

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.

Application will be made for the Placing Shares and the existing issued Ordinary Shares to be admitted to trading on the Alternative Investment Market of the London Stock Exchange (“AIM”). 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. The London Stock Exchange has not itself examined or approved the contents of this document.

The Directors of Judges Capital plc (“Judges Capital”), whose names appear on page 7 of this document, 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.

A copy of this document, which comprises a prospectus drawn up in accordance with the Public Offers of Securities Regulations 1995, as amended (the “POS Regulations”), has been delivered to the Registrar of Companies in England and Wales for registration in accordance with regulation 4(2) of the POS Regulations.

JUDGES CAPITAL PLC

(Incorporated in England and Wales under the Companies Act 1985 Registered Number 4597315)

Placing of 2,106,316 Ordinary Shares at 95p per share and Admission to trading on AIM

Nominated adviser
Dawnay, Day Corporate Finance Limited

Broker
Evolution Beeson Gregory Limited

SHARE CAPITAL (immediately following the Placing)

<i>Authorised</i>			<i>Issued</i>		
<i>£</i>	<i>Number</i>		<i>£</i>	<i>Number</i>	
500,000	10,000,000	ordinary shares of 5p each	105,315.80	2,106,316	fully paid
50,000	5,000,000	convertible redeemable shares of 1p each	50,000.00	5,000,000	quarter paid

The Placing Shares will rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all respects with all other Ordinary Shares which will be in issue on completion of the Placing.

It is expected that Admission will take place and that trading in the Ordinary Shares will commence on 7 January 2003.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays and public holidays) at the offices of Dawnay Day, 8-10 Grosvenor Gardens, London SW1W 0DH until 7 February 2003.

The whole text of this document should be read. Judges Capital plc is a newly formed company with no existing business record. The attention of investors is drawn in particular to the risk factors set out in Part 2 of this document.

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements. These statements relate to, among other things, analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to the Company's future prospects, developments and business strategies.

These forward-looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" or the negative of those variations, or comparable expressions, including references to assumptions. These statements are primarily contained in Parts 1 and 2 of this document.

The forward-looking statements in this prospectus, including statements concerning projections of the Company's future results, operations, profits and earnings, are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

Certain risks to and uncertainties for the Company are specifically described in Part 2 of this document headed "Risk Factors". If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Company's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

Neither the Directors nor the Company undertake any obligation to update forward-looking statements or risk factors other than as required by the AIM Rules or by applicable law, whether as a result of new information, future events or otherwise.

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DEFINITIONS

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

“Act”	the Companies Act 1985 (as amended)
“Admission”	the effective admission of the issued Ordinary Shares and the Placing Shares to trading on AIM in accordance with the AIM Rules
“AIM”	the Alternative Investment Market of the London Stock Exchange
“AIM Rules”	the rules for AIM companies and their nominated advisers issued by the London Stock Exchange in relation to AIM traded securities
“City Code”	the City Code on Takeovers and Mergers
“Company” or “Judges Capital”	Judges Capital plc
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001) for the paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which CRESTCo Limited is the Operator (as defined in those Regulations)
“Concert Party”	DCI, Dawnay Day, ForwardIssue Limited, Totalassist Company Limited, Guy Naggar and the Naggar Family Pension Scheme
“Convertible Redeemable Shares”	convertible redeemable shares of 1p each in the capital of the Company
“Dawnay Day”	Dawnay, Day Corporate Finance Limited, a subsidiary of Dawnay, Day International Limited
“Dawnay Day Group”	Dawnay, Day International Limited and its subsidiary undertakings
“Directors” or “Board”	the directors of the Company
“DCI”	David Cicurel (Investments) Limited, further details of which are contained in paragraphs 4.7 and 4.8 of Part 4 of this document
“Evolution Beeson Gregory”	Evolution Beeson Gregory Limited
“London Stock Exchange”	London Stock Exchange plc
“Ordinary Shares”	ordinary shares of 5p each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“Placing”	the conditional placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 24 December 2002 between the Directors, the Company, Dawnay Day and Evolution Beeson Gregory relating to the Placing, further details of which are set out in paragraph 7 of Part 4 of this document
“Placing Price”	95p per Placing Share
“Placing Shares”	the 2,106,316 Ordinary Shares which are the subject of the Placing
“POS Regulations”	the Public Offers of Securities Regulations 1995 (as amended)
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland

KEY INFORMATION

The following is derived from and should be read in conjunction with the full text of this document. Particular attention is drawn to Part 2 of this Document entitled “Risk Factors”.

- **Small quoted companies are generally not attracting the attention of the investment community and the Directors believe that many such companies are undervalued.**
- **Judges Capital intends to accumulate strategic stakes in a limited number of small companies and actively pursue appropriate and profitable exit routes.**
- **Primary targets will be well-managed, established companies in mature sectors that represent attractive public-to-private candidates.**
- **Judges Capital will target other types of undervalued companies where the Directors believe that the opportunity to maximise shareholder value has been neglected by management.**
- **The management of Judges Capital is experienced in private equity, corporate finance, public-to-private transactions and corporate activism.**
- **David Cicurel (Investments) Limited will invest £500,000 in the Placing at the Placing Price.**

Funding

The Company is raising approximately £2 million (£1.8 million net of expenses) by way of the Placing. The Directors believe that the Placing and Admission will enable the Company to pursue its investment strategy.

PLACING STATISTICS

Placing Price	95p
Number of Placing Shares	2,106,316
Net proceeds of the Placing	£1.8 million
Number of Ordinary Shares in issue following the Placing and Admission	2,106,316
Proportion of enlarged issued Ordinary Share capital being placed	100 per cent.
Market capitalisation at the Placing Price	£2.0 million

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission effective and dealings commence on AIM	7 January 2003
CREST accounts credited	7 January 2003
Despatch of definitive share certificates	14 January 2003

DIRECTORS, SECRETARY AND ADVISERS

Directors	The Hon. Alexander Robert Hambro (<i>Non-Executive Chairman</i>) David Elie Cicurel (<i>Chief Executive</i>) Ralph Julian Elman (<i>Finance Director</i>) Glynn Carl Reece (<i>Non-Executive Director</i>)
	all of:
Registered Office	25 City Road, London EC1Y 1BQ
Secretary	City Group P.L.C. 25 City Road London EC1Y 1BQ
Nominated Adviser	Dawnay, Day Corporate Finance Limited 8-10 Grosvenor Gardens London SW1W 0DH
Broker	Evolution Beeson Gregory Limited The Registry Royal Mint Court London EC3N 4LB
Auditors and Reporting Accountants	Grant Thornton 8 West Walk Leicester LE1 7NH
Solicitors to the Company	Hobson Audley 7 Pilgrim Street London EC4V 6LB
Solicitors to the Placing	halliwell landau 75 King William Street London EC4N 7BE
Registrars	Capita IRG plc Bourne House 34 Beckenham Road Beckenham Kent BR3 4TU

PART 1

INFORMATION ON THE COMPANY

1. Background to the establishment of the Company

Judges Capital is a new company established to invest in a small number of quoted companies where the Directors believe an opportunity exists to increase shareholder value and where the size of Judges Capital's stake will enable it to influence the target to pursue this opportunity.

David Cicurel, Chief Executive of Judges Capital, has conducted the Company's intended activity with his own funds for a number of years and now wishes to expand this activity. DCI, a company in which David Cicurel has a beneficial interest, has committed to invest £500,000 in the Placing at the Placing Price. It is intended that the net proceeds of the Placing of £1.8 million will enable Judges Capital to invest in several targets at the same time and to obtain an interest in each target that is sufficient to initiate corporate changes.

2. The investment environment

Small mature quoted companies are largely ignored by the investment community and the Directors believe that many are trading at low multiples and/or at a substantial discount to the realisable value of their constituent parts. Liquidity in their shares is often minimal.

The Directors believe that, in many instances, the management of such companies consider the enhancement of shareholder value as a relatively low priority or lack the insight and/or the determination necessary to deliver a step-change in valuation.

At the same time, the private equity industry has access to substantial committed funds and possesses a strong appetite for acquisitions that can serve to strengthen investment portfolios. The Directors believe that many public companies with market values that are too small to sustain institutional interest represent attractive sized acquisitions for the private equity community. However, most private equity funds do not invest in publicly traded shares. The Directors expect that by initiating public-to-private transactions, the Company's activities will create a flow of new opportunities that will prove attractive to the private equity community.

