMG, gaining international experience in financial management and corporate finance over a range of sectors.

Ian joined Perkins Foods PLC as Finance Director in 1988 when it had a market value of approximately £14 million, becoming Deputy Chief Executive in 1996 and Chief Executive in 1998. Through a combination of more than 20 acquisitions and organic growth, Perkins Foods developed into a substantial European convenience foods and fresh produce group with manufacturing and sales operations in the UK, Benelux, France and Germany. The Fresh Produce division, whose sales had increased to approximately £400 million, was sold for £124 million in 1998 and the chilled and frozen convenience foods business, whose sales had

increased to approximately £350 million was sold for £185 million in 2001 to a consortium of private equity buyers. Ian remained as Chief Executive until 2003. Since leaving the company he has evaluated a number of investment opportunities in the food and other sectors.

*Mark Watts, 30, Non-Executive Director*

Mark is a director of Marwyn Investments Group Limited, Marwyn Capital Limited, Marwyn Investment Management Limited and associated companies. Mark has extensive corporate finance experience including recently advising the management of Augean plc on its £106 million acquisition of two hazardous waste businesses in the UK.

He has previously worked as a management consultant, completing international strategic development projects for clients including Ford Motor Company (US), Cummins (Japan) and 3M (Europe) and financial modelling for Barclays Bank, Shell and BP in the UK. He has a BA (Hons) from London University.

The Directors are subscribing for 268,998 Placing Shares at the Placing Price and will at Admission hold approximately 34.7 per cent. of the Company's issued share capital. The Directors expect to appoint an independent Non-Executive Director to the Board following the Company's first acquisition.

### **Relationship with Marwyn Capital Limited**

David Williams and Mark Watts are Directors of Marwyn Investments Group Limited and associated subsidiaries including Marwyn Partners Limited, Marwyn Capital Limited and Marwyn Investment Management Limited. The Company has an office support services agreement with Marwyn Partners further details of which are set out in paragraph 12 of Part V of this document and Marwyn Ventures Fund I LLP, a substantial Shareholder in the Company, is managed on an arms length basis by Marwyn Investment Management Limited.

### **Reasons for the Placing, Admission and the Use of Funds**

The net proceeds of the Placing, being approximately £674,998, will be used by the Company to fund due diligence investigations on potential acquisition targets and the initial working capital requirements of the Company. Further details of the Placing are set out below. The Directors believe that the associated benefits of Admission include:

- Providing the Company with an additional source of funding for future acquisitions. The Directors believe that the issue of quoted shares as consideration is potentially more attractive to vendors of target acquisitions than the issue of unquoted shares and they intend to finance acquisitions wholly or partly in this way, where appropriate;
- Providing the Company access to capital markets. The Company will, in all likelihood, need to raise further funds in the future to develop its business or to finance the cash element of consideration for any acquisitions. As a quoted company, the Directors believe the Company will have better access to such funds;
- Enhancing the Company's profile. The Directors believe that the public profile of any businesses acquired will benefit from the status of being part of a quoted company; and
- Assisting in the recruitment, retention and incentivisation of key staff.

### **Details of the Placing**

The Company is proposing to raise £749,998 (before expenses) by way of a placing of 749,998 Placing Shares, at the Placing Price. All of the Placing Shares have been allotted conditional upon Admission by the Company, of which an aggregate of 268,998 Placing Shares will be subscribed for by the Directors at the Placing Price.

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

Application has been made to the London Stock Exchange for all of the existing Ordinary Shares and the Placing Shares to be admitted to trading on AIM. Admission is expected to become effective and trading in the Ordinary Shares to commence on 6 January 2005. The Placing is conditional, *inter alia*, upon Admission.

### **Lock-Ins and Orderly Market Arrangements**

At Admission, the Directors will, in aggregate, be interested in 269,000 Ordinary Shares, representing 34.7 per cent. of the issued ordinary share capital of the Company. The Directors have undertaken to the Company and Altium Capital that they will not dispose of any interest in Ordinary Shares held by them for a period of 12 months from Admission, save in certain limited circumstances, and, for the following 12 months, only deal in the Ordinary Shares through Altium Capital or the Company's broker from time to time.

At Admission Marwyn Ventures Fund I LLP will be interested in 150,000 Ordinary Shares, representing 19.4 per cent. of the issued ordinary share capital of the Company. Marwyn Ventures Fund I LLP has undertaken to the Company and Altium Capital that it will not dispose of any interest in Ordinary Shares held by it for a period of 12 months from Admission, save in certain limited circumstances, and, for the following 12 months, only deal in the Ordinary Shares through Altium Capital or the Company's broker from time to time.

Further details of these agreements with the Directors, and Marwyn Ventures Fund I LLP are set out in paragraphs 9.2 and 9.3 of Part V of this document.

### **Share Options**

The Company has no share options currently in issue, but the Directors propose to put in place an appropriate share option scheme and to grant share options to adequately incentivise management, at the time of making its first acquisition. It is expected that the number of share options issued under these schemes is likely to exceed the current guidelines of the Association of British Insurers.

### **Dividend Policy**

Following Admission, all issued Ordinary Shares will rank in full for all dividends or other distributions declared, made or paid in respect of the share capital of the Company. A dividend policy will be established in due course by the Board to reflect the nature and earnings of the Company.

### **Taxation**

On Admission, the Company will not be a qualifying company for the purpose of the Enterprise Incentive Scheme ("EIS") or a qualifying business for the purpose of an investment by a Venture Capital Trust ("VCT"). The Company may become a qualifying company for the purposes of EIS relief and/or a qualifying business for the purpose of an investment by a VCT upon the acquisition of one or more businesses.

Further information on taxation is set out in paragraph 8 of Part V of this document.

