

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take you should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000, who specialises in advising on the acquisition of shares and other securities.

A copy of this document has been delivered for registration to the Registrar of Companies in England and Wales in accordance with Regulation 4(2) of the Public Offers of Securities Regulations 1995 ("POS Regulations"). Application will be made for the Ordinary Shares, both issued and to be issued, to be admitted to trading on the Alternative Investment Market of the London Stock Exchange plc ("AIM"). This document has been drawn up in accordance with the POS Regulations and the AIM Rules. The Ordinary Shares are not dealt in on any other recognised investment exchange and no application has been made or is being made for the Ordinary Shares to be admitted to dealing on any such exchange. It is expected that dealings in the Ordinary Shares on AIM will commence on 17 December 2001.

The Directors of Huveaux PLC, whose names appear under the heading "Directors, Secretary and Advisers" on page 4 of this document, accept responsibility for the information contained in this document. To the best of their knowledge, 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.

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 Officially Listed. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and if appropriate, consultation with an independent financial adviser. London Stock Exchange plc has not itself examined nor approved the contents of this document.

The Placing described in this document is not being made directly or indirectly, and this document is not being, and must not be, mailed or otherwise distributed or sent in or into, the United States, Canada, Australia, Japan or the Republic of Ireland. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) and may not be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia, Japan or the Republic of Ireland.

The whole text of this document should be read. Attention is drawn in particular to the section entitled "Risk Factors" in Part III of this document.

HUVEAUX PLC

(Incorporated in England and Wales under the Companies Act 1985 Registered Number 04267888)

**Placing of up to 6,738,000 Ordinary Shares of 10p each at 33p per share
and**

Proposed Admission to the Alternative Investment Market

Nominated Adviser and Broker

BREWIN DOLPHIN SECURITIES LIMITED

Share capital immediately following the Placing

<i>Authorised</i>			<i>Issued and fully Paid*</i>	
<i>Number</i>	<i>Amount</i>		<i>Number</i>	<i>Amount</i>
14,350,000	£1,435,000	Ordinary Shares of 10p each	10,753,151	£1,075,315.10

* based upon the Maximum Issue.

The Ordinary Shares now being placed will rank *pari passu* in all respects with the existing issued Ordinary Shares in the capital of the Company including the right to receive all dividends or other distributions hereafter declared, paid or made on the ordinary share capital of the Company.

Brewin Dolphin Securities Limited is the Company's nominated adviser and broker and is regulated by The Financial Services Authority. It is acting for the Company and no-one else in connection with the proposals described in this document. It will not regard any other person as its client and will not be responsible to anyone else for providing the protections afforded to the clients of Brewin Dolphin Securities Limited or for providing advice in relation to such proposals.

Beaumont Cornish Limited, which is regulated by The Financial Services Authority, is acting for the Company and no-one else in connection with the proposals described in this document. It will not regard any other person as its client and will not be responsible to anyone else for providing the protections afforded to the clients of Beaumont Cornish Limited or for providing advice in relation to such proposals.

The subscription list will open at 8.00 am on 14 December 2001 and may be closed at any time thereafter, but in any event no later than 3.00 pm on 31 December 2001.

CONTENTS

	Page
DEFINITIONS	3
DIRECTORS, SECRETARY AND ADVISERS	4
PART I Key Information	5
Expected Timetable of Principal Events	5
Placing Statistics	5
PART II Information on the Company	6
Introduction	6
Strategy	6
The Media Sector	6
Management Expertise	7
Use of Placing Proceeds	8
Reasons for Admission to AIM	8
Directors	8
Directors' Remuneration	9
Restrictions on the Disposal of Shares	9
Dividend Policy	9
Taxation	9
Corporate Governance	9
CREST	10
Placing	10
The City Code on Takeovers and Mergers	10
PART III Risk Factors	11
PART IV Accountant's Report	12
PART V Additional Information	14

DEFINITIONS

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

"Accountant's Report"	The accountant's report set out in Part IV of this document
"Act"	The Companies Act 1985 (as amended by the Companies Act 1989)
"Admission"	The admission of the Ordinary Shares (issued and to be issued pursuant to the Placing) to trading on AIM and such admission becoming effective in accordance with paragraph 6 of the AIM Rules to trading on AIM
"AIM"	The Alternative Investment Market of the London Stock Exchange
"AIM Rules"	The rules of the London Stock Exchange governing admission to and the operation of AIM
"Beaumont Cornish"	Beaumont Cornish Limited
"Brewin Dolphin Securities"	Brewin Dolphin Securities Limited
"CREST"	The computerised settlement systems to facilitate the transfer of title of shares in uncertificated form, operated by CRESTCo. Limited
"Huveaux" or "Company"	Huveaux PLC
"Directors" or "Board"	The directors of the Company whose names appear on page 4 of this document
"London Stock Exchange" or "Exchange"	London Stock Exchange plc
"Maximum Issue"	6,738,000 Ordinary Shares, being the maximum number of Ordinary Shares which may be issued under the Placing
"Official List"	The Official List of the UK Listing Authority
"Ordinary Shares"	Ordinary Shares of 10p each in the Company
"Placing"	The conditional placing by Brewin Dolphin Securities on behalf of the Company of the Placing Shares at the Placing Price pursuant to the Placing Agreement
"Placing Agreement"	The conditional agreement dated 11 December 2001 between (1) the Company, (2) Brewin Dolphin Securities and (3) the Directors relating to the Placing, further details of which are given in paragraph 12.1 of Part V of this document
"Placing Price"	33p per Placing Share
"Placing Shares"	Up to 6,738,000 Ordinary Shares proposed to be issued by the Company for cash pursuant to the Placing Agreement
"POS Regulations"	The Public Offers of Securities Regulations 1995 (as amended)
"Shareholders"	The holders of Ordinary Shares
"UK"	United Kingdom of Great Britain and Northern Ireland
"UK Listing Authority"	The Financial Services Authority as the competent authority for listing in the UK