3. Investment selection

Judges Capital will invest in mature quoted companies where a public-to-private transaction would be expected to deliver a substantial premium to the market price. It will, in effect, act as a catalyst for change and, by way of a friendly but resolute approach, will seek to encourage the target to go private. Judges Capital will also endeavour to assist in the execution of this exercise.

Ideal targets will possess able operating management, owning only a small interest in the business, with a substantial proportion of the equity held by institutions. In the absence of a clearly defined value enhancing strategy, the Directors believe that shareholders who are nursing paper losses in such targets will have little expectation of recouping such losses in the medium term in the light of the general apathy of the investment community towards smaller companies

Judges Capital will also pursue quoted companies where the Directors believe that shareholder value would benefit from a change of strategy, a break-up, an asset disposal, a refinancing or any other form of corporate restructuring, including, where appropriate, the return of excess cash to shareholders.

The market capitalisation of a typical portfolio company is expected to range between £10 million and £100 million.

4. Exit routes

Before investing in a target, Judges Capital will have identified a favoured exit strategy such as a public-to-private transaction, the delivery of the company to a trade buyer, a break up or the implementation of a cash distribution. The route to an exit may include taking control of the target company through a public takeover bid. Judges Capital will adopt a flexible strategy and the Directors may choose to pursue various value enhancement and realisation strategies simultaneously.

Similarly, the Directors can be expected to adopt a pragmatic approach should opportunities to exit investments emerge before Judges Capital's original objectives have been achieved.

5. Portfolio guidelines

Judges Capital will endeavour to balance its portfolio with approximately five positions at any one time. These special situations will, ideally, be at different stages of maturity, in different sectors and will involve different levels of management co-operation.

The Directors, taking into account the risk profile of the portfolio, may utilise a prudent level of bank debt to enhance returns.

6. Co-investment

Judges Capital may invite co-investors to participate in an individual transaction for which they will pay Judges Capital a share of their profits. This could serve to boost the return on the funds invested in a target and enable Judges Capital to pursue a strategy, such as an outright bid for a target, that might otherwise lead to an imbalance in the portfolio.

7. Costs

The Directors will endeavour to keep the Company's cost base low and, to this end, will outsource services rather than create internal administration overheads.

8. Relevant experience

David Cicurel spearheaded an early public-to-private transaction in the UK (Continental Foods in 1996) and was involved in a similar transaction in the US. He was an active investor in Shiloh plc, an old-fashioned textile company with an attractive health products division, for approximately three years during which period the share price appreciated 137 per cent. (an internal rate of return of approximately 32 per cent. per annum), and in Izodia plc, a cash-rich, loss-making technology company, for approximately four months, during which period the share price increased 100 per cent. He has been involved in two proxy battles (International Communications and Data plc in 1993 and Shiloh plc in 2000). The above examples are illustrative and no assurances can be given that such results will be achieved by Judges Capital on its investments.

The Directors expect that the execution of the Company's investment strategy will be enhanced by Alex Hambro's extensive experience in the UK's private equity industry and Glynn Reece's experience in deal origination and research.

9. Corporate strategy

It is the intention of the Board that, subject to Judges Capital gaining sufficient credibility in the investment community, the Company will endeavour to increase its available resources by issuing Ordinary Shares in exchange for shares in target companies. Judges Capital will also consider issuing shares for cash should the Board take the view that such an exercise is in the best interests of shareholders.

Should Judges Capital's shares trade at a significant discount to net asset value, the Board will consider a buy back of Ordinary Shares through the market. Judges Capital intends to propose a resolution to wind itself up no later than its fourth annual general meeting, an option that will subsequently be put to shareholders at least once every three years.

Subject to Judges Capital's reputation becoming well established so that it is able to raise substantially larger sums than under this Placing, the Directors may propose to wind up the Company's investment portfolio and distribute the majority of available cash resources to shareholders. The Company would then become a fund manager of third party assets instead of investing its own assets, and may achieve for its shareholders a market rating in line with the fund management sector.

10. Prospects

In view of the fact that Judges Capital is a newly incorporated company, it is difficult to evaluate the Company's prospects at this stage, particularly as such prospects will be dependent, among other things, on the performance of its investments.

11. Directors

The Hon. Alex Hambro (Non-Executive Chairman), aged 40, has spent the last 15 years in the private equity sector, much of this time at Hambros PLC or at associate organisations. As a Director of Hambro Group Investments he was responsible for the establishment and operation of the Hambro Private Equity Group which sponsored nine fund managers in the UK and certain other countries. He has recently assisted a

number of private equity partners in their respective marketing programmes and has acted as a consultant to a number of investors in respect of private equity investment strategies.

David Cicurel (Chief Executive), aged 53, has spent much of his working life as a turnaround specialist. He has been responsible for a number of corporate recovery exercises including two UK public companies (International Media Communications plc and International Communication and Data plc). Since 1998 he has used his own funds to invest in undervalued companies.

Glynn Reece (Non-Executive Director), aged 44, is responsible for M&A Advisory and deal origination at CLB Corporate Finance. Glynn is a qualified solicitor and he was formerly involved in deal origination at Coopers & Lybrand and subsequently at Arthur Andersen Corporate Finance where he was head of deal origination and research.

Ralph Elman FCA (Finance Director), aged 49, is senior partner of Elman Wall, a London-based accounting practice. He is Finance Director of Paramount PLC and is a former Finance Director of several quoted companies including International Communications and Data plc and Delyn plc.

12. Corporate governance

The Directors recognise the value of the Principles of Good Governance and Code of Best Practice (the "Combined Code") and will take such measures as are necessary to ensure that the Company complies with the Combined Code in so far as the Directors deem appropriate for a company of its size.

The Directors will establish an audit committee and a remuneration committee with formally delegated duties and responsibilities. The members of both committees will be the non-executive Directors.

The audit committee will determine the terms of engagement of the Company's auditors and will determine, in consultation with the Company's auditors, the scope of the audit. It will receive and review reports from management and the Company's auditors relating to the interim and annual accounts and the accounting and internal control systems in use by the Company. The audit committee will have unrestricted access to the Company's auditors. The remuneration committee will review the scale and structure of the executive Directors' remuneration and the terms of their service contracts. The remuneration of the non-executive Directors will be determined by the Board as a whole.

13. Dividend policy

The Directors intend to commence the payment of dividends when it becomes commercially prudent to do so, subject to the availability of distributable reserves. The Directors consider that, in the short term, it is likely that cash generated will be retained to fund the Company's expansion.

14. The Placing

The Company is raising approximately £2 million by way of the Placing. DCI has committed to subscribe £500,000 in aggregate for 526,316 Placing Shares under the Placing (representing approximately 25 per cent. of the total number of Placing Shares) at the Placing Price.

Pursuant to the Placing, the Company is to issue 2,106,316 new Ordinary Shares at the Placing Price, before expenses. After the expenses of the Placing and the Admission, estimated in total at £200,000 (including VAT), the Placing is intended to raise £1.8 million. The Placing Shares have been conditionally placed with institutional and other investors. The Placing has not been underwritten. The Placing Shares will represent 100 per cent. of the Ordinary Shares in issue on Admission. The Placing Shares will be issued credited as fully paid and will rank *pari passu* with the other Ordinary Shares in issue on Admission, including the right to receive all dividends and other distributions hereafter declared, made or paid.

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

- (a) the Placing Agreement becoming unconditional (save for Admission) and not having been terminated in accordance with its terms prior to Admission; and
- (b) Admission becoming effective no later than 7 January 2003 or such later date as Dawnay Day may agree, but in any event not later than 24 January 2003.

Further details of the Placing Agreement are set out in paragraph 7 of Part 4 of this document.

The Directors intend to use the net proceeds of the Placing to finance the purchase of investments and to fund the modest working capital requirements of the Company.

Application will be made for all the issued and to be issued Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place through CREST.

It is expected that, subject to the Placing Agreement becoming unconditional, the Placing Shares will be registered in the names of the placees and issued either:

- (a) in certificated form, where the placee so elects, with the relevant share certificate expected to be despatched by post, at the placee's risk, by 14 January 2003; or
- (b) in CREST, where the placee so elects and only if the placee is a "system member" (as defined in the Uncertificated Securities Regulations 2001) in relation to CREST, with delivery (to the designated CREST account) of the Ordinary Shares subscribed for expected to take place on 7 January 2003.