### **Corporate Governance**

The Directors recognise the importance of sound corporate governance commensurate with the size of the Company and the interests of the Shareholders. So far as is practicable, taking into account the size and nature of the Company, the Directors will take steps to comply with the Combined Code. Accordingly, the Company has established properly constituted audit and remuneration committees.

The audit committee, which will comprise David Williams and Mark Watts, and which will be chaired by David Williams, will be responsible for ensuring that the financial performance, position and prospects of the Company are properly monitored and reported on and for meeting the auditors and reviewing their reports relating to accounts and internal controls.

The remuneration committee, which will also comprise David Williams and Mark Watts, and which will be chaired by David Williams, will review the performance of executive directors and set their remuneration.

The Company has adopted a model code for directors' dealings in securities of the Company which is appropriate for a Company quoted on AIM. The Directors will comply with Rule 19 of the AIM Rules relating to directors' dealings and will take all reasonable steps to ensure compliance by the Company's "applicable employees" (as defined in the AIM Rules).

### **CREST**

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the Regulations. The Articles permit the Company's shares to be evidenced in uncertificated form in accordance with the Regulations. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission and CRESTCo Limited has agreed to such admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant shareholders so wish. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

### **Settlement and Dealing Arrangements**

Application has been made to the London Stock Exchange for the existing Ordinary Shares and the Placing Shares to be admitted to trading on AIM. It is expected that Admission will be effected and that dealings in the issued ordinary share capital of the Company will commence on 6 January 2005.

Following Admission, share certificates representing the Ordinary Shares to be issued pursuant to the Placing are expected to be despatched by post to placees who do not wish to receive shares in uncertificated form, by no later than 17 January 2005. No temporary documents of title will be issued in connection with the Placing. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

### **Additional Information**

The attention of prospective investors is drawn to the information contained in Parts III to V of this document which provide additional information on the Company. In particular, prospective investors are advised to carefully consider Part III of this document, entitled 'Risk Factors'.

## **PART III**

### **RISK FACTORS**

**An investment in the Ordinary Shares of the Company involves a high degree of risk. Accordingly, before making a decision on whether to invest in the Ordinary Shares, prospective investors should carefully consider the specific risk factors set out below in addition to the other information contained in this document.**

**The Board has identified the following risks which it considers to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority.**

**If any of the following risks occur, the Company's business, financial condition, capital resources, results and/or future operations and prospects could be materially adversely affected. In such a case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment.**

#### **Lack of trading history**

The Company has not, since incorporation on 8 December 2004, carried on any trading activities and has not yet received a trading certificate. The value of any investment in the Company is, therefore, wholly dependent upon the successful implementation of the strategy described in Part II of this document.

#### **Ability to complete an acquisition**

The Company's future success is dependent upon its ability to make successful acquisitions. There can be no assurance that the Company will be able to conclude successfully agreements with any of the target businesses which the Board has currently identified, or which may be identified in the future.

#### **Ability to integrate an acquisition**

There is no guarantee that, following any acquisition, the Company will be able to successfully integrate or manage the newly acquired business.

#### **Need for additional financing and dilution**

The net proceeds of the Placing will be insufficient to fund, in full, any suitable acquisitions identified by the Board. Accordingly, the Company will need to seek additional sources of financing to implement its growth strategy. There can be no assurance that the Company will be able to raise such funds, whether on acceptable terms, or at all. If further financing is obtained by issuing equity securities or convertible debt securities, the existing shareholders may be diluted and the new securities may carry rights, privileges and preferences superior to the Ordinary Shares. The Directors may seek debt finance to fund all or part of any future acquisition. There can be no assurance that the Company will be able to raise such debt funds, whether on acceptable terms, or at all. If debt financing is obtained, the Company's ability to raise further finance, and its ability to operate its business, may be subject to restrictions.

#### **Dividends**

The ability of the Company to declare dividends, and the decision of the Directors as to whether to declare dividends, will depend on factors such as the Company's future financial performance, profits, levels of distributable reserves, capital requirements and general economic conditions. Therefore, there can be no assurance that a dividend will be declared by the Company in the short term.

#### **Controlling shareholders**

After the Placing, in excess of 30 per cent. of the Company's issued share capital will be held by the Directors. The Directors will, therefore, be able to exercise significant control over the Company's corporate actions.

**Directors and employees**

The Company will be highly dependent on the expertise and continued service of the Directors. These individuals could terminate their employment agreements at any time, and their leaving may have an adverse effect on the Company's business. Furthermore, the ability to attract and retain individuals is critical to the Company's ongoing business. The failure to attract and retain such individuals may adversely affect the Company's operations.

**Value and liquidity of the Ordinary Shares**

It may be difficult for an investor to realise his or her investment. The shares of publicly traded emerging companies have limited liquidity and their share prices can be highly volatile.

The price at which the Ordinary Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Company and its operations, and others which may affect companies operating within a particular sector or quoted companies generally.

Prospective investors should be aware that the value of the Ordinary Shares could go down as well as up, and investors may therefore not recover their original investment. Furthermore, the market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets.

**The investment opportunity offered in this Admission Document may not be suitable for all recipients of this Admission Document. Investors are therefore strongly recommended to consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on investments of this nature before making an investment decision.**

## PART IV

### ACCOUNTANTS' REPORT ON THE COMPANY

The following is the full text of a report by RSM Robson Rhodes LLP, the Reporting Accountants to the Company.

“The Directors  
Zetar plc  
10th Floor  
Bucklersbury House  
3 Queen Victoria Street  
London EC4N 8EL

The Directors  
Altium Capital Limited  
30 St James's Square  
London  
SW1Y 4AL

17 December 2004

Dear Sirs

#### **Zetar Plc (the “Company”)**

##### **Introduction**

We report on the financial information of the Company set out below. The financial information has been prepared for inclusion in the Admission Document of the Company dated 17 December 2004.