DIRECTORS, SECRETARY AND ADVISERS

Directors

John Philip de Blocq van Kuffeler (Chairman)
John Leonard Clarke (Finance Director)
Timothy John Benn (Non-Executive Director)
Christina Grace Benn (Non-Executive Director)

All of:
5 Little Chester Street
London
SW1X 7AL

Company Secretary and Registered Office

John Leonard Clarke
5 Little Chester Street
London SW1X 7AL

Nominated Adviser

Brewin Dolphin Securities Limited
7 Drumsheugh Gardens
Edinburgh EH3 7QH

Broker

Bell Lawrie White
(a division of Brewin Dolphin Securities Limited)
48 St Vincent Street
Glasgow G2 5TS

Financial Adviser

Beaumont Cornish Limited
Georgian House
63 Coleman Street
London EC2R 5BB

Auditors and Reporting Accountants

KPMG Audit Plc
8 Salisbury Square
London EC4Y 8BB

Solicitors to the Company

Eversheds
Senator House
85 Queen Victoria Street
London EC4V 4JL

Registrars

Lloyds TSB Registrars
The Causeway
Worthing
West Sussex BN99 6NA

Bankers

Bank of Scotland
3 Queen Street
Norwich NR2 4SG

PART I

KEY INFORMATION

The following information is derived from, and should be read in conjunction with, the full text of this document. The whole of this document should be read; there should be no sole reliance on the key information set out below.

INTRODUCTION

The Company has been formed with the objective of building a broadly based media and related services group by means of acquisition and organic growth.

STRATEGY

Upon receipt of the Placing proceeds the Company intends to make acquisitions in the UK in one or more of the following sectors:

- Publishing
- Creative production
- Other specialist media services

The Company may also acquire or start a business which manages private equity and other funds in order to specialise in the media and related services sector.

DIRECTORS

The Directors have a wide range of experience in successfully establishing, growing and acquiring businesses. The Directors comprise John van Kuffeler, John Clarke, Timothy Benn and Christina Benn.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Dealings in Ordinary Shares to commence on AIM	17 December 2001
CREST accounts credited by	17 December 2001
Despatch of definitive share certificates by	31 December 2001

PLACING STATISTICS

Placing Price	33p
Number of Ordinary Shares being placed for the Company*	6,738,000
Ordinary Shares in issue immediately following the Placing*	10,753,151
Market capitalisation at the Placing Price*	£3.55 million
Percentage of enlarged issued share capital being placed*	62.7%
Approximate net proceeds of the Placing receivable by the Company*	£2.06 million

** based upon the Maximum Issue.*

PART II

INFORMATION ON THE COMPANY

INTRODUCTION

The Company has been formed with the objective of building a broadly based media and related services group by means of acquisition and organic growth.

The purpose of this document is to provide information on the Company's strategy and management, and to give details of the Placing. The Placing, together with subscription monies already received, is expected to raise up to £2.8 million after expenses to provide funds for working capital and for the acquisition of companies or significant investments in companies.

It is intended that the first significant acquisition made by the Company will be made subject to the approval of Shareholders in a general meeting.

Application will be made for the Ordinary Shares to be admitted to trading on AIM, and the Placing is conditional on such Admission.

STRATEGY

Upon receipt of the placing proceeds the Company intends to make acquisitions in the UK in one or more of the following sectors:

- Publishing
- Creative production
- Other specialist media services

The Company may also acquire or start a business which manages private equity and other funds in order to specialise in the media and related services sector.

The Company intends that its first acquisition should have a purchase price of less than £5 million and should be an established profitable business with opportunities for further expansion.

After the initial activity has been established, the Directors intend that the Company gradually widen its business and geographical scope thereby building a broadly based group with strong cash-flow, above average returns on capital and acceptable growth in earnings per share.

If the Company fails to make any acquisitions or establish a material trading activity as outlined above, by 31 December 2003, a resolution will be proposed for the winding-up of the Company and the return of funds (after payment of the expenses and liabilities of the Company) to Shareholders *pro-rata* to the amounts originally subscribed.

THE MEDIA SECTOR

As set out in the section entitled "Directors" the Board has considerable knowledge and experience of the media sector which will be applied in making appropriate acquisitions.

The media sector is generally taken to comprise companies and businesses that provide information and entertainment through audio, visual, electronic or written means. The sector also interacts closely with education and training. The media sector accordingly includes, *inter alia*, organisations that operate in the following areas:

- advertising
- book, reference and directory publishing
- electronic publishing
- film-making
- newspaper and magazine publishing
- music performance
- music publishing and recording
- radio
- television
- theatre

Due to technology, the media sector has become increasingly characterised by convergence of the means of dissemination and by the formation and growth of companies - large and small - with multi-media interests. The media sector flourished during the 1990s. An important factor was the impact of new technology. In addition, consumption of media products and services rose which in turn attracted higher advertising revenues.

In the United Kingdom, over the 5 and 10 years ended 31 March 2000, the FT Actuaries Media and Photography sub-sector rose 214.2 per cent. and 360.6 per cent. respectively, out-performing the FT All Share Index by 55.4 per cent. and 65.1 per cent. Since that point, the sector has under-performed, dropping 51.87 per cent. to 4307.96 on 31 October 2001, or 37.96 per cent. in relative terms. The correction can be attributed both to a reduction of over-stretched values - the peak price earnings ratio of the FT Actuaries Media and Photography sector at 6 March 2000, was 91.62 - and to reductions in advertising revenues caused primarily by a slowing of economic activity.

The Directors believe that the outlook for the media sector remains uncertain in the short-term, but that falls in values of media companies will offer acquisition opportunities, through, for example, trade sales, non-core disposals and sales of businesses requiring a stronger financial partner. The Directors believe that, by applying their relevant knowledge and experience, they will be able to improve the performance of acquisitions. The Directors also believe that the media sector will eventually experience a cyclical upturn in profitability and that the Company will be well-placed to take advantage of such an upturn.