Regardless of the form of delivery of the Placing Shares elected for by placees, no temporary documents of title will be issued. All documents or remittances sent by or to a placee, or as he may direct, will be sent through the post at his risk.

Pending the despatch of definitive share certificates (as applicable), instruments of transfer will be certified against the register.

15. Directors' interests

The Directors have subscribed for and have been issued with a total of 5,000,000 (five million) Convertible Redeemable Shares. The holders of the Convertible Redeemable Shares have the right, amongst other things, to convert all or part of their holding of Convertible Redeemable Shares into an amount of Ordinary Shares, such that if all the Convertible Redeemable Shares were converted at the same time, the total number of Ordinary Shares to be issued pursuant to the conversion will equal 12 per cent. of the enlarged issued share capital.

The amount to be paid on conversion of each Convertible Redeemable Share is equal to the Placing Price per Ordinary Share arising less the amount subscribed for the Convertible Redeemable Shares being converted.

Further details of the rights attaching to the Convertible Redeemable Shares are set out in paragraph 3.2.4 of Part 4 of this document.

The Directors have undertaken, subject to certain exceptions, not to dispose of any of their Ordinary Shares (including any Ordinary Shares to which they will be entitled on a conversion of their Convertible Redeemable Shares) for a period of two years from the date of Admission. Further details on the Directors' interests are set out in paragraph 4 of Part 4 of this document.

16. The City Code on Takeovers and Mergers

Under Rule 9 of the City Code, when (i) any person acquires shares which, when taken together with shares held by him or shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company subject to the City Code or (ii) any person who, together with persons acting in concert with him, holds shares carrying not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company subject to the City Code and such person, or persons acting in concert with him acquires any further shares carrying voting rights, that person is normally obliged to make a general offer to all remaining shareholders to purchase their shares at the highest price paid by him or any person acting in concert with him, within the preceding 12 months.

Following the Placing, the Concert Party will hold on Admission in aggregate Ordinary Shares carrying 55.0 per cent. of the voting rights of the Company and DCI, a member of the Concert Party, will hold 25.0 per cent. of the voting rights of the Company. Further details on the holdings of the Concert Party are set out in paragraph 4.2 of Part 4 of this document. In addition, DCI holds 4,166,667 Convertible Redeemable Shares in the Company. As a result of the conversion of all these Convertible Redeemable Shares, the Concert Party may come to hold, in aggregate, Ordinary Shares carrying a maximum of 59.6 per cent. of the voting rights of the Company, and DCI may come to hold Ordinary Shares carrying a maximum of 32.6 per cent. of the voting rights of the Company.

In this case, however, the Panel has agreed to waive any obligation under Rule 9 of the City Code that might otherwise be incurred by the Concert Party or DCI on the Placing and/or the conversion of the Convertible Redeemable Shares, on the basis that the potential maximum levels of shareholding in the Company of the Concert Party and DCI are being disclosed in this document.

As the Concert Party will hold on Admission Ordinary Shares which carry more than 50 per cent. of the voting rights of the Company, the Concert Party will be able to acquire further Ordinary Shares without incurring an obligation under Rule 9 to make a general offer, save as set out below. In such circumstances each member of the Concert Party will be able to purchase further Ordinary Shares without incurring an obligation under Rule 9 to make a general offer, provided that their individual holdings arising from the acquisition (together with any person acting in concert with them) would not, as a result of such purchase, amount to 30 per cent. or more of the voting rights of the Company at that time.

PART 2

RISK FACTORS

In addition to all other information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. If you are in any doubt about the action you should take, you should consult a personal adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

The Directors believe the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements.

1. Investment in unlisted securities

Investment in shares traded on AIM is perceived to involve a higher degree of risk than investment in companies whose shares are listed on the Official List of the UK Listing Authority. An investment in the Placing Shares may be difficult to realise. The value of the Ordinary Shares may go down as well as up. Investors may therefore realise less than, or lose all of, their original investment.

2. Market opportunities

While the Directors believe that opportunities exist to realise superior investment returns from the pursuit of active investment strategies, there can be no assurance that the Company will be able to identify and realise gains from a sufficient number of situations to ensure its viability.

3. Potential loss on investments

The Company's investment strategy carries inherent risks and there can be no guarantee that any appreciation in the value of an investment by the Company will occur or that the investment objective of the Company will be achieved. For example:

- (i) the managers of portfolio companies may actively seek to frustrate the Company's investment objectives;
- (ii) the Company may not be able to achieve its intended exit route from the target, and may not be able to generate alternative exits;
- (iii) the Company may not be able to acquire a sufficient stake to effect the desired change in the management of the portfolio company;
- (iv) the rules relating to dealing with inside information will prevent the Company from conducting a full investigation of investments prior to investing and previously undisclosed underperformance or other adverse matters may only come to light after investments are made;
- (v) as a minority shareholder in portfolio companies, Judges Capital will not have control over the timing or execution of steps the portfolio companies are being encouraged to take. This could cause delays in the realisation of the Company's investment objectives; and
- (vi) targets may experience trading difficulties after the Company has acquired a stake, which may reduce the target's share price and the potential exit value for the Company.

4. Stock market performance

The performance of the Company's portfolio of investments will be affected by the overall performance of stock markets in general. While gearing will enhance growth in the value of the portfolio in a rising market, its effect in falling stock markets or valuations will be to accentuate the reduction in portfolio value.

5. Share price volatility and liquidity

The share prices of publicly traded, emerging companies can be highly volatile and illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Company and its operations and some which may affect the quoted financial services sector or quoted companies generally. These factors could include the performance of the Company, large purchases or sales of the Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

6. Market capitalisation

The market price of the Ordinary Shares may not reflect the underlying value of the Company.

7. Further issue of shares

It may be desirable for the Company to raise additional capital by way of the issue of further Ordinary Shares to enable the Company to progress through further stages of development. Any additional equity financing may be dilutive to shareholders. In addition there can be no assurance that such funding will be available to the Company.

8. Suitability

The investment offered hereby may not be suitable for all recipients of this Document. Investors are accordingly advised to consult an appropriate person authorised under the Financial Services and Markets Act 2000 before making their decision.

9. Dependence on key personnel

The success of the Company may depend to a significant extent on certain key directors of the Company. The loss of one or more of the key directors may have an adverse effect on the Company.

PART 3

ACCOUNTANTS' REPORT ON JUDGES CAPITAL

Grant Thornton 

The Directors
Judges Capital plc
25 City Road
London EC1Y 1BQ

and

The Directors
Dawnay, Day Corporate Finance Limited
8–10 Grosvenor Gardens
London SW1W 0DH

24 December 2002

Dear Sirs

Judges Capital plc (“Judges Capital” or the “Company”)

Introduction

We report on the financial information of the Company set out below. This financial information has been prepared for inclusion in the prospectus dated 24 December 2002 of Judges Capital (the “Prospectus”).

Basis of preparation

The financial information set out below is based on the transactions of the Company from incorporation to 23 December 2002 prepared on the basis described below to which no adjustments were considered necessary.

Responsibility

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

It is our responsibility to compile the financial information set out in our report from the underlying information, to form an opinion on the financial information and report our opinion to you.

Basis of opinion

We have 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 the 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 Prospectus, a true and fair view of the state of affairs of the Company at 23 December 2002.

Consent

We consent to the inclusion in the Prospectus dated 24 December 2002 of this report and accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 of the Public Offers of Securities Regulations 1995.

1. Balance sheet

		<i>At 23 December 2002</i>
	<i>Note</i>	<i>£</i>
Debtors		2
Cash at bank		12,500
Net assets		<u>12,502</u>
Capital and reserves		
Called up share capital	2.3	12,502
Share premium		—
Shareholders' funds	2.4	<u>12,502</u>
Equity shareholders' fund		2
Non-equity shareholders' funds		12,500
		<u>12,502</u>

2. Notes to the financial information

2.1 Incorporation

The Company was incorporated on 21 November 2002 under company number 4597315. The Company has not completed its first accounting period. No audited financial statements have been prepared, audited or filed with the Registrar of Companies since incorporation.