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

The financial information set out below is based on the transactions of the Company from incorporation on 8 December 2004 to 17 December 2004, being the date of this report.

##### **Responsibility**

The Directors of the Company are responsible for the contents of the Admission Document dated 17 December 2004 in which the report is included. It is our responsibility to form an opinion on the financial information and to report our opinion to you.

##### **Basis of opinion**

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information.

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

##### **Opinion**

In our opinion, the financial information gives, for the purposes of the Admission Document dated today, a true and fair view of the state of affairs of the Company as at 17 December 2004.

**Financial information**

The Company was incorporated on 8 December 2004. The Company has not completed its first accounting period. No statutory financial statements have been prepared, audited or filed with the Registrar of Companies since its incorporation.

The total authorised share capital of the Company on incorporation was £1,000,000 comprising 10,000,000 ordinary shares of 10p each.

As at today's date, the Company has carried out no trading and the only transaction of the Company has been as follows:

- The issue of 2 Ordinary Shares of 10p each at a subscription price of 100p per Ordinary Share.

**Consent**

We consent to the inclusion in the Admission Document dated 17 December 2004 of this report and accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

Yours faithfully

**RSM ROBSON RHODES LLP**

## PART V

### ADDITIONAL INFORMATION

#### 1 Responsibility statement

The Directors, whose names appear in paragraph 3 below, 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.

#### 2 The Company

The Company was incorporated and registered in England on 8 December 2004 under the Act with registered number 5308258 as a public company limited by shares with the name Zetar plc. The Company has not carried out any business or exercised any borrowing powers and will not do so until it obtains a certificate pursuant to section 117 of the Act which it will apply for following Admission.

#### 3 The Directors

The Directors are:

<i>Name</i>	<i>Function</i>	<i>Age</i>
David Williams	Non-executive Chairman	52
Ian Blackburn	Chief Executive Officer	47
Mark Watts	Non-executive Director	30

all of 10th Floor Bucklersbury House, 3 Queen Victoria Street, London EC4N 8EL.

#### 4 Share and loan capital

4.1 The authorised share capital of the Company on incorporation was £1,000,000 divided into 10,000,000 ordinary shares of 10p each of which two were issued as subscriber shares.

4.2 By a resolution passed on 16 December 2004 it was resolved, conditionally on Admission:

4.2.1 to authorise the Directors generally and unconditionally to exercise all the powers of the Company to allot relevant securities (within the meaning of the section 80(2) of the Act) up to an aggregate nominal amount of £105,000, such authority to expire at the Company's next annual general meeting, but so as to enable the Company before that date to make an offer or agreement which would or might require relevant securities to be allotted after that date and to enable the Directors to allot relevant securities in pursuance of any such offer or agreement as if the authority conferred by the resolution had not expired;

4.2.2 to empower the Directors to allot equity securities (within the meaning of section 94(2) of the Act) for cash pursuant to the authority referred to in paragraph 4.2.1 above as if section 89(1) of the Act did not apply to any such allotment, such power to be limited to:

4.2.2.1 the allotment of equity securities pursuant to the Placing;

4.2.2.2 the allotment of equity securities in connection with an issue or offer by way of rights in favour of holders of equity securities and any other person entitled to participate in the issue or offering where the equity securities respectively attributable to the interests of those holders and persons are proportionate (as nearly as may be) to the respective numbers of equity securities held by or deemed to be held by them on the record date of the allotment, subject only to exclusions or other arrangements as the Directors deem fit to deal with fractional entitlements or problems arising under the laws of any overseas territory or the requirements of any regulatory authority or any stock exchange; and

4.2.2.3 the allotment (other than pursuant to the power referred to in sub paragraphs 4.2.2.1 and 4.2.2.2 above) of equity securities up to an aggregate nominal amount of £7,750 representing ten per cent. of the Company's issued share capital on Admission;

and shall expire at the Company's next annual general meeting, save that the Company may, before expiry of this power, make an offer or agreement which would or might require equity securities to be allotted after expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power had not expired; and

4.2.3 to adopt the Articles.

4.3 At the date of this document the authorised and issued fully paid share capital of the Company is:

<i>Class of shares</i>	<i>Authorised</i>		<i>Issued (fully paid)</i>	
	<i>(£)</i>	<i>(no)</i>	<i>(£)</i>	<i>(no)</i>
Ordinary Shares	1,000,000	10,000,000	0.2	2

4.4 The authorised and issued fully paid share capital of the Company immediately following Admission will be as follows:

<i>Class of shares</i>	<i>Authorised</i>		<i>Issued</i>	
	<i>(£)</i>	<i>(no)</i>	<i>(£)</i>	<i>(no)</i>
Ordinary Shares	1,000,000	10,000,000	77,500	775,000

4.5 The authorised but unissued share capital of the Company immediately following Admission will be £922,500 representing approximately 92.25 per cent. of the authorised share capital.

4.6 The provisions of section 89(1) of the Act (to the extent not disapplied pursuant to section 95 of the Act) confer on shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 94(2) of the Act) which are, or are to be, paid up in cash and, on Admission, will apply to the authorised but unissued share capital of the Company, except to the extent disapplied by the resolution referred to in paragraph 4.2.2 above.

4.7 Save as disclosed in this paragraph 4 and paragraph 6.2 below, there has been no issue of share or loan capital of the Company since incorporation and no such issues are proposed.

4.8 No commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company since incorporation.

4.9 At Admission no share or loan capital of the Company will be under option or will be agreed conditionally or unconditionally to be put under option.