MANAGEMENT EXPERTISE

The Directors have a wide range of experience in successfully establishing, growing and acquiring businesses:

Establishing Companies

Each of the Directors has started a successful new business during his or her career and consequently understands the importance of establishing profits and cash-flow at an early stage.

Acquisition Experience

Each of the Directors has considerable experience of mergers and acquisitions.

John van Kuffeler completed over 80 acquisitions and disposals in his investment banking career, and in his 11 years as Chief Executive of Brown Shipley Holdings PLC and subsequently as Chief Executive of Provident Financial PLC, presided over a further 20 acquisitions and disposals. Timothy Benn initiated some 20 acquisitions at Benn Brothers plc before forming Timothy Benn Publishing Limited with Christina Benn, which successfully made 12 acquisitions. John Clarke's principal business at Clarke & Co. is assisting clients with acquisitions and disposals.

Media Experience

As set out in the section below entitled "Directors", the Directors have considerable experience of both print and broadcast media.

Creation of Shareholder Value

The Directors have a strong record of creating value for shareholders.

John van Kuffeler was appointed Chief Executive of Provident Financial PLC in 1991 when its market capitalisation was £261 million and pre-tax profits £34 million. Since 1991, pre-tax profits have increased every year to the level of £160 million in the year ended 31 December 2000; earnings per share over the same period have grown at over 15 per cent. per annum compound; £607 million has been returned to shareholders in dividends and share buy-backs; the market capitalisation is now £1.6 billion; and the share price has risen six-fold producing an overall average compound return of 23 per cent. per annum over the 10 year period. The history of Timothy Benn Publishing Limited also shows the creation of significant shareholder value over a period of 15 years. After acquiring publications such as "UK Press Gazette", "Post Magazine", "Reinsurance" and "The British Journal of Photography" the design of each was changed and advertising expanded, leading to significantly enhanced profits.

The Directors intend to use the experience outlined above to build Huveaux into a successful profitable company.

The Directors plan to build the business both through acquisitions and organic growth and will concentrate on the following financial objectives:

- acceptable returns on capital
- an annual increase in pre-tax profits
- the generation of strong cash-flow
- a regular flow of dividends
- conservative gearing levels

USE OF PLACING PROCEEDS

Following Admission the net proceeds of the Placing will be placed on deposit with the Company's bankers. Thereafter, the proceeds will be used as working capital for the running costs of the Company, to seek-out and research potential acquisitions, and to fund, or part fund, acquisitions or investments in accordance with the strategy set out above.

REASONS FOR ADMISSION TO AIM

The Directors believe that Admission will have the following benefits:

- quoted shares may be an attractive form of consideration to potential vendors of acquisition targets and it will also enable acquisitions to be financed by vendor placings;
- the status of being a company with shares publicly traded is likely to enhance Huveaux's reputation with customers and suppliers;
- the ability to incentivise staff through the use of share options may be important in retaining key members of staff; and
- shareholders and investors generally will have access to a regulated market in which to buy and sell shares in the Company.

DIRECTORS

Details of Directors and their backgrounds are as follows:

John de Blocq van Kuffeler MA FCA (Chairman, aged 52)

After graduating with an MA from Cambridge University, John van Kuffeler joined Peat Marwick Mitchell & Co. (now KPMG) in London and qualified as a Chartered Accountant in 1973. In 1977 he joined Grindlay Brandts Limited, the merchant bank of Grindlays Bank Group. After initiating and successfully completing a series of international transactions, he was appointed Head of Corporate Finance in 1980. In 1983 he joined Brown, Shipley & Co. Limited as a director and was appointed Head of Corporate Finance in 1984 and Chief Executive of Brown Shipley Holdings PLC in 1988. In 1991 he joined Provident Financial PLC as Chief Executive becoming Executive Chairman in 1997 and will become non-executive Chairman in May 2002. He is also Chairman of Finsbury Smaller Quoted Companies Trust PLC and Chairman of Fleming Technology Trust PLC and a Non-Executive director of Medical Defence Union Limited. John van Kuffeler has been a special advisor to ITV Network for over 20 years and for more than 10 years to the Broadcast Advertising Clearance Centre and Radio Advertising Clearance Centre. He is currently a special advisor to the Independent Television Commission. He served on the Council of the CBI from 1997 to 1999.

John Clarke FCA (Finance Director, aged 52)

After qualifying as a Chartered Accountant in 1972, John Clarke worked for five years in the London office of Peat Marwick Mitchell & Co. (now KPMG) before joining Longcrofts in 1978 where he became a partner in 1979. In 1984, he became a partner in Moores Rowland (now part of BDO Stoy Hayward) and was responsible for setting up the Corporate Finance Department specialising in management buy-outs, Stock Exchange Listings, circulars to shareholders and company re-constructions. In 1990, he formed Clarke & Co., Chartered Accountants, specialising in business and tax planning advice, mostly to UK Listed and private companies. He is also Chairman of Cranzon Systems Limited. He was a founding director of The David Linley Company Ltd with Viscount Linley, and for a number of years served as a non-executive director of The St. Pancras Building Society.

Timothy Benn MA FCIM (Non-executive director, aged 65)

Timothy Benn studied at Princeton University in the USA as an American Field Services Scholar before going to Cambridge University where he received an MA. He later attended the National Marketing Council Course at the Harvard Business School. He was appointed a Director of Benn Brothers Limited (subsequently Benn Brothers plc) in 1961 and became Managing Director in 1972 and Chairman in 1981. He left in 1982 to co-found, and become Chairman of, Timothy Benn Publishing Limited which subsequently acquired and published "UK Press Gazette", "Post Magazine", "Reinsurance" and "The British Journal of Photography" as well as other business-to-business publications. The company was sold in 1997 for a substantial profit. He remains the co-owner and Chairman of Dalesman Publishing Company Limited and Countryman Publishing Limited. A Fellow of the Chartered Institute of Marketing, he has served on the boards of the Advertising Association and the Periodical Publishers Association.

