

THIS DOCUMENT IS IMPORTANT. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, accountant, solicitor or other independent professional adviser authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities.

The Company and the Directors, whose names appear on page 3, accept responsibility for the information contained in this document. To the best of the knowledge 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 there is no omission likely to affect the import of such information. This document has been drawn up in accordance with the Public Offers of Securities Regulations 1995 ("POS Regulations"). Copies of this document have been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4(2) of the POS Regulations.

Application will be made for the whole of the issued and to be issued ordinary share capital of the Company 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 than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial adviser. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of these securities to the Official List. Further, the London Stock Exchange has not itself approved the contents of this document. It is anticipated that trading in the Ordinary Shares will commence on AIM on 13th March, 2000.

Eurovestech plc

(Incorporated in England and Wales with registered number 3913197)

PLACING

of

162,000,000 Ordinary Shares of 1p each at 5p per share

and

Admission to the Alternative Investment Market

NOMINATED ADVISER

John East & Partners Limited

NOMINATED BROKER

Insinger Townsley

SHARE CAPITAL

The following table shows the authorised and issued share capital of the Company immediately following the Placing.

Authorised			Issued and fully paid	
£	Number		£	Number
4,295,000	429,500,000	Ordinary Shares of 1p each	2,002,000	200,200,000
205,000	20,500,000	Convertible Redeemable Shares of 1p each	205,000	20,500,000

The Placing Shares will rank *pari passu* in all respects with the existing Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares after the date of this document.

John East & Partners, which is regulated by The Securities and Futures Authority Limited, is acting as nominated adviser to Eurovestech plc. Insinger Townsley, which is regulated by The Securities and Futures Authority Limited, is acting as nominated broker to Eurovestech plc. John East & Partners and Insinger Townsley are not acting for anyone else and will not be responsible to anyone other than Eurovestech plc for providing the protections afforded to customers of John East & Partners and Insinger Townsley or for providing advice in relation to the contents of this document or the Placing and the admission of the Ordinary Shares to trading on AIM. In particular, John East & Partners, as nominated adviser to the Company, owes certain responsibilities to the London Stock Exchange which are not owed to the Company or the Directors or to any other person in respect of any decision to acquire Ordinary Shares in reliance on any part of this document. No liability is accepted by John East & Partners for the accuracy of any information or opinions contained in or for the omission of any material information from this document, for which the Company and its Directors are solely responsible.

The whole of the text of this document should be read. Investment in Eurovestech plc is speculative and involves a degree of risk. Your attention is drawn to the section headed "Risk Factors" on page 9 of this document.

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Directors, secretary and advisers

Directors	Richard Henry Grogan (<i>Non-Executive Chairman</i>) (<i>US Citizen</i>) Richard Philip Bernstein (<i>Chief Executive</i>) Quentin-Colin Maxwell Solt (<i>Non-Executive Director</i>) all of 29 Curzon Street, London W1Y 7AE
Secretary and Registered Office	Sara Lilian Pennell 29 Curzon Street London W1Y 7AE
Nominated Adviser	John East & Partners Limited Crystal Gate 28-30 Worship Street London EC2A 2AH
Nominated Broker	Insinger Townsley 44 Worship Street London EC2A 2JT
Auditors and Reporting Accountants	Grant Thornton Melton Street Euston Square London W1R 9AJ
Solicitors to the Company	S J Berwin & Co 222 Grays Inn Road London WC1X 8HB
Solicitors to the Nominated Adviser	Lewis Silkin Windsor House 50 Victoria Street London SW1H 0NW
Registrars	IRG plc Balfour House 390-398 High Road Ilford Essex IG1 1NQ

Definitions

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

“Act”	the Companies Act 1985, as amended
“Admission”	the effective admission of the Ordinary 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 set out in Chapter 16 of the Rules of the London Stock Exchange
“Board” or “Directors”	the directors of the Company
“Convertible Redeemable Shares”	convertible redeemable shares of 1p each in the share capital of the Company, further details of which are set out in paragraph 4 of Part IV of this document
“CREST”	the system for paperless settlement of trades and the holding of uncertificated shares administered by CRESTCo. Limited
“Eurovestech” or “the Company”	Eurovestech plc
“Insinger Townsley”	Insinger Townsley, the trading name of Insinger de Beaufort
“John East & Partners”	John East & Partners Limited
“London Stock Exchange”	London Stock Exchange Limited
“Official List”	the Official List of the London Stock Exchange
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Other Existing Shareholders”	the shareholders of the Company at the date of this document other than the Directors
“Placing”	the placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 6th March, 2000 between the Company, the Directors, John East & Partners and Insinger Townsley as described in paragraph 7(b) of Part IV of this document
“Placing Price”	5p per Placing Share
“Placing Shares”	the 162,000,000 new Ordinary Shares to be issued fully paid for cash pursuant to the Placing
“POS Regulations”	the Public Offers of Securities Regulations 1995, as amended
“Warrants”	warrants to subscribe for Ordinary Shares at a price of not less than 10p per share, further details of which are set out in paragraph 5 of Part IV of this document
“Warrant Instrument”	the instrument dated 2nd March, 2000 constituting the Warrants

Placing statistics

Placing Price	5p
Number of Placing Shares being placed	162,000,000
Ordinary Shares in issue immediately following the Placing	200,200,000
Percentage of enlarged issued Ordinary Share capital being placed	81.0
Amount, after expenses, being raised for the Company	£7.76 million
Market capitalisation at the Placing Price	£10.01 million

Dealing restrictions

On Admission, the Directors and the Other Existing Shareholders will be interested in 42,500,000 and 15,500,000 Ordinary Shares respectively, representing 21.2 and 7.7 per cent. of the enlarged issued Ordinary Share capital of the Company respectively. In addition, Richard Bernstein and Quentin Solt have subscribed for 20,000,000 and 500,000 Convertible Redeemable Shares respectively. Details of the rights of the Convertible Redeemable Shares and these shareholdings are set out in paragraphs 4 and 6 of Part IV of this document.

The Directors and the Other Existing Shareholders, on behalf of themselves, their families and others deemed to be connected with them, have undertaken to John East & Partners, Insinger Townsley and the Company, not to dispose of such interests (subject to certain limited exceptions) until 12 months after Admission and not to dispose of such interests for a further period of 12 months thereafter without the prior written consent of John East & Partners and Insinger Townsley, such consent not to be unreasonably withheld or delayed. Further details of these arrangements are set out in paragraphs 7(b) and (c) of Part IV of this document.

Expected timetable of principal events

Publication date of prospectus	6th March, 2000
Payment to be received from placees in cleared funds	10th March, 2000
Admission effective and dealings expected to commence	13th March, 2000
Share certificates in respect of Placing Shares despatched by	20th March, 2000

CREST

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The articles of association of the Company permit the holding of Ordinary Shares under the CREST system. The Directors have arranged with CRESTCo. Limited for the Ordinary Shares to be admitted to CREST with effect from 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 certificates will be able to do so. Persons acquiring Ordinary Shares under the Placing may, however, elect to receive Ordinary Shares in uncertificated form if, but only if, that person is a "system member" (as defined in the Uncertificated Securities Regulations 1995) in relation to CREST. Further information is set out in the placing letters used in connection with the Placing.