4.10 Other than pursuant to the Placing, none of the Ordinary Shares have been marketed or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares to be admitted to AIM.

## **5 Memorandum and articles of association**

The memorandum of association of the Company provides that the Company's principal object is to act as a holding company and as a general trading company. The objects of the Company are set out in full in clause 4 of its memorandum of association.

The Company has, conditional on Admission, adopted the Articles. The Articles contain, *inter alia*, the following provisions:

### **5.1 Voting rights**

Subject to the rights or restrictions referred to in paragraph 5.2 below and subject to any special rights or restrictions as to voting attached to any shares, on a show of hands every holder of Ordinary Shares who is present in person or (being a corporation) is present by a duly authorised representative, not

being himself a member, shall have one vote and on a poll every holder who is present in person or by proxy shall have one vote for each Ordinary Share held by him. A corporate member may, by resolution of its directors or other governing body, authorise a person to act as its representative at general meetings and that person may exercise the same powers as the corporate member could exercise if it were an individual member present at the meeting.

#### 5.2 *Restrictions on voting*

A member of the Company is not entitled, either in person or by proxy, in respect of any share held by him, to be present at any general meeting of the Company unless all amounts payable by him in respect of that share have been paid.

A member of the Company shall not, if the directors determine, be entitled to attend general meetings and vote or to exercise rights of membership if he or another person appearing to be interested in the relevant shares has failed to comply with a notice given under section 212 of the Act within 14 days. The restrictions will continue until the information required by the notice is supplied to the Company or until the shares in question are sold in the circumstances set out in the Articles.

#### 5.3 *Dividends*

The Company may, by ordinary resolution, declare a dividend to be paid to the members, according to their respective rights and interests in the profit (up to the amount recommended by the board). The directors may pay such interim dividends as appear to the board to be justified by the financial position of the Company. No dividends payable in respect of an Ordinary Share shall bear interest. The directors may, if authorised by an ordinary resolution, offer the holders of Ordinary Shares the right to elect to receive further Ordinary Shares, credited as fully paid instead of cash in respect of all or part of a dividend (“a scrip dividend”). The directors may, pursuant to the provisions of the Articles relating to disclosure of interests, withhold dividends or other sums payable in respect of shares which are the subject of a notice under section 212 of the Act and which represent 0.25 per cent. or more in nominal value of the issued shares of their class and in respect of which the required information has not been received by the Company within 14 days of that notice and the member holding those shares may not elect, in the case of a scrip dividend, to receive shares instead of that dividend.

The Company or its directors may fix a date as the record date for a dividend provided that the date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared. A dividend unclaimed for a period of 12 years from the date when it became due for payment shall be forfeited and cease to remain owing by to the Company.

#### 5.4 *Return of capital*

If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution and any other sanction required by law, divide among the members *in specie* the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may with the same sanction, vest the whole or any part of the whole of the assets in trustees on trusts for the benefit of the members as he with the same sanction thinks fit, but no member shall be compelled to accept any assets on which there is a liability.

#### 5.5 *Variation of rights*

Any rights attaching to a class of shares in the Company may be varied or abrogated with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of the class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the relevant class. The quorum for the separate general meeting shall be two persons holding, or represented by proxy, not less than one-third in nominal value of the issued shares of the relevant class.

## 5.6 *Transfer of shares*

Subject to the restriction set out in this paragraph, any member may transfer all or any of his shares in any manner which is permitted by the Statutes (as defined in the Articles) or in any other manner which the directors approve. A transfer of a certificated share shall be in writing in the usual common form or in any other form permitted by the Statutes or which the directors approve. The transferor is deemed to remain the holder of the shares concerned until the name of the transferee is entered in the register of members in respect of those shares. All transfers of uncertificated shares shall be made by means of the relevant system or in any other manner which is permitted by the Statutes and is from time to time approved.

The directors have a discretion to refuse to register a transfer of a certificated share which is not fully paid (provided that this does not prevent dealings in the shares from taking place on an open and proper basis) without giving a reason. The directors must provide the transferee with a notice of the refusal within two months from the date on which the transfer was lodged in the case of certificated shares or, in respect of uncertificated shares, the date on which an instruction was received by the Company through the relevant system. The directors may also decline to register a transfer of shares in certificated form unless (i) the instrument of transfer is delivered to the office of the Company or at another place which the directors determine, accompanied by the certificate for the shares to which it relates and other evidence which the directors reasonably require to prove the title of the transferor; (ii) the instrument of transfer is in respect of only one class of share; (iii) the number of joint holders to whom the share is to be transferred does not exceed four. The directors may, pursuant to the provisions of the Articles relating to disclosure of interests, decline to register a transfer in respect of shares which are the subject of a notice under section 212 of the Act and which represent at least 0.25 per cent. of the issued shares of their class, and in respect of which the required information has not been received by the Company within 14 days after service of the notice.

## 5.7 *Alteration of capital and purchase of own shares*

The Company may alter its share capital as follows:

- 5.7.1 by ordinary resolution, it may increase its share capital, consolidate or divide all or any of its shares into shares of larger amount, sub-divide all or any of its shares into shares of smaller amount and cancel any shares not taken or agreed to be taken by any person;
- 5.7.2 by special resolution and subject to the provisions of the Statutes, it may reduce its share capital, any capital redemption reserve or any share premium account or other undistributable reserves in any manner; and
- 5.7.3 subject to the provisions of the Statutes the Company may purchase all or any of its shares of any class, including redeemable shares.

## 5.8 *Directors*

### Number

Unless otherwise determined by the Company by ordinary resolution, the number of directors shall be not less than two but there is no maximum.

The minimum number of directors who must be present for a meeting of the board to be quorate is three.