Christina Benn (Non-executive director, aged 62)

Christina Benn has been involved in publishing management since 1958. In 1977 she was appointed Head of Personnel and Training at Benn Brothers plc, a position she held until 1982 when she resigned. She was the co-founder and Managing Director of Timothy Benn Publishing Limited in 1983 which quickly expanded its publishing base through acquisition and organic growth to include "UK Press Gazette", "Post Magazine", "Reinsurance" and "The British Journal of Photography" as well as other publications both in the consumer and business-to-business sectors. The company was sold in 1997 for a substantial profit. She remains co-owner and Chief Executive of Dalesman Publishing Company Limited and Countryman Publishing Limited. She is a member of the Chartered Institute of Personnel and Development and had served on the Council of the Periodical Publishers Association.

DIRECTORS' REMUNERATION

The Directors will seek to confine costs to a minimum until the Company commences trading. Accordingly, until either the first acquisition is completed, or a significant trading activity is established, the Chairman and non-executive directors will be paid £1,000 per annum and the Finance Director £5,000 per annum.

RESTRICTIONS ON THE DISPOSAL OF SHARES

All of the Directors have undertaken not to dispose of any Ordinary Shares for the period of twelve months from Admission (as required by the AIM Rules). In addition, the Directors have undertaken not to dispose of any Ordinary Shares at any time thereafter up to the date of the preliminary announcement of the results of the Company for the year ending 31 December 2003 without the prior consent of Brewin Dolphin Securities.

In addition, each of John van Kuffeler and John Clarke has agreed not to dispose of any of the Ordinary Shares held by him following Admission until the date prior to 31 December 2003 when the Company establishes a material trading activity or acquires another business and if neither such event occurs, to hold such Ordinary Shares for so long as necessary to give effect to any resolution passed for the winding-up of the Company and the return of funds to Shareholders on the basis described in "Strategy" on page 6 of the document.

DIVIDEND POLICY

The objective of the Directors is to make a pre-tax profit as soon as is practicable and to pursue a progressive dividend policy in line with earnings growth.

TAXATION

Attention is drawn to the section on taxation contained in paragraph 11 of Part V of this document.

Investors in the Ordinary Shares may, once the Company has commenced trading or acquired a trading business, qualify for certain taxation benefits, including Business Asset Taper Relief and, for investors in new shares only, Enterprise Investment Scheme Relief. It should, however, be noted that, at the present time, an investor in the Ordinary Shares whether through the Placing or in the secondary market will not qualify for any such benefits. It should also be noted that the Directors have determined that the Company's business strategy will not in the future be influenced by such benefits.

Investors are strongly recommended to consult their own professional adviser on matters relating to taxation.

CORPORATE GOVERNANCE

The Directors intend, so far as is possible given the Company's size and the numbers on its Board, to comply with the Code of Best Practice established by the Committee on the Financial Aspects of Corporate

Governance. At this time, however, the Board comprises four members, none of whom is yet a full-time executive, and there are no employees other than the Directors. As soon as the Company's business has developed sufficiently, the Directors intend to establish an audit committee and a remuneration committee comprising only non-executive directors. Meantime, the functions of the audit committee and the remuneration committee will be carried out by the full Board.

CREST

The Company's Articles of Association permit the Company to issue shares in uncertificated form in accordance with the Uncertificated Securities Regulations 1995. The Company intends to join CREST, the computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic form rather than paper form, although a shareholder can continue dealing based on share certificates and stock transfer forms. For private investors who do not trade frequently, this latter course is likely to be more cost effective. For more information concerning CREST, shareholders should contact their brokers or, alternatively, CRESTCo. Limited at 33 Cannon Street, London EC4M 5SB.

PLACING

Brewin Dolphin Securities, on behalf of the Company, has agreed to place up to 6,738,000 Ordinary Shares at a price of 33p per share.

The Placing is conditional upon receipt of applications for Ordinary Shares to the value of not less than £500,000 pursuant to the Placing and Admission becoming effective.

The subscription list will open at 8.00 a.m. on 14 December 2001 and may be closed at any time thereafter, but in any event no later than 3.00 p.m. on 31 December 2001. The Placing Price of 33p per Placing Share is payable in full on application.

The Placing Shares will, following allotment, rank *pari passu* in all respects with the existing issued Ordinary Shares and will have the right to receive all dividends and other distributions hereafter declared, made or paid in respect of issued Ordinary Share capital of the Company.

Existing Shareholders are not selling any Ordinary Shares pursuant to the Placing and all of the 6,738,000 Placing Shares are Ordinary Shares being issued by the Company, representing up to 62.7 per cent. of the issued share capital of the Company immediately following the Placing.

Prior to the Placing, John van Kuffeler and John Clarke have subscribed a total of £250,000 for 2,500,000 Ordinary Shares, at 10p per share, representing 23.2 per cent. of the issued share capital of the Company assuming the Maximum Issue pursuant to the Placing. In addition, Timothy and Christina Benn have, conditional upon Admission subscribed £500,000 for 1,515,151 Ordinary Shares on a basis equivalent to the terms of the Placing representing 14.1 per cent. of the issued share capital of the Company assuming the Maximum Issue pursuant to the Placing.

THE CITY CODE ON TAKEOVERS AND MERGERS

Under Rule 9 of the City Code on Takeovers and Mergers ("the City Code"), when a person or group of persons acting in concert acquires shares in a company which is subject to the City Code, and *inter alia* such shares when taken together with shares if any already held would result in such person or group of persons holding shares carrying 30 per cent. or more of the voting rights of such company, such person or group of persons is normally required by the Panel to make a general offer to all other shareholders for the remaining share capital of that company.