PART I

Information on the Company

1. Introduction and business

Eurovestech was established to invest in a spread of Internet and high technology related businesses. The Directors intend to continue to focus on investment opportunities within Europe as well as the UK and have also identified Israel as an area of investment. The Company's European focus will apply not only to the geographical location of its investments but also to the pan-European ambitions of the companies it invests in. These geographical locations are reflected in the initial investments made and those currently under review.

The Company intends to structure itself into four clearly defined sub-funds or areas. These are:

- infrastructure enabling solutions;
- business-to-business (B2B) e-commerce;
- new technologies including wireless and convergent distribution channels and technology developments with clear commercial application; and
- business-to-consumer (B2C) e-commerce propositions including content and community for consumers and customer relationships, fulfilment and related business opportunities.

Key criteria for all investments include management expertise and vision, identifiable revenue and profit streams and strategic alliance opportunities. The Directors currently intend that the Company should acquire a portfolio of investments spread across the four areas outlined above to reduce the specific risk to any one investment. The Company will be prepared to provide seed capital, pre-float finance and mezzanine finance to companies and may provide further finance to companies to assist them to achieve their potential.

It is possible that the Company may offer its own shares in exchange for shares in investee companies in addition to a cash investment in such companies. The Company intends to develop an advisory team by utilising the skills and contacts of individuals with experience in the above areas of focus.

2. Initial investments

The Company has made investments in the following companies:

Deckchair.com

In February 2000, the Company invested £250,000 in Deckchair.com Holdings Limited trading as Deckchair.com. Deckchair.com aims to be the leading e-commerce travel search agent for European business and leisure travellers. Using agent technology, prices and availability from multiple sources of travel components can be checked rapidly. The product portfolio is currently focused on flights and is intended to include hotels, car-hire, insurance and ground services. The directors of Deckchair.com believe that their company has already established itself as a leading UK on-line travel brand. Sir Bob Geldof is the chairman of Deckchair.com.

Activate.co.uk

In February 2000, the Company invested £250,000 in Firmgrowth Limited trading as Activate.co.uk. Activate is a career and lifestyle portal and aims to become the on-line provider of goods and services to the UK student population. The website currently provides details of the latest graduate vacancies and includes a careers search engine, hyper links to employer sites and free internet access. In January 2000, Activate signed an exclusive long term joint alliance with the National Union of Students ("NUS"), making Activate the careers partner of the NUS.

The Company has entered into option agreements with the following companies:

Atarim Web Consulting BM

Eurovestech has entered into an option agreement to acquire a substantial interest in Atarim for \$100,000. Atarim is based in Israel and intends to provide business-to-business e-commerce solutions to small and medium sized enterprises both in Israel and Western Europe.

Investment in consumer portal company

Eurovestech has agreed subject to due diligence and the completion of formal legal documentation to invest £250,000 in a company which intends to develop an interactive, e-commerce-enabled specialist consumer portal.

The Directors are currently in discussions with a number of potential investee companies in accordance with their investment strategy.

3. Details of the Placing

Insinger Townsley has undertaken to use its reasonable endeavours to place up to 162 million new Ordinary Shares, as agent for the Company, with investors, at 5p per share. The Placing, which is not underwritten, is conditional upon the admission of the Ordinary Shares to trading on AIM by 13th March, 2000, or such later time as John East & Partners, Insinger Townsley and the Company may agree not being later than 31st March, 2000.

The Placing is intended to raise £8.1 million before expenses. After expenses of the Placing and Admission, estimated in total at £340,000, including irrecoverable VAT, the Placing is intended to raise £7.76 million net. The net funds will be used to make initial investments and to pay ancillary costs.

Proceeds of the Placing should be received by Insinger Townsley on or before 10th March, 2000. CREST accounts will be credited on the date of Admission and it is anticipated that certificates in respect of the Ordinary Shares will be despatched within 5 business days of such date. Pending receipt by shareholders of definitive share certificates, the Company's registrars will certify any instruments of transfer against the register.

4. Reasons for the Placing and Admission

Since leaving Schroder Securities Limited in June 1999, Richard Bernstein has been actively involved in sourcing and evaluating internet and high technology related businesses. Having established the Company as an investment vehicle specialising in these areas to utilise the skills and contacts of all the Directors, the Directors believe that it is now an appropriate time to seek a trading facility on AIM to enhance the profile of the Company and raise additional funds to enable the Company to achieve its investment objectives. In addition, the Directors believe that the trading facility will provide a platform for the development of the Company's business.

5. Dividend policy

The nature of its proposed investments means that they are unlikely to generate income, and consequently the Company is unlikely to be in a position to pay a dividend in the short to medium term. The Directors believe that the Company should generate capital growth for its shareholders, and may recommend capital distributions at some future date depending upon the realisation of profits, taxation advice and when it becomes commercially prudent to do so.

6. Dealing arrangements and availability of this prospectus

Application will be made for the Ordinary Shares to be admitted to AIM and it is anticipated that Admission will become effective and that dealings will commence on 13th March, 2000.

Copies of this document will be available, for collection only, free of charge, from John East & Partners, Crystal Gate, 28-30 Worship Street, London EC2A 2AH during normal office hours on any weekday (Saturday and public holidays excepted) for a period of not less than 14 days from the date of Admission.

7. Management

Directors

Richard Grogan (*Chairman*), aged 46, is the Non-Executive Chairman of the Company. He graduated from Harvard College and received an MBA from Harvard Business School. He joined Bain and Company, the Boston based management consultancy firm in 1981 and was a partner in its London office until 1987. He formed Talisman Management Limited, an investment and management firm.

Talisman led the acquisition of Cope Allman International plc in 1988 and Mr. Grogan became its Executive Chairman. Mr. Grogan is currently the Chief Executive of BDT Engineering Corporation (a Delaware company), the Chairman of Asquith Court Holdings Limited, a partner of The Parthenon Group LLC and a director of a number of other companies in the US and the UK.

Richard Bernstein (*Executive Director*), aged 37, is the Chief Executive of the Company. He qualified as a chartered accountant in 1989. Between 1994 and 1996 he ran his own specialist research house, Amber Analysis, which provided a risk management service for UK institutions managing over £100 billion. From August 1996 until June 1999 he was an equities analyst at Schroder Securities Limited. Since leaving Schroder Securities Limited, he has been actively involved in sourcing and evaluating Internet and high technology businesses. He has considerable investment experience with listed investments including a number of companies involved in Internet infrastructure and e-commerce.