### Remuneration

The directors (other than directors holding executive office) shall be paid out of the funds of the Company for their services determined by the directors. The aggregate of the fees shall not exceed £100,000 per annum or such larger sum as may from time to time be determined by ordinary resolution. Any fee shall be distinct from any remuneration or other amounts payable to a director under other provisions of the Articles and shall accrue from day to day. The directors may be paid all

travel, hotel and other expenses properly incurred in the performance of their duties as directors including expenses incurred in attending meetings of the board, committees of the board and general meetings or separate meetings of the holders of any class of securities of the Company.

#### Retirement of Directors by rotation

At each annual general meeting of the Company, one-third of the directors (excluding any director who has been appointed by the directors since the previous annual general meeting) or, if their number is not three or a multiple of three, the number nearest to but not more than one-third shall retire from office. In addition, each director shall retire from office at the third annual general meeting after he was appointed or reappointed, if he would not otherwise fall within the directors to retire by rotation.

The directors to retire shall be those of the other directors who have been longest in office since their appointment or last reappointment but, as between persons who became or were last reappointed directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The directors to retire shall be determined (both as to number and identity) by the composition of the board at the commencement of business on the date of the notice convening the annual general meeting. A director shall not be required, or be relieved from the obligation, to retire by reason of a change in the board after that time but before the close of the meeting.

A retiring director shall be eligible for re-appointment and (unless he is removed from office or his office is vacated in accordance with the Articles) shall retain office until the close of the meeting at which he retires or (if earlier) when a resolution is passed at that meeting not to fill the vacancy or to appoint another person in his place or the resolution to re-appoint him is put to the meeting and lost.

If at any meeting at which the appointment of a director ought to take place the office vacated by a retiring director is not filled, the retiring director, if willing to act, shall be deemed to be re-appointed, unless at the meeting a resolution is passed not to fill the vacancy or to appoint another person in his place or unless the resolution to appoint him is put to the meeting and lost.

No person shall be required to vacate from office by reason only of the fact that he has attained the age of 70 years or any other age.

#### Executive Directors

The directors may appoint a director to an executive office in the Company. The appointment may be on the terms the directors determine.

The appointment of a director to an executive office terminates if he ceases to be a director, but without prejudice to any claim for damages for breach of any contract of employment.

#### Directors' interests

A director shall not vote nor be counted in a quorum at a meeting in relation to any resolution of the board concerning any contract, arrangement, transaction or proposal in which he has a material interest (including by virtue of the interests of persons connected with him).

The prohibition will not apply to the following:

- 5.8.1 the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company (or any of its subsidiary undertakings) or in respect of a debt or obligation of the Company (or any of its subsidiary undertakings) for which he has assumed responsibility, in whole or in part, under a guarantee or an indemnity or by the giving of security;
- 5.8.2 any contract concerning an offer of shares, debentures or other securities by the Company (or any of its subsidiary undertakings) in which offer he is or may be entitled to participate as a holder of securities or he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;

- 5.8.3 any contract in which he is interested by virtue of his interest in shares, debentures or other securities of the Company or otherwise in or through the Company;
- 5.8.4 a proposal concerning another company in which he is not interested, directly or indirectly, in one per cent. or more either of its equity share capital or of its voting rights;
- 5.8.5 an arrangement for the benefit of the employees of the Company (or any of its subsidiary undertakings) which does not award the director a privilege or benefit not generally awarded to the employees to whom the arrangement relates; or
- 5.8.6 a proposal concerning the purchase or maintenance of insurance for the benefit of persons who include directors.

Subject to the Statutes and provided he has disclosed to the directors the nature and extent of his interest, a director may contract with the Company, the contract shall not be avoided on the grounds of his interest or benefit and the Director is not liable to account to the Company for any benefit realised as a result of the contract.

A director may not vote or be counted in the quorum in relation to a resolution of concerning his own appointment (including fixing or varying its terms), or the termination of his own appointment.

Where proposals are under consideration concerning the appointment (including fixing or varying its terms) or the termination of the appointment of two or more directors, a separate resolution may be put in relation to each director. In each case, each director (if not otherwise debarred from voting) is entitled to vote in respect of each resolution except that concerning his own appointment.

#### 5.9 *Benefits*

The Directors may exercise all the powers of the Company to pay, provide or procure the grant of pensions or other retirement or superannuation benefits and death, disability or other benefits to any person who is or who has at any time been a director of the Company (and for any of his relations or dependants) or in the employment or service of the Company or any of its subsidiary undertakings (or the relatives or dependants of any such person).

#### 5.10 *Borrowing powers*

The directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property, assets (present and future) and uncalled capital and 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. The directors shall restrict the borrowing of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (in relation to subsidiaries only so far as by such exercise it can secure) that the aggregate principal amount outstanding at any time in respect of all borrowings by the Group (as defined in the Articles) (exclusive of intra-group borrowing) shall not, except with the previous sanction of the Company in general meeting, exceed an amount equal to twice the adjusted capital and reserves or any higher limit fixed by ordinary resolution of the Company which is applicable at the relevant time.

For this purpose, the adjusted capital and reserves means the aggregate of the amount paid up on the issued or allotted share capital of the Company and the amount standing to the credit of the reserves (including share premium account, capital redemption reserve fund, property revaluation reserve and unappropriated balance of investment or grants), after adding or deducting any balance standing to the credit or debit of the Group's profits and loss account, all as shown in the relevant balance sheet but adjusted as may be appropriate in respect of any variation in the amount of the paid up share capital, the share premium account or capital redemption reserve since the date of the relevant balance sheet, excluding amounts attributable to the share capital of any undertaking not owned by a Group company and any sum set aside for taxation, and after deducting the amount of any

distribution declared recommended or made by any Group company and after making such other adjustments (if any) as the Board may consider appropriate or necessary and as are approved by the auditors.