Rule 9 of the City Code also provides that where any person or group of persons acting in concert holds not less than 30 per cent., but not more than 50 per cent. of a company's voting rights and acquires additional shares, such person or group is required to make a general offer to all other shareholders of the company.

For the purposes of the City Code, the Directors are deemed to be acting in concert in certain circumstances during an offer period or when reason to believe that a *bona fide* offer might be imminent. Shareholders should be aware that, upon the Placing, the Directors may between them hold over 50 per cent. of the issued share capital of the Company, giving them the ability to exert a very significant degree of control over the future conduct of the Company and its subsidiaries. Furthermore, under Rule 9 of the City Code, when a person or persons acting in concert holds shares carrying 50 per cent. or more of the voting rights of a company, such persons or group of persons is normally able to acquire additional shares in the company without there arising any obligations to make a general offer to all other shareholders for the remaining shares (subject to the level of their own individual holding not exceeding 30 per cent.).

PART III

RISK FACTORS

The Directors consider the following risks to be the most significant for potential investors, but such risks do not necessarily comprise all those associated with an investment in the Company. Potential investors should carefully consider the risks described below before making a decision to invest in the Company. If any of the following risks actually occur, the Company's business, financial condition, results or future operations could be materially adversely affected. In such case the price of the Company's shares could decline, and investors may lose all or part of their investment.

1. The Company does not carry on any trading activities at present. The value of any investment in the Company is therefore dependent upon the successful implementation of the proposals described in Part II of this document in a suitable time-frame.
2. The Directors may not be able to identify any suitable business acquisition opportunities.
3. The funds raised in the Placing may not be sufficient to fund a suitable acquisition.
4. The success of the Company will be heavily dependent on the success of any acquired companies.
5. The market for shares in smaller public companies is less liquid than for larger public companies. Consequently the share price may be subject to greater fluctuation and the Ordinary Shares may be difficult to buy and sell. Investors may therefore not realise their original investment. Investment in shares trading on AIM carries a higher degree of risk than an investment in shares quoted on the Official List.
6. Given the Company's strategy, the Ordinary Shares may not be suitable for short-term investment.
7. If the Company identifies a suitable acquisition or investment opportunity, additional funds may be required.
8. The success of the Company will be dependent upon its current and future executive management team. Although the Company has entered into contractual arrangements to secure the services of the Directors (details of which are set out in paragraph 6 of Part V of this document) the retention of these services cannot be guaranteed. The Company's future success will also be dependent on its ability to recruit and retain suitably qualified individuals.
9. The market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets.
10. The Company's strategy will not be influenced by whether or not Capital Gains Tax Taper Reliefs or Enterprise Investment Scheme Reliefs are available to Shareholders and investors should not rely on the availability of those reliefs in deciding whether to invest in the Company.

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

PART IV



KPMG Audit Plc
8 Salisbury Square
London EC4Y 8BB
United Kingdom

Tel +44 (0) 20 7311 1000
Fax +44 (0) 20 7311 3311
Telex 8811541 KPMGLO G
DX 38050 Blackfriars

The Directors
Huveaux PLC
5 Little Chester Street
London
SW1X 7AL

The Directors
Brewin Dolphin Securities Limited
7 Drumsheugh Gardens
Edinburgh
EH3 7QH

11 December 2001

Dear Sirs,

HUVEAUX PLC

We report on the financial information set out in paragraphs 1 and 2 below. This financial information has been prepared for inclusion in the Prospectus dated 11 December 2001 of Huveaux PLC ("the Company").

Basis of preparation

The financial information set out in paragraphs 1 and 2 is based on the financial statements of the Company from incorporation to 26 November 2001 prepared on the basis described in note 2.2 to which no adjustments were considered necessary.

Responsibility

Such financial statements are the responsibility of the Directors of the Company. The Directors of the Company are responsible for the contents of the Prospectus dated 11 December 2001 in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, 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. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial information in paragraphs 1 and 2 gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Company at 26 November 2001. We consent to the inclusion in the Prospectus dated 11 December 2001 of this report and accept responsibility for this report for the purposes of paragraphs 45 (8)(b) of Schedule 1 of the Public Offers of Securities Regulations 1995.

1. Balance sheet

	<i>At 26 November 2001 £</i>
Current assets	
Cash	50,000
Net Assets	<u>50,000</u>
Capital and reserves	
Share capital	<u>50,000</u>
Equity shareholders' funds	<u>50,000</u>

2. Notes

2.1 Introduction

The Company was incorporated on 9 August 2001. The Company has not yet commenced business, no audited financial statements have been made up and no dividends have been declared or paid since the date of incorporation.

2.2 Accounting policies and basis of preparation

The financial information has been prepared under the historical cost accounting rules and in accordance with applicable accounting standards.

2.3 Share capital

The authorised share capital at 26 November 2001 comprised 50,000 ordinary shares of £1.00 each.

2.4 Subsequent events

On 5 December 2001, the entire issued and unissued authorised share capital company was subdivided into 500,000 ordinary shares of 10 pence each.

On 5 December 2001, the authorised share capital of the company was increased to 2,500,000 ordinary shares of 10 pence each.

On 5 December 2001, the issued share capital of the company was increased to 2,500,000 ordinary shares of 10 pence each.

On 7 December 2001, the authorised share capital of the Company was further increased to 14,350,000 ordinary shares of 10 pence each.

Yours faithfully

KPMG Audit Plc

PART V

ADDITIONAL INFORMATION

1. Incorporation

- 1.1 The Company was incorporated and registered in England and Wales under the Companies Act 1985 ("the Act") on 9 August 2001 as a public company limited by shares with the name Huveaux PLC and registered number 04267888. The registered office and head office of the Company is at 5 Little Chester Street, London SW1X 7AL.
- 1.2 The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 1.3 The liability of the members of the Company is limited.
- 1.4 The Company does not have any subsidiaries.