2.2 Basis of preparation

The financial information has been drawn up in accordance with applicable accounting standards, based on the information provided by the Directors of the Company.

2.3 Called up share capital

	<i>At 23 December 2002</i>
	<i>£</i>
Authorised	
10,000,000 ordinary shares of 5p each	500,000
5,000,000 convertible redeemable shares of 1p each	50,000
	<u>550,000</u>
Issued	
40 ordinary shares of 5p each	2
5,000,000 convertible redeemable shares of 1p each — one quarter paid	12,500
	<u>12,502</u>

The 5,000,000 convertible redeemable shares were issued on 4 December 2002, and are paid up only as to one quarter of their nominal value.

The 40 ordinary shares represent the initial subscription capital issued on incorporation of the Company.

2.4 Reconciliation of movements in shareholders' funds

	<i>Period from incorporation to 23 December £</i>
New share capital allotted (note 2.3)	12,502
Opening shareholders' funds	—
Closing shareholders' funds	<u>12,502</u>

2.5 Commitments

The Company is committed to meeting the costs of the Placing. These costs will vary depending upon the money raised and will be charged against the share premium account. The estimated amounts involved are £200,000.

Yours faithfully

Grant Thornton

PART 4

ADDITIONAL INFORMATION

1. Introduction

The Company was incorporated and registered in England and Wales on 21 November 2002 under the Act as a public company limited by shares with the name Judges Capital plc and with registration number 4597315. The liability of the members of the Company is limited. The Company's registered office is 25 City Road, London EC1Y 1BQ and its principal place of business is 14 New Burlington Street, London W1S 3BQ.

The principal legislation under which the Company operates is the Act and the regulations made thereunder.

On 5 December 2002, the Company was granted a certificate under section 117 of the Act, enabling the Company to do business and borrow.

2. Share capital

2.1 The authorised and issued share capital of the Company is as follows:

	<i>Authorised</i>		<i>Issued</i>	
	<i>£</i>	<i>Number</i>	<i>£</i>	<i>Number</i>
Ordinary Shares of 5p each	500,000	10,000,000	2	40 nil paid
Convertible Redeemable Shares of 1p each	50,000	5,000,000	50,000	5,000,000 quarter paid

2.2 On 4 December 2002 and 19 December 2002 special resolutions were passed by the members:

2.2.1 generally and unconditionally authorising the Directors pursuant to section 80 of the Act to exercise all and any powers of the Company to allot relevant securities (as defined in section 80 of the Act) up to an aggregate nominal amount equal to £550,000. The authority expires (unless previously renewed, varied, or revoked by the Company in general meeting) at the earlier of the conclusion of the annual general meeting of the Company next following the passing of the resolution and 15 months from the date of the resolution. The Company may, at any time prior to the expiry of the authority, make an offer or agreement which would or might require relevant securities to be allotted after expiry of the authority and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority had not expired; and

2.2.2 the Directors were given power pursuant to section 95 of the Act (with such power expiring at the same time as the authority referred to in paragraph 2.2.1 above (the "Section 80 Authority")) to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the Section 80 Authority as if section 89(1) of the Act did not apply to any such allotment 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 on them by the resolution had not expired.

2.3 On 4 December 2002 the Company issued 5,000,000 (five million) Convertible Redeemable Shares of 1p nominal value each a quarter paid up for cash to the following persons in the numbers shown against their names:

<i>Name</i>	<i>Convertible Redeemable Shares</i>
DCI	4,166,667
A. R. Hambro	416,667
R. J. Elman	208,333
G. C. Reece	208,333

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 employee's share scheme as defined in section 743 of the Act) will apply to the authorised but unissued share capital of the Company to the extent not disapplied as described in paragraph 2.2.2 above.

3. Memorandum and articles of association

3.1 *Memorandum of association*

The objects of the Company are set out in full in clause 4 of its memorandum of association and include the carrying on of business as a general commercial company.

3.2 *Articles of association*

The articles of association of the Company (the “Articles”) which were adopted on 4 December 2002 by special resolution of the Company contain, among other things, provisions to the following effect:

3.2.1 Voting rights

Subject to any rights or restrictions attached to any shares (including as a result of unpaid calls) and/or as mentioned below, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative and is entitled to have a vote shall have one vote and, on a poll, every member who is present in person or by proxy and entitled to vote shall have one vote for every share of which he is the holder. Where, in respect of any shares, any registered holder or any other person appearing to be interested in such shares fails to comply with any notice given by the Company under section 212 of the Act, then not earlier than 14 days after service of such notice the shares in question may be disenfranchised.

3.2.2 Variation of rights

Subject to the Act and every other statute for the time being in force concerning companies and affecting the Company (the “Statutes”), if at any time the capital of the Company is divided into different classes of shares, all or any of the rights and privileges attached to any class of share may be varied or abrogated either (i) in such a manner (if any) as may be provided by the rights attaching to such class or (ii) in the absence of any such provision, with the consent in writing of the holders of at least 75 per cent. of the nominal amount of the issued shares of the relevant class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the relevant class. Unless otherwise provided by the rights attaching to any shares, these rights shall be deemed to be varied by the creation or issue of further shares ranking in any respect in priority thereto.

3.2.3 Alteration of capital

- (a) The Company may from time to time by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger amount, subdivide all or any of its shares into shares of a smaller amount and cancel any shares not taken or agreed to be taken by any person.
- (b) The Company may, subject to the Statutes, by special resolution reduce its share capital, any capital redemption reserve and any share premium account. Subject to and in accordance with the provisions of the Statutes, the Company may purchase its own shares (including redeemable shares).

3.2.4 Convertible Redeemable Shares

- (a) The holders of the Convertible Redeemable Shares shall not be entitled to any rights of participation in the profits of the Company.
- (b) On a winding-up or other return of capital (other than conversion or redemption of the Convertible Redeemable Shares) the surplus assets of the Company remaining after payment of its liabilities shall be applied:
 - (i) first in repaying the capital paid up or credited as paid up on the Ordinary Shares;
 - (ii) secondly, in repaying the capital paid up or credited as paid up on the Convertible Redeemable Shares; and
 - (iii) thirdly, subject to any special rights which may be attached to any class of shares which may be issued in the future, in being distributed rateably amongst the holders of the Ordinary Shares according to the amounts paid up or credited as paid up thereon

and so that the holders of the Convertible Redeemable Shares shall have no right of participation in such assets.

- (c) The Convertible Redeemable Shares shall entitle the holders to receive notice of but shall not entitle the holders to attend and vote at general meetings of the Company unless the business of the meeting includes the consideration of a resolution for winding up the Company or for the appointment of an administrator or the approval of a voluntary arrangement or any resolution directly or adversely modifying or abrogating any of the special rights and privileges attached to the Convertible Redeemable Shares, in which case, each holder of Convertible Redeemable Shares present in person or (being a corporation) by a representative shall on a show of hands have one vote and on a poll each such holder present in person or by proxy or (being a corporation) by a representative shall be entitled to exercise the number of votes which he would have been entitled to exercise if all the Convertible Redeemable Shares held by him had been converted into Ordinary Shares at the Conversion Rate (as defined below) then applicable.
- (d) On payment to the Company of the aggregate of (i) a sum equal to any amount which has not been called or which is otherwise unpaid in respect of all of the Convertible Redeemable Shares to be converted and (ii) a further sum equal to 95 pence multiplied by the number of Ordinary Shares to be issued as a result of the conversion less the amount paid up or deemed paid up (including the amount referred to in (i) above) in respect of the Convertible Redeemable Shares to be converted (“Conversion Price”), each holder of Convertible Redeemable Shares shall be entitled to convert all or any of his Convertible Redeemable Shares into such number of fully paid Ordinary Shares which represents 0.24 per cent. of the number of Ordinary Shares in issue, assuming that all the Convertible Redeemable Shares remaining capable of being converted into Ordinary Shares at the date of which the conversion takes place had been converted at the same time, for every 100,000 Convertible Redeemable Shares so converted and so in proportion for any greater or lesser number of Convertible Redeemable Shares (“Conversion Rate”).
- (e) The Ordinary Shares resulting from the conversion will carry the right to receive all dividends and (unless an adjustment shall have been made in respect thereof) other distributions declared, made or paid on the Ordinary Share capital of the Company in respect of which the record date falls after the applicable Conversion Date and shall otherwise rank *pari passu* in all respects with the Ordinary Shares then in issue and fully paid.
- (f) The Company shall use all reasonable endeavours to procure that all Ordinary Shares arising on conversion are listed or admitted to or dealt in on any securities market on which the Ordinary Shares of the Company then in issue are then admitted, listed or dealt in at the earliest possible date following the allotment and issue of such Ordinary Shares pursuant to the exercise of any Conversion Rights.
- (g) Redemption of Convertible Redeemable Shares
 - (i) The holders of Convertible Redeemable Shares shall (subject to the provisions of the Companies Acts) be entitled at any time to redeem all or any of the Convertible Redeemable Shares outstanding out of any profits or monies of the Company which may lawfully be applied for that purpose on the following terms.
 - (ii) Any holder wishing to redeem Convertible Redeemable Shares shall give not less than 30 days notice in writing to the Company at the registered office stating the number of his shares to be redeemed (a “Redemption Notice”).
 - (iii) On the first business day falling not less than 30 days after the receipt by the Company of a Redemption Notice (the “Redemption Date”) the Company shall be entitled and bound to redeem the relevant Convertible Redeemable Shares in respect of which such notice has been given and the relevant holders of the Convertible Redeemable Shares shall be bound to deliver to the Company at the Office the certificate or certificates for such shares and upon such delivery and against the receipt of the shareholder for the redemption monies payable in respect of his Convertible Redeemable Shares the Company shall pay to the shareholder the redemption monies payable to him in respect of such redemption.