#### 5.11 *Indemnity of officers*

Subject to the Statutes, the Company may indemnify any director or other officer out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by him in the actual or purported execution or discharge of his duties or in connection with this duties, powers or office including (but without limitation) any liability incurred by him in defending any proceedings (whether civil or criminal) in which judgment is given in his favour or where he is acquitted or in connection with any application in which relief is granted to him by the court.

## 6 **Directors' and other interests**

6.1 The interests (all of which are beneficial) of the Directors and their immediate families (and, so far as is known to the Directors or could with reasonable diligence be ascertained by them, persons connected with them (within the meaning of section 346 of the Act) which if the connected person were a Director would otherwise be disclosed pursuant to this paragraph, in the share capital of the Company as at the date of this document and at Admission, which are or will be required to be notified to the Company pursuant to sections 324 and 328 of the Act (or to be entered in the register maintained pursuant to section 325 of the Act), are or are expected to be as follows:

<i>Director</i>	<i>Before Admission</i>		<i>Following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
David Williams	1	50	50,000	6.5
Ian Blackburn	1	50	194,000	25.0
Mark Watts	nil	nil	25,000	3.2

6.2 In addition to the interests of Directors disclosed in paragraph 6.1 above, the Company is aware of the following persons who at the date of this document have, or who are expected on Admission to have, an interest in three per cent. or more of the issued share capital of the Company:

	<i>Before Admission</i>		<i>Following Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital</i>
Altium Capital	nil	nil	50,000*	6.4
James Corsellis	nil	nil	25,000	3.2
Pershing Keen Nominees Limited	nil	nil	200,000	25.8
CH Financial Consultants Limited	nil	nil	56,000	7.2
Marwyn Ventures Fund I LLP	nil	nil	150,000	19.4
Winterflood Securities Limited	nil	nil	25,000	3.2

\*25,000 of the Ordinary Shares in which Altium Capital is interested represent 50 per cent. of the £50,000 corporate finance fee which the Company has agreed to pay to Altium Capital in connection with the application to Admission and which Altium Capital has agreed with the Company is to be satisfied by the issue to Altium Capital of 25,000 Ordinary Shares on Admission.

6.3 Save as disclosed in paragraphs 6.1 and 6.2 above, the Company is not aware of any person who will, immediately following Admission, be interested (for the purposes of section 198 of the Act) directly or indirectly in three per cent. or more of the issued share capital of the Company or could directly or indirectly, jointly or severally, exercise control over the Company.

6.4 No Director has any interest in any transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Company and which were effected by the Company since its date of incorporation.

6.5 Other than in relation to the Company, the Directors currently hold, and have during the five years preceding the date of this document held, the following directorships or partnerships.

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
David Williams	Augean Plc 68-70 Onslow Gardens Freehold Limited Marwyn Partners Limited Marwyn Capital Limited Marwyn Investment Management Limited RMS Communications Plc	Burnden Leisure Plc Cartmorr Limited J&Y Limited MDPD (DAJ) Limited MDPD (LCK) Limited MDPD (LHB) Limited MDPD (LPL) Limited MDPD (LTS) Limited MDPD (LVSP) Limited Mead (ACC) Limited Mead (CCH) Limited Mead (HTP) Limited Mead (LAC) Limited Mead (LCB) Limited Mead (LFH) Limited Mead (MBC) Limited Mead (MCH) Limited MMSD (CM) Limited MMSD (LDI) Limited MMSD (LSG) Limited MMSD (NCD) Limited Mosaic Corporate Investments Limited Pan-Eagle Limited RAL (S&G) Limited RMS Communications Systems Limited Waste Recycling Group Limited

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Previous directorships/partnerships</i>
Ian Blackburn		Barfrestone Cottage Delicatessen Limited Fifthdrive Limited Foodshaper Limited Fresh-Pak Eggs Limited G.G. Baxter (KPB) Limited Hytech Foods Limited John Freehall Limited Khero Limited Lowclose Limited Perkins Chilled Foods Limited Perkins Foods (Finance) Limited Perkins Foods (GGB) Limited Perkins Foods Holdings Limited Perkins Foods International (UK) Limited Perkins Foods Limited Perkins Foods Services Limited Perkins Frozen Foods Limited Perkins (SMSF) Limited Saddlegreen Limited Sunbird Foods Limited The Fresh Fillings Company Limited Toasters Limited
Mark Watts	Marwyn Capital Limited Marwyn Investment Management Limited Marwyn Investments Group Limited Marwyn Partners Limited Panlok Limited Pleasant People Ltd	Claim Assist Investigations Limited Ionark Limited Praetorian Ltd The Fine Fruit Company Ltd

- 6.6 None of the Directors has any unspent convictions in relation to indictable offences.
- 6.7 None of the Directors have been the subject of any public criticism by any statutory or regulatory authority.
- 6.8 Save as set out below, none of the Directors has been a director of a company at the time of, or within the preceding 12 months of, that company being the subject of a receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors:
- 6.8.1 David Williams is a director of RMS Communications Plc. On 15 September 1999, the Official Receiver applied for, and was granted, an order to wind this company up. The Official Receiver made a further application on 22 June 2000 to defer the dissolution of this company so as to take effect on 22 June 2002. By an order of the Companies Court on 10 February 2004, this company was restored to the companies register with the dissolution being declared void. RMS Communications Plc remains in liquidation;
- 6.8.2 Mark Watts is a director of Panlok Limited which was put into creditors voluntary liquidation on 29 June 2001. There was a deficiency to creditors of approximately £764,435.
- 6.9 None of the Directors has been a partner of a partnership at the time of, or within the 12 months preceding the date of, that partnership being placed into compulsory liquidation or administration or

being entered into a partnership voluntary arrangement nor in that time have the assets of any such partnership been the subject of a receivership.