Quentin Solt (*Non-executive Director*), aged 34, qualified as a solicitor in 1990 when he joined Berwin Leighton where he has been a corporate finance partner since 1997. He leads the firm's Information and Communications Technology team of commercial, employment, tax, litigation and corporate finance lawyers and provides corporate finance advice to e-commerce businesses and their funders. He is also an "angel adviser" to a number of high profile entrepreneurs networking groups including First Tuesday and Digital People. He is a member of the First Tuesday panel of experts that selects and matches venture capitalists with internet and e-commerce businesses.

The Company has recruited staff to assist in the analysis of business proposals and for business administration and will recruit additional staff as necessary. The Directors also intend to extend the Company's network of advisers who assist in the evaluation of business opportunities.

8. Lock-in arrangements

The Directors and the Other Existing Shareholders have invested in the Company for the long-term. Their aggregate interests in Ordinary Shares following the Placing will amount to 58 million Ordinary Shares (which is equivalent to approximately 29 per cent. of the enlarged issued ordinary share capital of the Company). They have agreed not to dispose of any interests in the securities of the Company within the year following Admission and thereafter, for a further year, not to dispose of any Ordinary Shares without the prior written consent of John East & Partners and Insinger Townsley, such consent not to be unreasonably withheld or delayed. Details of the lock-in arrangements are set out in paragraphs 7(b) and (c) of Part IV of this document.

9. Charitable donations

Richard Bernstein intends, within 18 months of Admission, to donate 4,000,000 Ordinary Shares from his existing personal holding in the Company to a selection of charities. It is also currently the intention of the Company to issue a further 4,000,000 Ordinary Shares to a selection of charities, within 24 months of Admission. The Company currently intends to pay up such shares out of its distributable profits, to the extent that they exist at that time. If the distributable profits are insufficient, it is currently the intention of Richard Bernstein to pay the appropriate subscription monies to enable the Company to issue such shares to such charities.

Any shares which are donated by Richard Bernstein will remain subject to the lock-in arrangements as described in paragraph 8 above.

10. Convertible Redeemable Shares and Warrants

As founders of the Company, Richard Bernstein and Quentin Solt have subscribed for 20,000,000 and 500,000 Convertible Redeemable Shares respectively. The Convertible Redeemable Shares will convert into an equal number of new Ordinary Shares in the event that the average closing mid market price of an Ordinary Share for 20 consecutive business days exceeds 25p per share. If the Convertible Redeemable Shares have not converted by 21st February 2005, the Company has the option to redeem such Convertible Redeemable Shares at par.

It is anticipated that the Company will also incentivise its management team, introducers of deal flow and consultants in the investment process by the issue of Warrants. Accordingly, the Company has created 65,000,000 Warrants to subscribe for Ordinary Shares exercisable from Admission for a period of five years at a minimum subscription price of 10p per Ordinary Share; the Directors have the authority to set the subscription price at a higher level at the time of issue of the Warrants.

The Company has issued 20,000,000 and 1,000,000 Warrants respectively to Richard Bernstein and Richard Grogan at a subscription price of 10p per Ordinary Share. Additionally, the Directors have agreed in principle to issue a total of 2,850,000 Warrants at an exercise price of 10p per Ordinary Share to the introducers of the investments and/or proposed investments set out in paragraph 2 above.

Further details on the terms of the Convertible Redeemable Shares and the Warrants are set out in paragraphs 4 and 5 of Part IV of this document.

11. Corporate governance

The Directors intend to develop appropriate measures (having regard to the current stage of development of the Company) to comply, so far as practicable, with the Principles of Corporate Governance and Code of Best Practice published by the Committee on Corporate Governance chaired by Sir Ronald Hampel (“the Combined Code”). The Directors further intend to appoint additional non-executive Directors in due course in line with the recommendations of the Combined Code as applied to smaller quoted companies, and to appoint audit and remuneration committees at that stage.

12. Risk Factors

In addition to the usual risks associated with an investment in a business at an early stage of development, the Directors consider the following risk factors to be the most significant to potential investors:

- There is no time limit on the power of the Company to invest in shares of any company, and therefore no certainty that there will be a spread of investments such as would mitigate risk.
- The global implications of the Internet may lead to investments being made in foreign currencies, introducing the risk of exchange rate fluctuations.
- The Company is likely to have a minority interest in the companies in which it invests, possibly without any contractual safeguards in respect of management and operational matters.
- The investment policy is to invest in the shares of smaller companies and unquoted securities. Such investments may be difficult to realise and, in addition, such companies frequently lack the financial strength, diversity and resources of larger companies and may find it more difficult to overcome, or survive, periods of economic slowdown or recession.
- The market perception of securities related to the Internet or other technologies in which the Company invests may change and, accordingly, the value of the Ordinary Shares and of any investments made by the Company may decline.
- The Company may be unable to identify suitable companies in which to invest.
- An investment in the Company may not be suitable for all recipients of this document. Investors are accordingly strongly advised to consult an investment adviser authorised under the Financial Services Act 1986 before making any decision to invest.
- The Company may seek to raise additional funds in the future to ensure future growth and expansion. Any equity offerings to new investors could result in earnings dilution for existing shareholders and investors in the Placing. Further, there can be no guarantee or assurance that additional funds can be raised when necessary.

The risks above do not necessarily comprise all those associated with an investment in the Company.

PART II

Accountants' Report on Eurovestech

Set out below is the text of a report received from Grant Thornton, Registered Auditors, Chartered Accountants and Reporting Accountants:

The Directors
Eurovestech plc
29 Curzon Street
London W1Y 7AE

The Directors
John East & Partners Limited
Crystal Gate
28-30 Worship Street
London EC2A 2AH

The Directors
Insinger de Beaufort
44 Worship Street
London EC2A 2JT

Grant Thornton 

Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

6 March 2000

Dear Sirs

Eurovestech 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 prospectus of the Company dated 6 March 2000 ("the Prospectus").

Basis of preparation

The financial information set out below is based on the transactions of the Company from incorporation on 20 January 2000 to 21 February 2000.

Responsibility

The directors of the Company are responsible for the contents of the prospectus dated 6 March 2000 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 prospectus dated today, a true and fair view of the state of affairs of the Company at 21 February 2000.

Consent

We consent to the inclusion in the prospectus dated 6 March 2000 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.

Financial information

The principal activity of the Company is to invest in a spread of internet-related and high technology businesses. 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 incorporation.

On 11 February 2000 the Company invested £250,000 in Deckchair.com Holdings Limited trading as Deckchair.com and on 14 February 2000 the Company invested £250,000 in Firmgrowth Limited trading as Activate.co.uk. These have been included at cost.

The balance sheet of the Company as at 21 February 2000 is as follows:

	£'000
Fixed assets	
Investments	500
Current assets	
Cash	1,605
Net assets	2,105
<hr/>	
Share capital and reserves	
Called-up share capital	
Convertible Redeemable Shares	205
Ordinary Shares	380
Share Premium Account	1,520
	<hr/>
	2,105
	<hr/>

Notes to the financial information

1. Accounting policies

The accounting policies of the Company have been determined as follows:

Basis of accounting

The financial statements will be prepared under the historical cost convention.