- (iv) There shall be paid on each Convertible Redeemable Share redeemed the amount paid up or credited as paid up thereon.
 - (v) The Company may (subject to the Companies Acts) at any time and from time to time purchase Convertible Redeemable Shares (i) by tender offer (available alike to all holders of Convertible Redeemable Shares) or (ii) by private treaty.
- (h) Other Provisions
- (i) If, whilst any Convertible Redeemable Shares remain capable of being converted into Ordinary Shares, the Company shall make any issue of Ordinary Shares (not being an issue which results from the exercise by a shareholder of an option to take a share or shares instead of a cash dividend) by way of capitalisation of profits or reserves (including any share premium account and capital redemption reserve) to the holders of Ordinary Shares, then the Conversion Price shall be reduced with the intent that the aggregate amount of the Conversion Price to be paid on conversion of all the Convertible Redeemable Shares remaining capable of being converted shall be the same both immediately before and immediately after any such issue of Ordinary Shares and if any doubt shall arise as to the amount of the increase in the number of Ordinary Shares or reduction of the Conversion Price, the certificate of the Auditors shall be conclusive and binding on all concerned.
 - (ii) If, whilst any Convertible Redeemable Shares remain capable of being converted into Ordinary Shares, the Ordinary Shares shall be consolidated or sub-divided, then the Conversion Price shall be increased or reduced accordingly with the intent that the aggregate amount of the Conversion Price to be paid on conversion of all the Convertible Redeemable Shares remaining capable of being converted shall be the same both immediately before and immediately after any such consolidation and/or sub-division and if any doubt shall arise as to the Conversion Rate or the Conversion Price, the certificate of the Auditors shall be conclusive and binding on all concerned.
 - (iii) If, whilst any Convertible Redeemable Shares remain capable of being converted into Ordinary Shares, the Company is placed in liquidation the Company shall forthwith give notice thereof in writing to all holders of Convertible Redeemable Shares and each such holder shall be entitled within 30 days after the date of the resolution for winding up the Company or (as the case may be) after the date of the order of the court for such winding up (either of such dates being referred as the “operative date”) by notice in writing to the Company to elect to be treated as if his conversion rights had been exercisable and had been exercised on the day immediately preceding the operative date on the basis of the Conversion Rate then applicable and in that event, provided he shall pay the relevant aggregate Conversion Price to the Company, he shall be entitled to be paid in satisfaction of the amount due in respect of his Convertible Redeemable Shares as are to be treated as converted a sum equal to the amount to which he would have been entitled on such liquidation by virtue of such conversion, fractions being disregarded for this purpose.
 - (iv) So long as any Convertible Redeemable Shares remain capable of being converted into Ordinary Shares then, save with such consent or sanction on the part of the holders of the Convertible Redeemable Shares as is required for a variation of the rights attached to such shares:
 - (A) no shares shall be allotted pursuant to a capitalisation of profits or reserves except Ordinary Shares credited as fully paid, and upon any such allotment the Conversion Rate and Conversion Price shall be adjusted as appropriate under the Articles provided that no such allotment shall be made if, as a result thereof, the aggregate nominal amount of the Ordinary Shares into which any Convertible Redeemable Shares may be converted will exceed the aggregate nominal amount of such Convertible Redeemable Shares;
 - (B) no offer or invitation by way of rights or otherwise shall be made by the Company to holders of the Ordinary Share capital of the Company, and no offer to the holders of Ordinary Shares (or all such shareholders other than the offeror and/or any company controlled by the offeror and/or any person acting

in concert with the offeror) shall be recommended for acceptance by the Board unless the Company shall make or, so far as it is able, procure that there is made a like offer at the same time to each holder of Convertible Redeemable Shares as if his conversion rights had been exercised in full on the record date for such offer or invitation on the basis of the Conversion Rate and Conversion Price then applicable and so that for the purpose of giving effect to this provision no resolution for the disapplication of section 89(1) of the Act (or any provisions replacing the same) shall be deemed to abrogate, vary or modify the rights attaching to the Convertible Redeemable Shares;

- (C) no equity share capital (as defined in section 744 of the Act) shall be issued which is not in all respects uniform with the Ordinary Shares in issue on the date of the adoption of this Article, save for:
 - (i) equity share capital which is uniform except as to the date from which such capital shall rank for dividend;
 - (ii) equity share capital issued pursuant to an employees' share scheme (as defined in section 743 of the Act); and
 - (iii) equity share capital issued pursuant to an offer or invitation which is extended to the holders of Convertible Redeemable Shares.
- (D) the Company shall not (except as authorised by section 146(2) or by section 159 of the Act in respect of redeemable shares) reduce its share capital or any uncalled liability in respect thereof or (except in connection with the writing off of goodwill which arises only on consolidation or as authorised by sections 130(2), 160(2) and 170(4) of the Act) any share premium account or capital redemption reserve;
- (E) no resolution shall be passed whereby the rights attaching to the Ordinary Shares shall be modified, varied or abrogated and it is hereby declared that any resolution for the disapplication of section 89(1) of the Act (or any provisions replacing the same) shall be deemed not to abrogate, vary or modify such rights;
- (F) the Company shall procure that at all times there shall be sufficient unissued Ordinary Share capital available for the purposes of satisfying the requirements of any Conversion Notice.

3.2.5 Transfer of shares

- (i) The Ordinary Shares are in registered form and may be in certificated or uncertificated form. Ordinary shares in uncertificated form may be transferred otherwise than by written instrument in accordance with the Statutes and relevant subordinate legislation. Transfers of shares in certificated form may be effected by instrument in writing in any usual or common form or in any other form acceptable to the Directors. Any instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the register of members.
- (ii) The Directors may refuse to register the transfer of a share which is in respect of a share which is not fully paid, or which is in favour of more than four transferees or which is in respect of more than one class of shares or which has not been presented for registration duly stamped accompanied by the share certificates for the shares to which the transfer relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.
- (iii) Where in respect of any shares any registered holder or any other person appearing to be interested in such shares fails to comply with any notice given by the Company under section 212 of the Act, then the Company may prohibit transfers of such shares otherwise than following a sale shown to the satisfaction of the Directors to be of the full legal and beneficial ownership of such shares at arm's length. The registration of transfers may be suspended by the Directors for any period not exceeding 30 days in a year.