- 6.10 No asset of any Director has at any time been the subject of a receivership.
- 6.11 None of the Directors is or has been bankrupt nor made at any time an individual voluntary arrangement.
- 6.12 None of the Directors is or has ever been 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.
- 6.13 There are no outstanding loans granted by the Company to any of the Directors nor has any guarantee been provided by the Company for their benefits.

## **7 Directors' service agreements**

7.1 The following agreements have been entered into between the Directors and the Company, in each case conditional on and commencing from Admission:

7.1.1 a service agreement dated 16 December 2004 between (1) the Company and (2) Ian Blackburn pursuant to which Ian is to be employed as Chief Executive Officer of the Company, for an initial period of 12 months and then terminable by either party on twelve months' written notice to expire at any time on or after 16 December 2006, at a salary (subject to annual review) of £50,000 per annum and other benefits commensurate with his position. If no acquisition is made by the Company within 9 months from the date of the agreement it will become terminable on three months notice by either party;

7.1.2 a letter of appointment dated 16 December 2004 pursuant to which David Williams is to be appointed as Non Executive Chairman of the Company, the appointment being for an initial period of 12 months and then terminable by either party on twelve months' written notice to expire at any time on or after 16 December 2006, at an annual fee (exclusive of VAT) of £30,000; and

7.1.3 a letter of appointment dated 16 December 2004 pursuant to which Mark Watts is to be appointed as a non-executive director of the Company, the appointment being for an initial period of 12 months and then terminable by either party on twelve months' written notice to expire at any time on or after 16 December 2006, at an annual fee (exclusive of VAT) of £20,000.

7.2 It is anticipated that Ian Blackburn's terms of employment will be reviewed and varied at the time of the Company's first acquisition.

7.3 It is estimated that the aggregate remuneration and benefits in kind payable to the Directors the Company in respect of the financial year ending 31 December 2005 (under the arrangements in force at the date of this document) will be approximately £100,000.

## **8 United Kingdom Taxation**

**This paragraph is intended as a general guide to UK current tax law and practice in the areas referred to below. It applies to persons who (unless the position of non-resident shareholders is expressly referred to) are resident or ordinarily resident in the UK for tax purposes and who beneficially own shares as investments. Any person who is in doubt as to his or her tax position, or is subject to taxation in a jurisdiction other than the UK, or requires further information, should consult an appropriate professional adviser.**

### *8.1 UK taxation of dividends*

No tax will be withheld by the Company when it pays dividends under current United Kingdom tax legislation.

### 8.1.1 Individual and trustee shareholders

8.1.1.1 An individual shareholder, resident for tax purposes in the United Kingdom, who receives a dividend from the Company will be entitled to a tax credit equal to one ninth of the amount of the net dividend which is also equivalent to a tax credit of 10 per cent. of the sum of the net dividend and the tax credit (the “gross dividend”).

8.1.1.2 Individual shareholders resident for tax purposes in the United Kingdom will be liable to income tax on the amount of the gross dividend. Dividend income will be treated as the top slice of an individual’s income. The tax credit referred to in sub-paragraph 8.1.1.1 above will discharge the liability to income tax in respect of the dividend of an individual shareholder who is subject to United Kingdom income tax at the lower or basic rate only. Higher rate taxpayers will be able to offset the tax credit against their liability to income tax on the gross dividend. A higher rate taxpayer will be liable to income tax on the gross dividend at a rate of 32.5 per cent. After setting off the tax credit, a higher rate tax payer will be liable to an additional income tax equal to 25 per cent. of the net dividend. However, if an individual United Kingdom resident shareholder’s total tax credit on such dividends exceeds his overall United Kingdom tax liability, he may no longer claim from the Inland Revenue repayment of the excess.

8.1.1.3 For dividends paid to trustees of United Kingdom resident discretionary or accumulation trusts the gross dividend will be subject to United Kingdom income tax at a rate of 32.5 per cent. with a tax credit equal to 10 per cent. of the gross dividend.

8.1.1.4 The amount of the tax credit in respect of a dividend paid which constitutes income of a pension fund, charity or venture capital trust, will not be repaid.

### 8.1.2 Corporate shareholders

A corporate shareholder (other than a share dealer) resident for tax purposes in the United Kingdom will not generally be liable to United Kingdom corporation tax on dividends received.

### 8.1.3 Non-resident shareholders

The amount of the tax credit will mean that, in many cases, no amount in respect of the tax credit may be claimed under a relevant double taxation agreement.

## 8.2 *Taxation on capital gains for shareholders*

If a shareholder disposes of all or any of his or its Ordinary Shares, he or it may, depending on the shareholder’s particular circumstances, incur a liability to taxation on chargeable gains.

The Inland Revenue have confirmed that securities dealt with on AIM will not fall to be treated as listed or quoted securities for tax purposes. There are a number of tax reliefs available for unquoted securities (subject to a number of different requirements in each case).

## 8.3 *Stamp duty and stamp duty reserve tax (“SDRT”)*

8.3.1 Except as mentioned in sub-paragraph 8.3.3 below, no liability to stamp duty or SDRT will arise on the issue or allotment of new Ordinary Shares by the Company pursuant to the Placing.