Investments

Investments are stated at cost less provision for any permanent diminution in value.

2. Share capital

<i>Authorised share capital</i>	£
20,500,000 Convertible Redeemable Shares of 1p each	205,000
429,500,000 Ordinary shares of £1 each	4,295,000
	<hr/>
<i>Allotted, called-up and fully paid</i>	
20,500,000 Convertible Redeemable Shares of 1p each	205,000
38,000,000 Ordinary shares of 1p each	380,000
	<hr/>

3. Statutory information

The Company was incorporated as Eurovestech plc on 20th January 2000, under company registration number 3913197. Save as otherwise disclosed in the Prospectus, as of today's date the Company has carried out no trading and except for the above financial information, entering into agreements to pay certain expenses and commission in respect of the share placing and the entering into of a lease for office space at 29 Curzon Street, London W1, the only transactions of the Company have been as follows:

- (a) On 20 January 2000 the Company allotted and issued two ordinary shares of £1 each
- (b) On 11 February 2000 the authorised, issued and allotted share capital of the Company was increased to £150,000 by the creation of an additional 100,000 ordinary shares of £1 each and 100,000 ordinary shares of £1 each were allotted at a subscription price of £5 each
- (c) On 21 February 2000 the authorised share capital of 150,000 ordinary shares of £1 each was subdivided into 15,000,000 ordinary shares of 1p each and the authorised share capital was increased to £4,500,000 by the creation of an additional 414,500,000 ordinary shares of 1p each and 20,500,000 Convertible Redeemable Shares of 1p each
- (d) On the same date, the Company allotted and issued a further 27,999,800 ordinary shares of 1p each at a premium of 4p per share and 20,500,000 Convertible Shares of 1p each at par

The Company has not entered into any material contracts at the date of this report other than those referred to in paragraph 7 of Part IV of the Prospectus.

Yours faithfully,

GRANT THORNTON

PART III

Pro forma statement of net assets of the Company

The following is an unaudited pro forma statement of net assets at 21st February, 2000 illustrating the effect of the Placing. This pro forma statement of net assets has been prepared, on the basis of the notes set out below, to illustrate how the Placing might have affected the net assets of the Company had they occurred on 21st February, 2000. It has been prepared for illustrative purposes only and, because of its nature, it may not give a complete picture of the financial position of the Company.

	Eurovestech £'000	Placing Adjustments £'000	Pro forma Balance sheet £'000
Fixed assets			
Investments	500	–	500
Current assets			
Cash at bank	1,605	7,760	9,365
Net assets	2,105	7,760	9,865

Notes:

The balance sheet of the Company at 21st February, 2000 is extracted from the Accountants' Report set out in Part II of this document.

The adjustments relate to:

- (a) Gross proceeds of £8.1 million from the Placing of the Placing Shares; and
- (b) Expenses in connection with the Placing of £340,000.

No account has been taken of trading of the Company since 21st February, 2000.

The Directors
Eurovestech plc
29 Curzon Street
London W1Y 7AE

The Directors
John East & Partners Limited
Crystal Gate
28-30 Worship Street
London EC2A 2AH

The Directors
Insinger de Beaufort
44 Worship Street
London EC2A 2JT

Grant Thornton 

Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

6 March 2000

Dear Sirs

Eurovestech plc
("the Company")

We report on the pro forma statement of net assets set out in Part III of the Prospectus dated 6 March 2000, which has been prepared, for illustrative purposes only, to provide information about how the placing and proposed admission of the Company to the Alternative Investment Market of the London Stock Exchange might have affected the financial information presented.

Responsibilities

It is the responsibility solely of the directors of the Company to prepare the pro forma statement of net assets. It is our responsibility to form an opinion on the pro forma statement of net assets and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 "Reporting on pro forma financial information pursuant to the Listing Rules" issued by the Auditing Practices Board. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma statement of net assets with the directors of the Company.

Opinion

In our opinion:

- (a) the pro forma statement of net assets has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Company; and
- (c) the adjustments are appropriate for the purposes of the pro forma statement of net assets as disclosed.

Yours faithfully

GRANT THORNTON

PART IV

Additional information

1. The Company

- (a) The Company was incorporated on 20th January, 2000 in England and Wales under the Act as a public company limited by shares with registered number 3913197. On 11th February, 2000 the Registrar of Companies issued the Company with a certificate to commence business and borrow pursuant to Section 117 of the Act.
- (b) The Company's main activity is that of a holding company and its principal activity is the investment in securities. The Company currently has no subsidiaries.
- (c) The principal legislation under which the Company operates is the Act and regulations made thereunder.
- (d) The Company's registered office and its principal place of business is 29 Curzon Street, London W1Y 7AE.
- (e) The liability of the members of the Company is limited.

2. Share capital

- (a) The Company was incorporated with an authorised share capital of £50,000 divided into 50,000 ordinary shares of £1 each of which two were issued.
- (b) The following is the summary of the changes in the authorised and issued share capital of the Company since incorporation:
 - (i) On 20th January, 2000, two ordinary shares of £1 each were allotted at a subscription price of £1 each;
 - (ii) On 11th February, 2000, by a written resolution the members resolved to increase the authorised share capital of the Company to £150,000 by the creation of an additional 100,000 ordinary shares of £1 each;
 - (iii) On 11th February, 2000, 100,000 ordinary shares of £1 each were allotted at a subscription price of £5 per share;
 - (iv) On 21st February, 2000, by a written resolution the members resolved that the authorised share capital of 150,000 ordinary shares of £1 each be subdivided in to 15,000,000 Ordinary Shares of 1p each and then increased from £150,000 to £4,500,000 by the creation of an additional 414,500,000 Ordinary Shares and 20,500,000 Convertible Redeemable Shares of 1p each; and
 - (v) On 21st February, 2000, 27,999,800 Ordinary Shares were allotted at a subscription price of 5p per share and 20,500,000 Convertible Redeemable Shares were allotted at par.
- (c) By a written resolution dated 21st February, 2000 (the "Resolution") the members resolved that:
 - (i) the Directors of the Company be generally and unconditionally authorised pursuant to Section 80 of the Act to exercise all the powers of the Company to allot relevant securities (as defined in Section 80 of the Act) up to an aggregate nominal amount of £3,521,666. Such authority shall, unless and to the extent previously revoked, varied or renewed by the Company in general meeting for the period expiring on the fifth anniversary of the passing of the Resolution (provided that the Company may before such expiry make an offer or agreement which would or might require such shares to be allotted after such expiry and the Directors may allot relevant securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired);
 - (ii) the Directors be given power pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the Section 80 authority referred to in subparagraph (c)(i) above as if Section 89(1) of the Act did not apply to any such allotment, such power to expire on the fifth anniversary of the passing of the Resolution. The power is limited to:
 - (aa) the allotment of 200,000,000 Ordinary Shares for cash to Directors, Other Existing Shareholders and to placees pursuant to the Placing;
 - (bb) the allotment of equity securities for cash in connection with rights issues to holders of Ordinary Shares where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them, but subject to such exclusions or other arrangements as the Directors may deem

necessary or expedient to deal with any fractional entitlements or any legal or practical problems under laws of, or the requirements of any regulatory body or any recognised stock exchange in, any territory;

- (cc) the allotment of 65,000,000 Ordinary Shares pursuant to the exercise of Warrants summarised in paragraph 5 of this Part IV; and
- (dd) the allotment (other than pursuant to (aa), (bb) and (cc) above) of equity securities up to a maximum aggregate nominal amount of £666,666 (being equal to 33 per cent. of the issued ordinary share capital of the Company immediately following completion of the Placing).