3.2.6 Dividends and other distributions

- (i) Subject to the provisions of the Statutes, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but not exceeding the amount recommended by the Directors. The Directors may pay interim dividends if it appears to them that they are justified by the profits of the Company. Except as otherwise provided by the Articles or the rights attached to any shares issued by the Company, the holders of shares are entitled *pari passu* amongst themselves to share in the whole of the profits of the Company paid out as dividends and the whole of any surplus in the event of liquidation of the Company. A liquidator may, with the sanction of an extraordinary resolution, divide the assets among the members *in specie*. The Directors may, with the sanction of an ordinary resolution, offer the shareholders or any class of them (other than those not entitled to the relevant dividend or dividends) the right to elect to receive Ordinary Shares, credited as fully paid, instead of cash in respect of the whole or part of any dividend or dividends which are the subject of the ordinary resolution.
- (ii) Where, in respect of any shares, any registered holder or any other person appearing to be interested in shares of the Company fails to comply with any notice given by the Company under section 212 of the Companies Act, then, provided that the shares concerned represent at least 0.25 per cent. in nominal amount of the issued shares of the relevant class, the Company may withhold dividends on such shares.
- (iii) All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. Any dividend which is unclaimed for a period of 12 years from the date on which the dividend became due for payment shall be forfeited and cease to remain owing by the Company.

3.2.7 Borrowing powers

Subject to the provisions of the Act the board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge 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.

3.2.8 Constitution of Board of Directors

The minimum number of Directors shall not be less than two and unless and until otherwise determined by the Company in general meeting there shall be no maximum limit on the number of Directors. No shareholder qualification is required of any Director.

3.2.9 Retirement of Directors by rotation

The provisions of Section 293 of the Act relating to the mandatory retirement of Directors at age 70 do not apply to the Company.

At every annual general meeting of the Company, one third of the Directors or the number nearest to but not exceeding one third shall retire by rotation and be eligible for re-election. The Directors to retire will be those who have been longest in office, or, in the case of those who were appointed or re-appointed on the same day, will (unless they otherwise agree) be determined by lot.

3.2.10 Directors' fees, remuneration and expenses

The aggregate fees payable to the non-executive Directors shall not exceed £100,000 per annum or such greater amount as may be determined by the Company in general meeting. Subject to the provisions of the Act the board may enter into any agreement or arrangement with any director for his employment by the Company for the provisions by him of any services outside the scope of the ordinary duties of a director, and any such appointment, agreement or arrangement may be made upon such terms, including terms as to remuneration, as the board determines. Each Director may also be paid all travelling, hotel and other expenses properly incurred by him in connection with his attendance at meetings of the Directors of the Company or otherwise in the discharge of his duties as a Director. Any Director who makes any special journeys or who otherwise performs special services on behalf of the Company or its business may be paid such

reasonable additional remuneration by way of salary, percentage of profits or otherwise as the Directors determine.

3.2.11 Permitted interests of the Director

Subject to the provisions of the Statutes, and provided that he has disclosed to the board the nature and extent of any material interest of his, a director not withstanding his office:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (b) may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director;
- (c) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and
- (d) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

3.2.12 Restrictions on voting by Directors

Save as provided below, a Director shall not vote on or in respect of any contract or arrangement or any other proposal in which he has an interest which is to his knowledge a material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters:

- (a) giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving of any security, guarantee or indemnity to a third party in respect of money lent obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (c) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be interested as a holder of securities or as a participant in the undertaking or sub-underwriting thereof;
- (d) any proposal concerning any other company in which he does not to his knowledge hold directly or indirectly an interest in shares representing one per cent. or more of any class of the equity share capital or voting rights;
- (e) any arrangement for the benefit of employees of the Company and its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and
- (f) any contract for the purchase or maintenance of insurance against any liability of any Directors.

4. Directors' and other interests

- 4.1 The interests of the Directors (all of which are or may be beneficial) in the issued share capital of the Company immediately following completion of the Placing, such interests being those which are required to be notified by each Director to the Company under the provisions of section 324 or 328 of the Act or which are required to be entered in the register of interests required to be maintained pursuant to section 325 of the Act or which are interests of persons connected with the Director within the meaning of section 346 of the Act, the existence of which is known or which could, with reasonable diligence, be ascertained by a Director will be, following completion of the Placing, as follows:

<i>Director</i>	<i>No. of Ordinary Shares</i>	<i>% of issued Ordinary Share capital</i>	<i>No. of Convertible Redeemable Shares</i>	<i>% of issued Convertible Redeemable Share capital</i>
D.E. Cicurel*	526,316	24.99	4,166,667	83.33
A. R. Hambro	0	0	416,667	8.33
R. J. Elman	0	0	208,333	4.17
G. C. Reece	0	0	208,333	4.17

*These Ordinary Shares are held by DCI, further details of which are contained in paragraphs 4.7 and 4.8 of this Part 4.

- 4.2 Following the Placing, it is believed that, in addition to the Directors, the following will be interested in 3 per cent. or more of the issued Ordinary Share capital of the Company upon completion of the Placing:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>% of issued Ordinary Share capital</i>
Artemis Asset Management Ltd	210,526	9.99
ForwardIssue Limited*	131,579	6.25
Guy Naggat*	201,053	9.55
Lloyds TSB Bank plc	105,263	5.00
Merrill Lynch International Bank Ltd	105,263	5.00
Seymour Pierce Ellis Ltd	68,421	3.25
The Naggat Family Pension Scheme*	105,263	5.00
Totalassist Company Limited*	131,579	6.25

*These members are deemed by the Panel to be acting in concert with DCI for the purposes of the City Code, as is Dawnay Day, which will hold 63,158 Ordinary Shares as set out in paragraph 7.2 of Part 4 of this document.

Save as disclosed in this paragraph 4, and in so far as the Company has the information, the Directors are not aware of any person or persons who either alone or, if connected, jointly following the completion of the Placing will (directly or indirectly) exercise or could exercise control over the Company.

4.3 Other than directorships of companies in the Company, the directorships and partnerships of the Directors currently held and held over the five years preceding the date of this document are as follows:

<i>Director</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
D. E. Cicurel	David Cicurel (Investments) Ltd Dawnay, Day & Co Ltd Starlight Investments Ltd David Cicurel (Investments) 2002 Ltd E-Merge.com Interactive Prospect Targeting Ltd Mistral Publishing Ltd Specialty Catalog Corporation HRA Europe SA Gemmes Guilde Nucleus Management SA	CF Holdings Ltd Continental Foods Ltd Red Mill Snack Foods Ltd International Media Communications (Video) plc Solo Communications Ltd Chipstone Ltd Yashima Video Ltd Continental Foods (UK) Ltd Nut Kernel Products Ltd Continental Foods (1997) Ltd D&S Holdings Ltd Cursitor (Fifty-Two) Bordon Ltd Mobile Radio Ltd
A. R. Hambro	Crescent Capital NI Limited HAMNIV (GP) Limited ESP Publishing Limited First Magazine Limited Halkin Development Limited	G & H Kapitalpartner AG HAT Holding Company Limited HATT III General Partner Limited HEV (Holdings) Limited HEV Limited Investec Group Investments (UK) Limited Investec Investment Trust PLC Investec Private Equity Inc. Investec Private Equity Limited Investec Securities Limited Investec Technology Trust Limited Trans-America Investment Company Limited Essencedale Limited European Software Publishing Limited Ferranti IT Limited Janna Systems UK Limited Prolake Limited Leyfield Investments Limited Top Technology Ventures Limited Band-X Limited RNPFN Pension Management Limited The Royal National Pension Fund for Nurses Hambro Morton Beatty Limited Duke Street Capital Debt Management Limited HATT II General Partner Limited Powerway UK Limited
R. J. Elman	Admedia Limited Braemar Homes 2 Limited Braemar Homes Limited Inveresk Property Services Limited Medexonline (France) Limited Medexonline (Germany) Limited Medexonline (Italy) Limited Medexonline (Japan) Limited Medexonline (Spain) Limited Medexonline Limited Medical Exchange Online Limited Panorama Homes Limited Pharmexonline Limited Elman Wall Solutions Limited Admedia (USA) Limited Paramount plc Real Inns Limited	Cunningham Graphics International (Europe) Limited Hackford Properties Limited Holden Meehan Elman Leigh Accountancy Services Limited ICD Limited ICD Marketing Services Group Limited ICD Marketing Services Limited Ingenta plc International Communication & Data Limited Roda Print Concepts Limited The Consumer Research Bureau Limited Medical Exchange Limited Healthcare Technologies International Limited Healthtech International Limited
G. C. Reece	None	Reece plc Econolux Kitchens Limited