2. Share capital of the Company

- 2.1 The authorised share capital of the Company on incorporation was £50,000 divided into 50,000 ordinary shares of £1 each, two of which were issued nil paid to the subscribers to the Memorandum of Association of the Company and the remainder were unissued. On 14 November 2001 one subscriber share was transferred to John van Kuffeler and the other subscriber share was transferred to John Clarke. Since that date, the authorised and issued share capital of the Company has been changed as follows:
 - 2.2 on 14 November 2001 by or pursuant to resolutions of the Company passed on that date the Directors were authorised pursuant to section 95 of the Act to allot equity securities (as defined in section 94(2) of the Act) for cash as if section 89(1) of the Act did not apply to the allotment;
 - 2.3 on 14 November 2001, 46,295 ordinary shares of £1 each were allotted to John van Kuffeler and 3,703 ordinary shares of £1 each were allotted to John Clarke for cash at par value paid up as to 25p per ordinary share of £1 each. On 15 November 2001 the Company obtained a certificate pursuant to section 117 of the Act. On 20 November 2001 the remaining 75p per ordinary share of £1 each was paid up on the shares allotted to John van Kuffeler and John Clarke;
 - 2.4 on 5 December 2001 by or pursuant to resolutions of the Company passed on that date, the entire issued and unissued authorised share capital of the Company was sub-divided into 500,000 Ordinary Shares of 10 pence each;
 - 2.5 on 5 December 2001 by or pursuant to resolutions of the Company passed on that date:
 - (a) the authorised share capital of the Company was increased from £50,000 to £250,000 by the creation of 2 million Ordinary Shares;
 - (b) the directors were generally and unconditionally authorised, pursuant to section 80 of the Act, to allot relevant securities (as defined in section 80(2) of the Act) to a maximum aggregate nominal value of £200,000; and
 - (c) the directors were authorised 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 authority referred to in paragraph 2.5(b) as if section 89(1) of the Act did not apply to the allotment;
 - 2.6 on 5 December 2001 1,851,860 Ordinary Shares were allotted to John van Kuffeler and 148,140 Ordinary Shares were allotted to John Clarke for cash at par value;
 - 2.7 by or pursuant to resolutions passed at an Extraordinary General Meeting of the Company held on 7 December 2001, *inter alia*, and conditional upon Admission on or before 17 December 2001 or such later date as the Company and Brewin Dolphin Securities may agree (in any event not later than 31 December 2001):
 - (a) the authorised share capital of the Company was increased from £250,000 to £1,435,000 by the creation of 11,850,000 Ordinary Shares of 10p each;
 - (b) conditional upon the passing of resolution 2.7(a) above, the Directors were authorised, pursuant to section 80 of the Act, to allot 8,253,151 Ordinary Shares for the purposes of the Placing and the allotments described in 2.8 below and in addition, they were further generally and unconditionally authorised pursuant to section 80 of the Act to allot relevant securities (as defined by section 80(2) of the Act) up to a maximum aggregate nominal value of £358,438 (such authority to expire on the date of the next Annual General Meeting of the Company or the date falling 15 months after the date on which the resolution was passed whichever is the earlier); and
 - (c) conditional upon the passing of resolution 2.7(a) above, the Directors were authorised to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the authority referred to in paragraph 2.7(b) above as if section 89(1) of the Act did not apply to the allotment provided that such power, which was expressed to expire on the earlier of the date falling 15 months after the date on which the resolution was passed and the next Annual General Meeting of the Company, was limited to:
 - (i) the allotment of equity securities pursuant to the Placing and the allotments described in 2.8 below;

- (ii) the allotment of equity securities in connection with a rights issue in favour of existing holders of Ordinary Shares; and
 - (iii) the allotment of equity securities (otherwise than pursuant to paragraphs 2.7(c)(i) and 2.7(c)(ii) above) up to a maximum aggregate nominal value of £53,766.
- 2.8 On 7 December 2001, 757,576 Ordinary Shares were allotted to Christina Benn, 757,575 Ordinary Shares were allotted to Timothy Benn. In each case, such allotments were made at the Placing Price subject to and conditional upon Admission.
- 2.9 The authorised and issued share capital of the Company as at the date of this document and following completion of the Placing and Admission is set out below:

	<i>Authorised</i>		<i>Issued and Fully Paid*</i>			
	<i>£</i>	<i>Number</i>	<i>Current</i>	<i>On Admission</i>	<i>£</i>	<i>Number</i>
Ordinary Shares	1,435,000	14,350,000	250,000	2,500,000	1,075,315.10	10,753,151

* based upon the Maximum Issue.

- 2.10 The provisions of section 89(1) of the Act (to the extent not disapplied as referred to in paragraph 2.7(c) above) confer on shareholders rights of pre-emption in respect of the allotment of equity securities (as defined in section 94(2) of the Act) which are, or are to be, paid up in cash. Statutory rights of pre-emption have been disapplied in order:
- 2.10.1 to permit the Directors to allot the Ordinary Shares pursuant to the Placing;
 - 2.10.2 to give the Directors flexibility in relation to rights issues; and
 - 2.10.3 to permit the Directors to allot Ordinary Shares for cash having a nominal value of up to 5 per cent. of the issued ordinary share capital of the Company following the Placing.
- 2.11 Save in connection with the Placing and as disclosed in this paragraph 2 since incorporation:
- 2.11.1 there has been no alteration in the share capital of the Company or any subsidiary of the Company;
 - 2.11.2 no share or loan capital of the Company or any subsidiary of the Company has been issued or agreed to be issued;
 - 2.11.3 no commissions, discounts, brokerage or other special terms have been granted by the Company or any subsidiary of the Company in connection with the issue of any share or loan capital; and
 - 2.11.4 no capital of the Company or any subsidiary of the Company is under option or agreed conditionally or unconditionally to be put under option.