The Company may, before the expiry of this power, make an offer or agreement which would or might require equity securities to be allotted after the expiry of this power and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power had not expired.

- (d) The provisions of Section 89(1) of the Act (which, to the extent not disapplied pursuant to Section 95 of the Act, confer on shareholders rights of preemption in respect of the allotment of securities which are, or are to be, paid up in cash other than by way of allotment to employees under any employee's share scheme as defined in Section 743 of the Act) apply to Ordinary Shares to the extent not disapplied as described in paragraph 2(c)(ii) above. This disapplication will give the Directors limited flexibility to issue shares for cash following the Placing. Subject to certain limited exceptions, unless the approval of shareholders in general meeting is obtained, the Company must normally offer Ordinary Shares to be issued for cash to existing ordinary shareholders on a pro rata basis. No such issue is presently in contemplation.
- (e) The Placing Shares will rank in full for all dividends or other distributions hereafter declared, paid or made on the ordinary share capital of the Company.
- (f) The Company has issued 20,000,000 Convertible Redeemable Shares to Mr Richard Bernstein and 500,000 Convertible Redeemable Shares to Mr Quentin Solt. In addition, the Company has issued 20,000,000 and 1,000,000 Warrants to Mr Richard Bernstein and Mr Richard Grogan respectively. The Directors have the authority to issue up to a further 44,000,000 Warrants to individuals or companies who assist in the investment process. The Directors have agreed in principle to issue 2,850,000 Warrants to the introducers of the investments and/or proposed investments set out in paragraph 2 of Part I of this document. Further details of the Convertible Redeemable Shares and the Warrants are set out in paragraphs 4 and 5 below.
- (g) Save as disclosed in this paragraph 2, no share capital of the Company is under option or has been agreed conditionally or unconditionally to be put under option.
- (h) Otherwise than pursuant to the Placing, none of the Ordinary Shares or the Placing Shares have been sold or are available in whole or in part to the public in conjunction with the application for the Ordinary Shares and the Placing Shares to be admitted to AIM.
- (i) The amount payable on application and allotment of each Placing Share is 5p of which 4p is payable by way of premium.

3. Memorandum and Articles of Association

The Memorandum of Association of the Company provides that the Company's principal object is to carry on business as an investment company. The objects of the Company are set out in full in Clause 3(a) of the Memorandum of Association which is available for inspection at the address specified in paragraph 1(d) of this Part IV.

The Articles of Association of the Company (the "Articles") contain provisions, *inter alia*, to the following effect:

(a) **Voting rights**

Subject to any special rights or restrictions as to voting attached to any shares, on a show of hands every member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. A vote given by the duly authorised representative of a corporate member shall be valid notwithstanding the revocation of the appointment. If a member in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served by the Company with a notice under Section 212 of the Act fails to supply the Company with the information thereby required within a period of 14 or 28 days (depending on the percentage of any class of shares held by such member) from the date of service of such notice he is not entitled to attend or vote at a general meeting either personally or by proxy and/or receive any dividend or transfer or agree to transfer any shares or any rights therein (depending on the percentage of any class of shares held by such member).

(b) ***Variation of rights and changes of capital***

- (i) If at any time the capital of the Company is divided into different classes of shares the special rights attached to any class of shares may, subject to the provisions of the Act, be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of such provision, either with the consent in writing of the holders of three-quarters in nominal amount of the issued shares of that class or with the sanction of any extraordinary resolution passed at a separate general meeting of the holders of the shares of the class, but not otherwise. To every such separate meeting, the provisions of the Articles relating to general meetings of the Company shall apply with the necessary modifications except that no member not being a Director shall be entitled to notice or to attend unless he is a holder of shares of the relevant class, no vote shall be given except in respect of a share of that class and the necessary quorum shall be not less than two persons holding or representing by proxy at least one-third in nominal amount of the issued shares of that class.
- (ii) The Company may from time to time by ordinary resolution increase its share capital by such sum to be divided into shares of such amounts and carrying such rights as the resolution may prescribe.
- (iii) The Company may by ordinary resolution consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares, cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the nominal amount of the shares so cancelled and sub-divide its shares, or any of them, into shares of smaller amounts.
- (iv) The Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account or other undistributable reserve. The Company may, subject to the provisions of the Act, and to the approval of the holders of convertible securities by extraordinary resolution at a separate meeting, purchase or enter into a contract under which it will or may purchase any of its own shares (including redeemable shares).

(c) ***Transfer of shares***

All transfers of shares shall be effected in writing in any usual or common form or in any other form acceptable to the Directors and may be under hand only or may be without a written instrument through CREST in accordance with the Uncertificated Securities Regulations 1995. The instrument of transfer shall be signed by or on behalf of the transferor. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered on the register or members.

The Directors may decline to recognise any instrument of transfer unless; (a) it is duly stamped and deposited at the registered office of the Company accompanied by the certificate for the shares and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer provided that, in the case of a transfer recognised by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange, the lodgement of a share certificate will only be necessary if a certificate has been issued in respect of the share in question; and (b) the instrument of transfer is in respect of only one class of share and is in favour of not more than four transferees. If the Directors refuse to register any transfer of shares, they shall send to the transferee notice of such refusal within whichever is the earlier of (a) any time required by any rules laid down by the London Stock Exchange and which affect the Company from time to time or (b) two months after the date on which the transfer was lodged with the Company.

(d) ***Dividends and distribution of assets on liquidation***

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

(e) ***Unclaimed dividends***

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

(f) ***Borrowing powers***

Subject to the further provisions of the Act, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or of any third party.