4.4 Save as disclosed in paragraph 4.5 below, none of the Directors:

- 4.4.1 has any unspent convictions in relation to indictable offences;
 - 4.4.2 has been declared bankrupt or been subject to an individual voluntary arrangement;
 - 4.4.3 has been involved in any 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 of any company where such Director was a director at the time of or within the 12 months preceding such events;
 - 4.4.4 has been involved in any compulsory liquidation, administration or partnership voluntary arrangement of any partnership where he was a partner at the time of or within the 12 months preceding such events;
 - 4.4.5 has been involved in receivership of any of his assets or of a partnership of which he was a partner at the time of or within the 12 months preceding such events;
 - 4.4.6 has been the subject of any public criticism by statutory or regulatory authorities (including recognised professional bodies), and whether such Director 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; or
 - 4.4.7 has had a name other than his present name.
- 4.5 Additional information on the Directors
- 4.5.1 David Cicurel was a non executive director of Vint Industries Limited until this company was sold on 24 September 1990. Vint Industries Limited was put in receivership later in 1990.
 - 4.5.2 Ralph Elman is currently a director of Medical Exchange Online Limited which went into creditors voluntary liquidation on 30 October 2002.
 - 4.5.3 Glynn Reece was a director of Econolux Kitchens Limited when it was put in receivership in January 1995.
- 4.6 David Cicurel is a director of Dawnay, Day & Co., Limited which is a member of the same group as Dawnay, Day Corporate Finance Limited, which will be receiving a fee from the Company for acting as Nominated Adviser in connection with the Placing and Admission.
- 4.7 David Cicurel is a director of DCI, whose office is located at 14 New Burlington Street, London W1S 3BQ. The Company has agreed to pay DCI £25,000 per annum as a contribution towards the costs of this office and secretarial services. This agreement will be reviewed by the non-executive Directors after one year.
- 4.8 Wilcourt Investments Limited, a company in the Dawnay Day Group, is a preference shareholder in David Cicurel Securities Limited, in which the David Cicurel Settlement owns all the ordinary shares. David Cicurel Securities Limited owns the entire issued share capital of DCI.
- 4.9 David Cicurel is the settlor and a potential beneficiary of the David Cicurel Settlement.
- 4.10 There are no outstanding loans or guarantees provided by any member of the Company to or for the benefit of any of the Directors.
- 4.11 Save for the interests of the Directors in the transactions described in this document, no Director has or has had any interest in any transaction which is or was significant in relation to the business of the Company and which was effected since the date of the Company's incorporation.

5. Directors' service contracts

- 5.1 On 24 December 2002, each of the executive Directors entered into a service agreement with the Company. The executive Directors' service agreement is for a fixed period of three years in respect of David Cicurel and one year in respect of Ralph Elman, and is thereafter terminable by either the Director or the Company on giving no less than 12 months' prior written notice. David Cicurel's service agreement may be altered, at the option of the remuneration committee, to one year's notice by the Company in the event that there is a material increase in his salary.

<i>Director</i>	<i>Annual salary</i>	<i>Position</i>
D.E. Cicurel	£25,000	Chief Executive
R.J. Elman	£15,000	Finance Director

The annual salaries of the executive Directors will be subject to review by the Remuneration Committee of the Board which will be made up of the non-executive Directors.

The Company may also operate an annual discretionary bonus scheme with bonuses to be awarded by the Remuneration Committee.

The Company may in the future agree to make pension contributions on behalf of executive Directors or to pay the premiums necessary to provide the executive Directors (including spouse and dependant children) private health care insurance. In addition, the executive Directors may become entitled to participate at the Company's expense, in a permanent health insurance scheme.

Each service contract contains a confidentiality clause and a restrictive covenant which corresponds with each Director's general fiduciary duties as a director of a company. However, to the extent that an investment opportunity does not meet the criteria for investment laid down by the Company or the Board decides not to invest in a potential target (being a company which has been discussed by the Board as being a target for potential investment) then each Director shall be permitted to invest personally in such investment opportunity and/or potential target and/or discuss the investment opportunity and/or potential target with third parties.

Further, David Cicurel is permitted in his service contract to continue to assist the Dawnay Day Group and Starlight Investments Limited in business in relation to targets either not introduced by him or introduced by him but which have been rejected by the Board as investment opportunities.

- 5.2 Under the terms of their appointments as non-executive Directors, Alex Hambro and Glynn Reece are each entitled to an annual fee of £12,000 and £6,000 respectively. Alex Hambro and Glynn Reece will also be entitled to a bonus in recognition of their efforts in connection with the development of the Company conditional on Admission, such bonuses not to exceed their respective annual fees. Mr Reece will also be entitled to consultancy fees of up to £4,000 per annum for providing research and consultancy services. Their appointments are terminable by either the Company or the relevant non-executive Director giving to the other not less than 3 months' written notice.
- 5.3 There is no arrangement under which any Director has waived or agreed to waive future emoluments.
- 5.4 Save as disclosed in this paragraph 5, there are no existing or proposed service or consultancy agreements between any Director and the Company.
- 5.5 Between the date of the Company's incorporation and the date of this document, no remuneration was paid and no benefits-in-kind were granted to any Director by the Company. The amounts payable to the Directors by the Company under the arrangements in force at the date of this document in respect of the period ending 31 December 2003 are estimated to be £62,000 (excluding any discretionary payments which may be made under those arrangements).

6. Taxation

The following summary is based on the law and practice currently in force in the United Kingdom. The comments are of a general nature only, are not a full description of all relevant tax considerations and may not be applicable to persons who do not hold their Ordinary Shares as investments. Any person who is in any doubt as to his tax position should consult a professional adviser concerning his tax position in respect of or relating to the acquisition, holding or disposal of Ordinary Shares.

6.1 Taxation of dividends

Under the current UK taxation legislation, no tax will be withheld from dividend payments by the Company.

An individual resident in the UK for tax purposes who receives (or is treated as receiving) a dividend from the Company will generally receive a credit against his or her UK tax liability in respect of such dividend equal to one-ninth of the cash dividend. Holders of Ordinary Shares ("Shareholders") who are UK resident individuals and who are not liable to income tax in respect of the gross dividend will not, save in the case of a person holding the relevant Ordinary Shares through a Personal Equity Plan or Individual Savings Account (for which special rules apply), be entitled to repayment of the tax

credit. In the case of UK resident individual Shareholders who are liable to income tax at only the lower or basic rate, the tax credit will satisfy in full such holders' liability to income tax on the dividend. UK resident individual Shareholders who are liable to income tax at the higher rate will pay tax at the rate of 32.5 per cent. of the gross dividend but will be able to set the tax credit off against part of this liability.

A UK resident corporate Shareholder will generally not be liable to UK corporation tax on any dividend received. Such Shareholders will not be able to claim repayment of the tax credits attaching to dividends.

A UK resident pension fund will not be entitled to reclaim the tax credit on dividends paid by the Company.

Individual Shareholders who are resident for tax purposes outside of the United Kingdom, but who are Commonwealth citizens, European Economic Area nationals, residents of the Isle of Man or the Channel Islands or certain other persons will normally be entitled to a tax credit, as if they were resident for tax purposes in the United Kingdom, which they may set off against their total United Kingdom income tax liability. Such Shareholders will generally not be able to claim repayment of the tax credit from the Inland Revenue.

6.2 Taxation of capital gains ("CGT")

Individual Shareholders who are resident or ordinarily resident in the UK will be liable to CGT on any disposal of the Shares, subject to any allowances, reliefs or exemptions that may be available to them. UK resident corporate Shareholders are liable to CGT on any disposal or deemed disposal of their Ordinary Shares, subject to certain reliefs and exemptions.

Changes to the structure of capital gains tax for individuals, trustees and personal representatives were introduced on 6 April 1998, including changes to the rules relating to the holding of shares. A disposal of shares is generally treated on a LIFO (last in, first out) basis for the purpose of calculating gains chargeable to tax. In addition, gains made by individuals, trustees and personal representatives after 5 April 1998 may qualify for taper relief. This relief reduces the amount of a chargeable gain on disposal, depending on the length of time the shares have been held since 6 April 1998. The activities of Judges are such that the lower rate of "non business asset" taper relief is likely to apply.