3. Significant Investments

There are no significant investments by the Company in progress.

4. Memorandum and Articles of Association

The Company's principal objects are set out in clause 4 of its Memorandum of Association and include the carrying on of the business of a general commercial company and holding company.

The Articles of Association of the Company (which were adopted on 7 December 2001 subject to and conditionally upon Admission taking place on or before 17 December 2001 or such later date as the Company and Brewin Dolphin Securities may agree (in any event not later than 31 December 2001)) ("the Articles") contain provisions, *inter alia*, to the following effect:

4.1 Votes of members

- 4.1.1 Subject to any restrictions imposed by or pursuant to the Articles and to any rights or restrictions attached to any shares, on a show of hands every member personally present (or, being a corporation, present by a duly appointed representative) shall have one vote only, and in the case of a poll every member present in person or by proxy shall have one vote for every share held by him.
- 4.1.2 No holder of a share shall, unless the Directors otherwise determine, be entitled (save as proxy for another member) to be present or vote at a general meeting either personally or by proxy if:
 - (a) any call or such other such sum as is presently payable by him to the Company in respect of that share remains unpaid; or
 - (b) he or any other person who appears to be interested in that share has been duly served, pursuant to section 212(1) of the Act or any other statutory provision concerning the disclosure of interests in voting shares, with a notice requiring the provision to the Company of information regarding that share, and is in default in complying with such notice; or
 - (c) he has been duly served with a notice pursuant to the Articles requiring the disclosure of the identity of the beneficial owner of that share and such other information specified in the Articles as may be required by that notice, and is in default in complying with such notice.

Any such notice must *inter alia* specify a period for compliance with its requirements which must not be less than 14 days from the date of service of the notice.

4.2 Dividends

- 4.2.1 The Company may by ordinary resolution declare dividends but no dividend shall be payable except out of the profits of the Company available for distribution in accordance with the provisions of the Statutes, or in excess of the amount recommended by the Directors.
- 4.2.2 The Directors may, if in their opinion the profits of the Company justify such payments, pay the fixed dividends of any class of shares carrying a fixed dividend expressed to be payable on fixed dates for the payment thereof and subject thereto may pay interim dividends of such amounts and on such dates as they think fit.
- 4.2.3 Subject to any rights or privileges for the time being attached to any shares having preferential or special rights in regard to dividend, the profits of the Company which it shall from time to time be determined to distribute by way of dividend shall be applied in payment of dividends upon the shares in proportion to the amounts paid up thereon respectively otherwise than in advance of calls and so that all dividends shall be apportioned and paid pro rata according to the portion or portions of the period in respect of which the dividend is paid during which any such amount or amounts were paid up. If any share is issued upon terms providing that it shall rank for dividend as from or after a particular date, or be entitled to dividends declared after a particular date, such share shall rank for or be entitled to dividend accordingly. Dividends may be paid in any currency.
- 4.2.4 The Directors may retain any dividend payable on or in respect of a share on which the Company has a lien or (except in the circumstances specified in the Articles) if:
- (a) a notice has been duly served in respect of that share pursuant to section 212(1) of the Act or any other statutory provision concerning the disclosure of interests in voting shares;
 - (b) the share or shares which are the subject of that notice represent in aggregate at least 0.25 per cent. of that class of share; and
 - (c) the notice has not been complied with within the period stipulated in the notice (which must not be less than 14 days from the date of service of the notice).
- 4.2.5 Any dividend remaining unclaimed after a period of 12 years from the date such dividend becomes due for payment shall be forfeited and shall revert to the Company.

4.3 Distribution of assets on a winding-up

Subject to any special rights for the time being attached to any class of shares, on a return of assets on liquidation or otherwise the surplus assets remaining after payment of the Company's liabilities shall be distributed in proportion to the amounts paid up or deemed to be paid up on the shares of the Company then in issue.

4.4 Changes in capital

- 4.4.1 Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any shares in the capital of the Company for the time being may be allotted with such special rights, privileges or restrictions as the Company may by ordinary resolution (before the allotment of such shares) from time to time determine.
- 4.4.2 The Company may from time to time by ordinary resolution increase its capital by the creation of new shares.
- 4.4.3 The Company may from time to time by ordinary resolution:
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; or
 - (b) cancel any shares which at the date of the passing of the relevant 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; or
 - (c) by sub-division of its existing shares, or any of them, divide its capital, or any part thereof, into shares of smaller amount.
- 4.4.4 The Company may from time to time by special resolution reduce its share capital, any capital redemption reserve and any share premium account.
- 4.4.5 The Company may from time to time purchase its own shares (including any redeemable shares) but no contract for such a purchase shall be entered into unless the purchase has previously been sanctioned by an extraordinary resolution passed at a separate meeting of the holders of any class of securities issued by the Company which are listed and convertible into shares which are of the same class as those proposed to be purchased.

4.5 *Variation of class rights and class meetings*

Whenever the share capital is divided into different classes of shares, all or any of the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be modified, varied, extended, abrogated or surrendered either in such manner (if any) as may be provided by such rights or (in the absence of any such provision) with the written consent of the holders of at least three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of such shares. To every separate general meeting of the holders of a particular class of shares the provisions of the Articles relating to general meetings shall (*mutatis mutandis*) apply except that:

- 4.5.1 no member shall be entitled to receive notice of such meeting or to attend it unless he is a holder of shares of the class in question and no vote shall be given except in respect of a share of that class;
- 4.5.2 the necessary quorum shall be two persons at least present in person and holding or representing by proxy at least one-third in nominal amount of the issued shares of the class in question;
- 4.5.3 if any such separate general meeting shall be adjourned by reason of there being no quorum present and at the adjourned meeting a quorum as defined above shall not be present within fifteen minutes after the time appointed for such adjourned meeting, one holder of shares of the class in question present in person or by proxy shall be a quorum;
- 4.5.4 any holder of shares of the class in question who is present in person or by proxy and entitled to vote may demand a poll; and
- 4.5.5 on a poll every holder of shares of the class in question who is present in person or by proxy shall have one vote for every share of that class held by him.