(g) ***Directors***

- (i) The number of Directors shall be not less than two but not more than six subject to alteration by ordinary resolution of the Company from time to time.
- (ii) Save as mentioned below, a Director shall not vote on or in respect of any contract or arrangement or any other proposal in which he has any interest which is to his knowledge a material interest otherwise than by virtue of his interest in shares, debentures or other securities or rights of, or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he or she is debarred from voting but this shall not apply to a proposal in which he or she has any interest which is not material.
- (iii) 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:
 - (aa) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
 - (bb) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (cc) any proposal whereby the Company or any of its subsidiary undertakings is to offer securities in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting in which he is to participate;
 - (dd) any proposal relating to any other company in which he does not to his knowledge hold an interest in shares (as that expression is defined for the purposes of Part VI of the Act) representing one per cent or more of any class of the equity share capital of such company or the voting rights in such company;
 - (ee) any arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings, which does not award to any Director any privilege or benefit not generally awarded to the employees to whom the arrangement relates; or
 - (ff) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including Directors of the Company.
- (iv) Where proposals are under consideration concerning the appointment (including determining or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Director separately. In such case, each of the Directors concerned shall (if not debarred from voting under the proviso referred to in subparagraph (g)(iii)(ee) above) be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- (v) If any question shall arise at a meeting as to the right of a Director to vote or the materiality of a Director's interest, and such question is not resolved by his voluntarily agreeing to abstain from voting, the question may (subject to the Act), be referred to the chairman of the meeting (or, if the Director concerned is the chairman, to such other Director at the meeting as the Directors present other than the Chairman shall by majority vote appoint) and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned has not been fairly disclosed.

- (vi) The ordinary remuneration, excluding executive remuneration, of each of the Directors shall not exceed £25,000 per annum or such higher sum as the Company may by ordinary resolution determine. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with the business of the Company or in attending and returning from meetings of the Directors or any committee of the Directors or general meetings or separate meetings of the holders of any class of shares or debentures of the Company, or otherwise in connection with the discharge of their duties. Extra remuneration may be paid out of the funds of the Company by way of salary, lump sum, percentage of profits or otherwise as the Directors may determine to any Director who serves on any committee or who devotes special attention to the business of the Company, or who otherwise performs services for the Company which in the opinion of the Directors are outside the scope of the ordinary duties of a Director.
- (vii) The Directors may establish, maintain, participate in or contribute to, or procure the establishment and maintenance of, participation in or contribution to, any pension, annuity, superannuation, benevolent or life assurance fund, scheme or arrangement for the benefit of and give or procure the giving of donations, gratuities, pensions, allowances, benefits and emoluments to, any persons who are or were at any time in the employment or service of the Company, or any of its predecessors in business, or of any company which is a subsidiary undertaking of the Company ("Related Company") or is allied to or associated with the Company or with such Related Company or whom may be or have been Directors or officers of the Company, or of any such Related Company, and the wives, widows, families and dependants of any such persons ("Family Dependants"). The Directors may also establish, subsidise and subscribe to any institutions, associations, societies, clubs, trusts or funds calculated to be for the benefit of or to advance the interests and well-being of the Company or of any other Related Company or Family Dependants and make payments for or towards the insurance of such persons and, subject to the provisions of the Act, establish and contribute to any scheme for the acquisition of shares in the Company or its holding company whether or not an employee share scheme and to lend money to the Company's employees to enable them to acquire such shares and subscribe or guarantee money for charitable or benevolent objects, or for any exhibition, or for any public, general or useful object and do any of the above matters either alone or in conjunction with others. Subject always, if the Act shall so require, to particulars with respect to the proposed payment being disclosed to the members of the Company and being approved by ordinary resolution, any Director shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance benefit or emolument.
- (viii) No Director shall be entitled to hold office past his 70th birthday.

4. Summary of the terms of the Convertible Redeemable Shares

A new class of Convertible Redeemable Shares was created by the Company pursuant to the Resolution and the Articles of Association of the Company set out the rights attaching to the Convertible Redeemable Shares, which are as follows:

- (i) they will not entitle the holders to receive any dividend or other distribution;
- (ii) they will not entitle the holders to receive notice of or to attend or vote at any general meeting of the Company;
- (iii) on a return of capital they will entitle the holders to receive an amount equal to the amount paid up on such shares in preference to the holders of the Ordinary Shares but the holder shall have no other right to participate in the assets of the Company;
- (iv) they are not transferable;
- (v) they will convert into Ordinary Shares on the basis of one Ordinary Share for every one Convertible Redeemable Share if over a period of 20 consecutive business days the closing middle market quotation of the Ordinary Shares exceeds 25p per Ordinary Share. The Convertible Redeemable Shares will cease to be convertible on 21st February, 2005. Special provisions apply where there is a change of control of the Company, a compromise or scheme of arrangement in respect of the Company or a winding up of the Company, or any offer or invitation by the Company to the holders of Ordinary Shares to subscribe for Shares (whether by way of rights issue, open offer or otherwise) or other sub-division or capitalisation of the share capital of the Company; and
- (vi) they may be redeemed at par by the Company at any time after 21st February, 2005 by the giving of not less than 14 days notice.

No listing is being applied for in respect of the Convertible Redeemable Shares on any recognised investment exchange. Application will, however, be made for any Ordinary Shares issued on the conversion of the Convertible Redeemable Shares to be admitted to dealing on any recognised investment exchange on which the Ordinary Shares are traded from time to time.

5. Terms of the Warrants

The Warrants were created by the Warrant Instrument dated 2nd March, 2000.

The Warrants give the holder the right to subscribe for Ordinary Shares on a one for one basis, which right is exercisable at any time until the fifth anniversary of Admission. The minimum subscription price payable on exercise is 10p per Ordinary Share although the Board has the discretion to determine a higher subscription price at the time of issue of the Warrants.

The Warrants are not transferable and will not be admitted to trading on AIM or any recognised investment exchange.

The Warrants do not rank for dividends for the period prior to their exercise. Adjustments may be made to the number of Ordinary Shares which can be subscribed under the Warrants, or the subscription price, in the event of a consolidation, sub-division or reduction of capital or in the event of a rights or capitalisation issue in order to preserve the economic rights of the holders of Warrants.

If all of the Warrants were exercised there would be an additional 65,000,000 Ordinary Shares in issue.

6. Interests of Directors and others

- (a) The interests (all of which are beneficial) of the Directors and their immediate families and of persons connected with them within the meaning of Section 346 of the Act in the share capital of the Company as at the date of this document (which have been notified to the Company pursuant to Section 324 of the Act and are required to be entered in the Register of Directors' Interests maintained under the provisions of Section 325 of the Act) or could, with reasonable diligence, be ascertained by the Directors and as they are expected to be immediately following completion of the Placing are as follows:

Name	Number of Ordinary Shares before the Placing	Number of Ordinary Shares after the Placing	Percentage of issued share capital after the Placing	Number of Convertible Redeemable Shares	Warrants
Richard Grogan	2,000,000	2,000,000	1.0	–	1,000,000
Richard Bernstein	20,000,000	40,000,000	20.0	20,000,000	20,000,000
Quentin Solt	500,000	500,000	0.25	500,000	–

Save as disclosed in this paragraph 6(a), no Director nor any member of their respective immediate families, nor any person connected with them within the meaning of section 346 of the Act, is interested in any share capital of the Company.