8.3.2 Except as mentioned in sub-paragraph 8.3.3 below, the transfer on sale of the new Ordinary Shares, both before and after the issue of certificates, and the transfer on sale of existing Ordinary Shares will generally be liable to *ad valorem* stamp duty at the rate (in broad terms) of 0.5 per cent. of the amount or value of the consideration paid or, if an unconditional agreement to transfer the shares is not immediately completed by a duly stamped transfer or where the transfer is effected under CREST, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration paid. Liability to pay the stamp duty or SDRT is that of the transferee or purchaser. In the case of transfers in CREST, SDRT will be collected in CREST in accordance with the rules of the CREST system.

8.3.3 Where a charge to stamp duty or SDRT arises under sections 67, 70, 93 or 96 of the Finance Act 1986 (which broadly apply where ordinary shares are transferred or, in certain circumstances, are issued to persons who issue depository receipts or provide clearance services, or their nominees or agents), stamp duty at the higher rate (in broad terms) of 1.5 per cent. or SDRT at the higher rate of 1.5 per cent. (as appropriate) will be payable on the amount or value of the consideration paid for the issue or subsequent transfer.

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

## **9 Material contracts**

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company since incorporation and which are or may be material:

- 9.1 a nominated adviser and broker agreement dated 16 December 2004 between Altium Capital (1), the Directors (2) and the Company (3) pursuant to which, *inter alia*, the Company has appointed Altium Capital to act as nominated adviser and broker to the Company for the purposes of the Company's shares being traded on AIM, such appointment to take effect for an initial period of 12 months commencing on the date of Admission and thereafter terminable on three months notice by either parties. In addition to the reimbursement by the Company of Altium Capital's expenses, the Company has agreed to pay Altium Capital an annual fee, payable quarterly in advance;
- 9.2 a deed of undertaking dated 16 December 2004 from Marwyn Ventures Fund I LLP in favour of the Company and Altium Capital pursuant to which Marwyn Ventures Fund I LLP agreed that it would not, save in certain limited circumstances, dispose of any interest in Ordinary Shares for one year from Admission and will, for the following 12 months, only deal in the Ordinary Shares through and with the consent of Altium Capital or the Company's broker from time to time; and
- 9.3 deeds of undertaking dated 16 December 2004 from each of the Directors in favour of the Company and Altium Capital pursuant to which each Director individually agreed that it would not, save in certain limited circumstances, dispose of any interest in Ordinary Shares for one year from Admission and will, for the following 12 months, only deal in the Ordinary Shares through and with the consent of Altium Capital or the Company's broker from time to time.

## **10 Working capital**

The Directors are of the opinion (having made due and careful enquiry) that, after taking into account the net proceeds of the Placing, the Company has sufficient working capital for its present requirements, that is, for at least the period of 12 months from the date of Admission.

## **11 Litigation**

The Company is not nor has it been involved in any legal or arbitration proceedings which may have, or have had since the date of incorporation, a significant effect on the Company's financial position and, so far as the Directors aware, there are no proceedings pending or threatened against the Company.

## **12 Accommodation**

The Company has an arrangement with Marwyn Capital Limited ("Marwyn") pursuant to which Marwyn provides temporary accommodation and associated back office support services (such as secretarial and IT support services) to the Company for a fee of £750 plus VAT per month. The arrangement is in place until the Company makes permanent arrangements and is terminable by either party on one months' notice.

## **13 Miscellaneous**

- 13.1 There has been no significant change in the financial or trading position of the Company since the date of incorporation of the Company.

- 13.2 The total costs and expenses relating to the Placing (including those fees and commissions referred to in paragraph 9 above) payable by the Company in cash are estimated to amount to approximately £75,000 (excluding VAT). The net proceeds of the Placing will be £674,998.
- 13.3 In the opinion of the Directors, the minimum amount which must be raised for the purposes mentioned in paragraph 21 of Schedule 1 to the Regulations by the allotment of Ordinary Shares pursuant to the Placing is as follows:
- |  |          |
|--|----------|
| 13.3.1 Purchase price of property  | £nil     |
| 13.3.2 Costs and expenses payable under the Placing                      | £75,000  |
| 13.3.3 Repayment of money borrowed in respect of 13.3.1 and 13.3.2 above | £nil     |
| 13.3.4 Working capital   | £674,998 |
- 13.4 The financial information set out in Part IV of this document relating to the Company does not constitute statutory accounts within the meaning of section 240 of the Act.
- 13.5 RSM Robson Rhodes has given and has not withdrawn its written consent to the issue of this document with the inclusion in it of its reports and the references to the reports and to its name in the form and context in which they are included and it has authorised the contents of its reports for the purposes of regulation 13(1)(g) of the Regulations.
- 13.6 Altium Capital has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.
- 13.7 No person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has received, directly or indirectly, from the Company since its incorporation, or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:
- 13.7.1 fees totalling £10,000 or more;
  - 13.7.2 securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
  - 13.7.3 any other benefit with a value of £10,000 or more at the date of Admission.
- 13.8 The accounting reference date for the Company is 31 December.

#### **14 Documents available for inspection**

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Company and at the offices of Berwin Leighton Paisner, Adelaide House, London Bridge, London EC4R 9HA and shall remain available for at least one month after the date of Admission:

- 14.1 the memorandum of association of the Company and the Articles;
- 14.2 the accountant's report set out in Part IV of this document;
- 14.3 the service agreements and letters of appointment referred to in paragraph 7 above;
- 14.4 the material contracts referred to in paragraph 9 above;
- 14.5 the letters of consent referred to in paragraph 13.5 and 13.6 above; and
- 14.6 the Admission Document.

## **15 Availability of Admission Document**

Copies of this document will be available during business hours (Saturdays and public holidays excepted) free of charge from the offices of Berwin Leighton Paisner, Adelaide House, London Bridge, London EC4R 9HA and shall remain available for at least one month after the date of Admission.

Dated 17 December 2004