6.3 Stamp duty and stamp duty reserve tax ("SDRT")

Subject to certain exemptions, a transfer on sale of Ordinary Shares in registered form will attract *ad valorem* UK stamp duty at the rate of 0.5 per cent. (rounded up to the nearest £5) of the amount or value of the consideration for the transfer. Generally, *ad valorem* stamp duty applies neither to gifts nor to a transfer from a nominee to the beneficial owner, although in cases of transfers where no *ad valorem* stamp duty arises, a fixed UK stamp duty of £5 may be payable. SDRT at a rate of 0.5 per cent. of the amount or value of the consideration for the transfer may be payable on an unconditional agreement to transfer Ordinary Shares. If, within, six years of the date of such an agreement, an instrument transferring the Ordinary Shares is executed and stamped, SDRT paid may be repaid or, if it has been paid, the liability to pay such tax (but not necessarily interest and penalties) would be cancelled. SDRT is chargeable whether the agreement is made or effected in the UK or elsewhere and whether or not any party is resident or situated in the UK.

Special rules apply in connection with clearance services and depositary receipts.

7. Material contracts

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

- 7.1 agreements dated 24 December 2002 and made between (1) the Company (2) ForwardIssue Limited (3) Guy Naggar and (4) the Naggar Family Pension Scheme (the "Relevant Shareholders"), whereby the Relevant Shareholders have agreed not to dispose of or otherwise deal in the Ordinary Shares held by them for a period of one year from the date of Admission. These restrictions will not apply in the event of a takeover or in certain other exceptional circumstances;
- 7.2 a placing agreement dated 24 December 2002 between the Directors, the Company, Dawnay Day and Evolution Beeson Gregory, under which Evolution Beeson Gregory has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing is not

underwritten. Pursuant to the Placing Agreement, the Company has given certain warranties and indemnities to Dawnay Day and Evolution Beeson Gregory regarding, *inter alia*, the accuracy of the information in this document. In addition, the Company has agreed to perform certain obligations. The Placing Agreement is conditional, *inter alia*, on:

- (i) Admission taking place no later than 8.30 am on 7 January 2003 or such later date as Dawnay Day shall agree but not later, in any event, than 24 January 2003;
- (ii) the Placing Agreement not having been terminated prior to Admission.

Dawnay Day and Evolution Beeson Gregory are entitled in certain circumstances to terminate the Placing Agreement prior to Admission, including, *inter alia*, for a breach of any of the warranties which is material in the context of the Placing.

Under the Placing Agreement, the Company has agreed to pay all the expenses of and incidental to the Placing including the fees and costs of professional advisers and all costs relating to the Placing. Under the Placing Agreement Evolution Beeson Gregory is entitled to a corporate finance fee of £30,000 and a commission of 5 per cent. of the aggregate value of the Placing Price multiplied by the total number of Placing Shares subscribed for by placees introduced by Evolution Beeson Gregory to the Company. Dawnay Day is entitled to a corporate finance fee of up to £75,000 and a commission of up to 3 per cent. of the aggregate value of the Placing Price multiplied by the total number of Placing Shares subscribed by placees introduced by Dawnay Day to the Company. Dawnay Day has agreed to accept £60,000 of its corporate finance fee in Placing Shares at the Placing Price, which equates to 63,158 Ordinary Shares.

The Directors have undertaken that they will not dispose of any Ordinary Shares held by them on Admission for two years from the date of Admission (subject to certain exceptions).

- 7.3 A Nominated Adviser Agreement dated 24 December 2002 between the Company (1) the Directors (2) and Dawnay Day (3) pursuant to which the Company has appointed Dawnay Day to act as nominated adviser to the Company in accordance with the AIM rules. The Company has agreed to pay Dawnay Day a fee of £15,000 per annum for its services as nominated adviser under this agreement. This agreement contains certain undertakings and indemnities given by the Company and the Directors, in respect of, *inter alia*, compliance with all applicable laws and regulations. This agreement is for a fixed period of one year and will continue thereafter unless and until terminated on the giving of three months' notice.
- 7.4 An engagement letter dated 24 December 2002 from Evolution Beeson Gregory to the Company pursuant to which Evolution Beeson Gregory agree to act as broker to the Company and to provide services in relation to the Placing. The Company has agreed to pay Evolution Beeson Gregory a fee of £25,000 per annum for its services as broker under the engagement letter. This appointment is subject to termination on the giving of one month's notice.

8. Working capital

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

9. Litigation

There are no legal or arbitration proceedings in which any member of the Company is involved or of which the Company is aware are pending or threatened by or against the Company which may have or have had since its incorporation a significant effect on the Company's financial or trading position.

10. General

- 10.1 Other than as described in this document, there has been no significant change in the trading or financial position or prospects of the Company since the date of its incorporation.
- 10.2 It is estimated that the total expenses payable by the Company in connection with the Placing and Admission will amount to approximately £200,000 (including value added tax).
- 10.3 Monies received from applicants pursuant to the Placing will be held in escrow until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 8.00 am on 7 January 2003 (or such later date as Dawnay Day and the

Company may agree but not later, in any event, than 24 January 2003), application monies will be returned to applicants at their risk without interest. The following details (in relation to the Placing) are set out in the placing letters sent to prospective placees: the period during which the offer constituted by the Placing is open, the arrangements for payment of the Placing Shares and the arrangements during the period prior to the delivery of the securities being offered relating to the monies received from placees.

- 10.4 As at the date of this document, no statutory accounts have been delivered to the Registrar of Companies by the Company. The financial information set out in Part 3 of this document does not constitute full statutory accounts as referred to in section 240 of the Act.
- 10.5 Grant Thornton has given and not withdrawn its written consent to the inclusion in this document of its report set out in Part 3 and the references thereto and to their name in the form and context in which they appear.
- 10.6 With reference to and for the purposes of paragraph 45 (8) (b) of Schedule 1 to the POS Regulations, Grant Thornton accepts responsibility in relation to this document for its report set out in Part 3 of this document.
- 10.7 Save as disclosed in this document:
- (i) there are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business;
 - (ii) the Directors are not aware of any exceptional factors which have influenced the Company's activities;
 - (iii) the Company has no investments in progress.
- 10.8 The Placing Price represents a premium of 90p over the nominal value of 5p per share. The share premium arising on the Placing, assuming full subscription, amounts to approximately £1,895,684.40 million in aggregate.
- 10.9 The Ordinary Shares are in registered form. No temporary documents of title will be issued.
- 10.10 In the Directors' opinion, the minimum amount to be raised pursuant to the Placing for the purposes set out in paragraph 21(a) of Schedule 1 to the POS Regulations is £1 million, which will be applied as follows:
- | | |
|---|----------|
| (i) purchase price of property | £nil |
| (ii) commissions and expenses payable in respect of the Placing | £200,000 |
| (iii) repayment of monies borrowed in respect of (i) and (ii) above | £nil |
| (iv) working capital | £800,000 |
- There are no amounts to be provided in respect of the matters mentioned above otherwise than out of the Placing or from the Company's existing resources.
- 10.11 Except as detailed in this document, no person (excluding professional advisers as stated in this document and trade suppliers) has received, directly or indirectly, from the Company within the twelve months preceding the Company's application for Admission, and no persons have entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission:
- (i) fees totalling £10,000 or more;
 - (ii) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price of the Ordinary Shares on Admission; or
 - (iii) any other benefit with a value of £10,000 or more at the date of Admission, which includes all the existing shareholders of the Company.
- 10.12 Dawnay Day and Evolution Beeson Gregory are regulated by the Financial Services Authority.
- 10.13 Dawnay Day and Evolution Beeson Gregory have given and have not withdrawn their written consent to the inclusion in this document of references to their names in the form and context in which they respectively appear.

10.14 Dawnay Day is acting as Nominated Adviser to the Company. In accordance with the AIM Rules, Dawnay Day has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with. Dawnay Day has not made its own enquiries except as to matters which have come to its attention and which it considered necessary to satisfy itself. No liability whatsoever is accepted by Dawnay Day 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. Dawnay Day has not authorised the contents of this document for the purposes of Regulation 13(1)(g) of the POS Regulations or otherwise and no representation or warranty, express or implied, is made by Dawnay Day as to any of the contents or completeness of this document.

11. Date of document

The date of this document is 24 December 2002.