- (b) No loan or guarantee has been granted or provided by the Company to any Director or any person connected with them.
- (c) The Directors whose names appear in the section entitled "Management" in Part I of this document, have been appointed to the offices set out against their respective names. The service contracts and letters of appointment summarised below are each dated 2nd March, 2000 and each is conditional upon Admission.
- (i) Mr Bernstein has entered into a service contract with the Company which provides for him to act as the Chief Executive of the Company at an initial salary of £50,000 per annum from the date the contract was entered into for a minimum period of two years and continuing thereafter unless terminated by either party giving not less than one year's notice to expire on or at any time after the second anniversary of Admission. The salary will be reviewed by the Board annually. Mr Bernstein is restricted from being involved in other competing businesses during the period of his employment with the Company.
- (ii) Mr Grogan has been appointed non-executive Chairman of the Company for an annual fee of £15,000. The appointment is for a period of one year subject, however, to him resigning at any time by giving the Company three months' notice in writing to this effect.
- (iii) Mr Solt has been appointed non-executive Director of the Company for an annual fee of £15,000. The appointment is for a period of one year subject, however, to him resigning at any time by giving the Company three months' notice in writing to this effect.
- (d) It is estimated that the aggregate emoluments (including benefits in kind and pension contributions) for the period ending 31st March, 2001, assuming Admission, will amount to approximately £85,000 under the arrangements in force at the date hereof.

- (e) Save as disclosed in this document, none of the Directors has or has had any interest in transactions effected by the Company since its incorporation which are or were unusual in their nature or conditions or which are or were significant to the business of the Company.
- (f) The Company is aware of the following persons who at the date of this document and following Admission directly or indirectly, jointly or severally, hold 3 per cent. or more of the ordinary share capital of the Company or exercise or could exercise control over the Company.

Shareholder	At Present		After the Placing	
	Number of Ordinary Shares	Percentage of issued share capital	Number of Ordinary Shares	Percentage of issued share capital
Richard Bernstein	20,000,000	52.6	40,000,000	20.0
Insinger NetC@pital Limited	10,000,000	26.3	10,000,000	5.0

In addition, directors and associate directors of Insinger Townsley and members of their respective families hold in aggregate 5,500,000 Ordinary Shares, representing 14.5 per cent. of the issued ordinary share capital of the Company at the date of this document and 2.75 per cent. of the enlarged issued share capital of the Company after the Placing. At the date of this document, no such director or associate director (and members of his family) individually hold more than three per cent. of the present issued share capital of the Company.

- (g) The directorships and partnerships held by each of the Directors over the five years preceding the date of this document other than in the Company are as follows:

	Current	Partnership	Past
Richard Grogan	Asquith Court Holdings Limited London Montessori Centre Limited Talisman Management Limited Talisman Advisors Limited Thermal Engineering Holdings Limited The Test Valley Water Company Limited Wellbeing (The Health Research Charity for Women and Babies) Limited BDT Engineering Corporation (US) Thermal Engineering Acquisition Corp. (US) BDCP Holding Corp. (US) Citizens Energy Corporation (US)	The Parthenon Group LLC	JAC Products Holding Limited London Montessori Centre Equipment Company Limited Mazaran Leisure PLC Montessori International Teachers Agency Limited Montessori International Publishing Limited
Richard Bernstein	Abercorn Mansions Limited Burstdirect Limited Gordon North Properties Limited	None	Christa Cards Limited Amber Analysis Limited City Media Independents Limited City Marketing Holdings Limited City Marketing Limited Chilmark Communications Limited
Quentin Solt	Be-Legal.com Limited Be-Legal Limited Be-Professional.com Limited	Berwin Leighton	None

- (h) No Director has any unspent convictions relating to indictable offences, has been bankrupt or has made or been the subject of any individual voluntary arrangement.
- (i) None of the Directors has been a director of any company at the time of or within 12 months preceding the date of its 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 and none of the Directors has been a partner of any partnership which has been placed into compulsory liquidation or administration or entered into a partnership voluntary arrangement at the time of or within 12 months preceding such event or been a director or partner of a company or partnership any of whose assets have been the subject of a receivership at the time of or within 12 months preceding such events.
- (j) None of the Directors has been publicly criticised by any statutory or regulatory authority (including recognised professional bodies) or 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.

7. Material contracts

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

- (a) The Warrant Instrument;
- (b) An agreement (the "Placing Agreement") dated 6th March, 2000 between the Company (1), the Directors (2) John East & Partners (3) and Insinger Townsley (4) pursuant to which upon, *inter alia*, Admission taking place on or before 8.00 a.m. on 13th March, 2000 (or such later time and/or date as John East & Partners and the Company may agree, being not later than 31st March, 2000);
 - (i) John East & Partners has agreed to act as nominated adviser to the Company; and
 - (ii) Insinger Townsley have agreed to use reasonable endeavours to procure subscribers for 162,000,000 new Ordinary Shares proposed to be issued by the Company at the Placing Price.

The Placing Agreement contains certain indemnities and warranties from the Company and the Directors in favour of John East & Partners and Insinger Townsley, together with provisions which enable John East & Partners and Insinger Townsley to terminate the Placing Agreement in certain circumstances prior to Admission, including in circumstances where any warranties are found not to be true or accurate in any material respect. If Admission takes place, John East & Partners will receive a corporate finance fee of £60,000, to be satisfied by the issue of 200,000 new Ordinary Shares at the Placing Price and the payment of £50,000 in cash and Insinger Townsley will receive a fee of £15,000 and a commission of three per cent. of the aggregate value of 120,000,000 Placing Shares at the Placing Price, to be satisfied in cash. Each of the Directors has undertaken that, during the 12 months following Admission, he will not, save in the event of an intervening court order, a takeover becoming or being declared unconditional or, as regards an individual, in the event of the death of that individual, dispose of any Ordinary Shares and has additionally undertaken not to dispose of such interests for a further period of 12 months thereafter without the prior written consent of John East & Partners and Insinger Townsley, such consent not to be unreasonably withheld or delayed. If Admission does not take place on or before 13th March, 2000 (or such later date as the Company, John East & Partners and Insinger Townsley may agree, not being later than 31st March, 2000), the obligations of John East & Partners and Insinger Townsley will terminate, the corporate finance fee payable to John East & Partners will be reduced to £20,000 and there will be no fee payable to Insinger Townsley. The Company will meet all fees and expenses associated with the Placing.

- (c) By deeds of undertaking dated 6th March, 2000, each of the Other Existing Shareholders has undertaken that, during the 12 months following Admission, he will not, save in the event of an intervening court order, a takeover becoming or being declared unconditional or, as regards an individual, in the event of the death of that individual, dispose of any Ordinary Shares and has additionally undertaken not to dispose of such interests for a further period of 12 months thereafter without the prior written consent of John East & Partners and Insinger Townsley, such consent not to be unreasonably withheld or delayed.

8. Taxation

The following paragraphs summarise advice received by the Directors about the tax position of shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes of Ordinary Shares in the capital of the Company. The statements below do not constitute advice to any shareholder on his or her personal tax position, and may not apply to certain classes of investor (such as persons carrying on a trade in the United Kingdom through a branch or agency or United Kingdom insurance companies). Any investors who are in doubt as to their position should consult their professional adviser.

(a) *Taxation of the Company*

The Company will be liable to United Kingdom corporation tax at rates (depending on the level of its profits for each accounting period) currently of between 20 per cent. and 30 per cent.

(b) *Taxation of shareholders*

The information given below is provided in summary form only and based on tax legislation as it exists at the present time.

Advance Corporation Tax was abolished from 6th April 1999 by the Finance Act 1998. The Company will not therefore be required to account to the Inland Revenue for Advance Corporation Tax on dividends paid after that date. The tax credit associated with such dividends will be one-ninth of the cash received and the aggregate of the dividend and credit will form the individual's top slice of income. For individual shareholders resident in the United Kingdom for tax purposes, the tax credit will satisfy the whole of the

lower or basic rate liability but higher rate tax payers will have to pay additional tax at the rate of 32.5 per cent. on the total of the dividend and tax credit. The tax credit will be available to be offset against the higher rate liability so that the net amount payable will equal 22.5 per cent. of the dividend and tax credit. The after tax dividend income will for lower, basic and higher rate taxpayers be the same as under current rules. The tax credit cannot, however, be reclaimed from the Inland Revenue where the tax credit exceeds the tax liability of a United Kingdom resident individual.

(c) ***Capital Gains Tax Deferral and Enterprise Investment Scheme Relief (“Deferral and EIS Relief”)***

The intended activities of the Company are such that the Directors are advised that the Ordinary Shares will not rank as eligible shares for Deferral and EIS Relief.

(d) ***Stamp Duty***

No United Kingdom stamp duty will be payable on the issue by the Company of Ordinary Shares. Transfers of Ordinary Shares for value, or agreements for such transfer which are not completed by written instrument made within two months from the date of the agreement, will give rise to a liability to United Kingdom ad valorem stamp duty, or stamp duty reserve tax, at the rate in each case of 50p per £100 (or, as from 1st October, 1999 expressed as 5 per cent.) of the amount or value of the consideration. Transfers under the proposed CREST system for paperless transfers of shares will generally be liable to stamp duty reserve tax.

9. Working capital

In the Company’s opinion, having made due and careful enquiry, the working capital available to the Company will, from Admission, be sufficient for its present requirements, that is for at least 12 months following the date of this document.

10. Litigation

Since incorporation, the Company has not been engaged in, nor is it currently engaged in, any litigation or arbitration which has or may have a significant effect on the financial position of the Company and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company.

11. General

- (a) The accounting reference date of the Company is 31st March.
- (b) The minimum amount which, in the opinion of the Directors, must be raised by the Company under the Placing to provide the sums required in respect of certain of the matters specified in paragraph 21 of Schedule 1 to the POS Regulations is £8.1 million which will be applied as follows:
 - (i) approximately £340,000 (including irrecoverable VAT) in respect of the expenses of the Placing; and
 - (ii) the balance of the proceeds of the Placing receivable by the Company after payment of the sums described above will be used as working capital.
- (c) For the purposes of paragraph 25 of Part IV of Schedule 1 to the POS Regulations, the subscription lists for the Placing will open at 10.00 a.m. on 6th March, 2000 and may be closed at any time thereafter but not later than 30th March, 2000.
- (d) Grant Thornton have given and not withdrawn their written consent to the inclusion of their report on the Company from its incorporation until 21st February, 2000 in the form set out in Part II of this document and the references to such report in the form and context in which they appear and accept responsibility for such report in accordance with paragraph 45(8)(b) of Schedule 1 to the POS Regulations. Grant Thornton have given and not withdrawn their written consent to the inclusion in this document of their report set out in Part III of this document and to the references to their name in the form and context in which they appear.
- (e) John East & Partners and Insinger Townsley have given and not withdrawn their written consent to the inclusion in this document of references to their name in the form and context in which they appear.
- (f) The total costs and expenses payable by the Company in connection with the Placing (including professional fees, commissions, the costs of printing and the fees payable to the registrars, John East & Partners and Insinger Townsley) are estimated to amount to approximately £340,000 (including irrecoverable VAT). Included within this amount are commissions of approximately £180,000 payable by the Company pursuant to the Placing Agreement referred to in paragraph 7 above.
- (g) There are no amounts to be provided otherwise than from the proceeds of the Placing in respect of the matters specified in paragraphs 21(a)(i) to (iv) of Schedule 1 of the POS Regulations.

- (h) The Directors believe that there are no trade marks, patents, licenses or contracts relating to intellectual property which are of fundamental importance to the Company's business or profitability.
- (i) No person has received, directly or indirectly, from the Company within 12 months preceding the date of this document or entered into contractual arrangements to receive, directly or indirectly, from the Company on or after Admission fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more, calculated by reference to the Placing Price, or any other benefit with a value of £10,000 or more at the date of Admission.
- (j) Each of the Directors is, or may be, deemed to be a promoter of the Company.
- (k) The financial information for the relevant accounting period set out in the Accountants' Report in Part II concerning the Company does not constitute statutory accounts of the Company within the meaning of Section 240 of the Act.
- (l) Duplicate copies of this document have been delivered to the Registrar of Companies for registration in accordance with Regulation 4(2) of the POS Regulations.
- (m) Monies received from applicants pursuant to the Placing will be held in accordance with the terms of the placing letters issued by Insinger Townsley until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 31st March, 2000 application monies will be returned to applicants at their risk without interest.
- (n) The existing issued Ordinary Shares and the Placing Shares will be in registered form and will be in uncertificated form in CREST. Definitive share certificates are not expected to be despatched to those placees who have elected to receive Ordinary Shares in uncertificated form if, and only if, that person is a "system member" (as defined in the Uncertificated Securities Regulations 1995) in relation to CREST. For those placees who elect to receive Ordinary Shares to be issued pursuant to the Placing in certificated form, share certificates are expected to be despatched to such applicants by post at their risk within seven days of Admission. Temporary documents of title will not be issued in connection with the Placing.

12. Documents

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the offices of S J Berwin & Co, 222 Gray's Inn Road, London WC1X 8HB for a period of 14 days from the date of this document.

- (a) the Memorandum and Articles of Association of the Company;
- (b) the report from the Reporting Accountants set out in Part II of this document;
- (c) the service contract and letters of appointment referred to in paragraph 6(c) of this Part IV;
- (d) the material contracts referred to in paragraph 7 of this Part IV; and
- (e) the consent letters referred to in paragraphs 11(d) and (e) of this Part IV.

Dated 6th March, 2000