4.6 *Transfer of shares*

- 4.6.1 All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Directors or by any other method which is authorised by statute and approved or adopted by the Directors. Any such 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 remain the holder of the shares concerned until the name of the transferee is entered in the register of members in respect thereof.
- 4.6.2 The Directors may in their absolute discretion, and without assigning any reason therefor, refuse to register or authorise the registration of any transfer of a share:
 - (a) which is not fully paid and on which the Company has a lien and provided the Directors do not prevent dealings in the Share from taking place
 - (b) a notice has been duly served in respect of that share pursuant to section 212(1) of the Act or any other statutory provision concerning the disclosure of interests in voting shares; and
 - (c) the share or shares which are the subject of that notice represent in aggregate at least 0.25 per cent. of that class of share; and
 - (d) the notice has not been complied with within the period stipulated in the notice (which must not be less than 14 days) and continues not to be complied with, unless the transfer in question was effected pursuant to a sale through a recognised investment exchange (as defined in the Financial Services Act 1986) or other recognised market or as a result of an acceptance of a take-over offer for the Company or the Directors are satisfied that it was effected pursuant to a bona fide sale to an unconnected person;
 - (e) whether fully paid or not which is in favour of more than four persons jointly.
- 4.6.3 The Directors may also decline to recognise a transfer of shares unless it is in respect of only one class of share and is deposited at the place where the register of members of the Company is kept for the time being (or at such other place as the Directors may from time to time determine) accompanied (save in the case of a transfer by a recognised clearing house or a nominee of a recognised clearing house or of a recognised investment exchange (as defined in the Financial Services Act 1986), unless and to the extent that certificates must by law have been issued in respect of the shares in question) by the relevant share certificate(s) and in any case such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.
- 4.6.4 The Articles do not contain any pre-emption rights.

4.7 *Directors*

- 4.7.1 Save as provided in the Articles, a director shall not vote as a director in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement or any other proposal whatsoever in which he has any interest which (together with any interest of any person connected with him) is to his knowledge a material interest (otherwise than by virtue of an interest in shares or debentures or other securities of or otherwise in or through the Company), and if he shall do so his vote shall not be counted, nor in relation thereto shall he be counted in the quorum present at the meeting.

- 4.7.2 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 relating to any of the following matters namely:
- (a) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings or its parent company (if any) or any other subsidiary undertaking of any such parent company; or
 - (b) 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 the director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security; or
 - (c) an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings or its parent company (if any) or any other subsidiary undertaking of any such parent company for subscription or purchase in which offer he is or is to be or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate; or
 - (d) any other company in which he or any person connected with him is interested, directly or indirectly, and whether as an officer or shareholder or otherwise howsoever, provided that he and any persons connected with him are not to his knowledge the holder (otherwise than as a nominee for the Company or any of its subsidiary undertakings or its parent company (if any) or any other subsidiary undertaking of any such parent company) of or beneficially interested in one per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances); or
 - (e) an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
 - (f) the purchase and/or maintenance of any insurance policy for the benefit of directors or for the benefit of persons including directors.
- 4.7.3 Fees may be paid out of the funds of the Company to directors who are not managing or executive directors at such rates as the Directors may from time to time determine provided that such fees do not in the aggregate exceed the sum of £50,000 per annum (exclusive of value added tax if applicable) or such other figure as the Company may by ordinary resolution from time to time determine.
- 4.7.4 Any director who devotes special attention to the business of the Company, or otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a director, may be paid such additional remuneration as the Directors or any committee authorised by the Directors may determine.
- 4.7.5 The Directors (including alternate Directors) shall be entitled to be paid out of the funds of the Company all their travelling, hotel and other expenses properly incurred by them in connection with the business of the Company, including their expenses of travelling to and from meetings of the Directors, committee meetings or general meetings.
- 4.7.6 A director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine, and no director or intending director shall be disqualified by his office from entering into any contract, arrangement, transaction or proposal with the Company either with regard to his tenure of any other such office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, arrangement, transaction or proposal or any contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any director or any person connected with him is in any way interested (whether directly or indirectly) be liable to be avoided, nor shall any director who enters into any such contract, arrangement, transaction or proposal or who is so interested be liable to account to the Company for any profit realised from any such contract, arrangement, transaction or proposal by reason of such director holding that office or of the fiduciary relationship thereby established, but his interest shall be disclosed by him in accordance with the Act.
- 4.7.7 The remuneration and other terms and conditions of appointment of a director appointed as managing director or to any other executive office or employment under the Company shall from time to time (without prejudice to the provisions of any agreement between him and the Company) be fixed by the Directors, and may (without limitation) be by way of fixed salary, lump sum, commission on the dividends or profits of the Company (or of any other company in which the Company is interested) or other participation in any such profits or otherwise or by any or all or partly by one and partly by another or others of those modes.

- 4.7.8 Any statutory provision which, subject to the provisions of the Articles, would have the effect of rendering any person ineligible for appointment as a director or liable to vacate office as a director on account of his having reached any specified age or of requiring special notice or any other special formality in connection with the appointment of any director over a specified age shall not apply to the Company.

4.8 Borrowing powers

- 4.8.1 Subject to the provisions of the Articles the Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property, assets and uncalled capital or any part thereof, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or its holding company (if any) or any subsidiary of the Company or its holding company or of any third party.
- 4.8.2 The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (as regards subsidiaries so far as by such exercise they can secure) that the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Group (which expression in the relevant Articles means and includes the Company and all its subsidiaries for the time being) and for the time being owing to persons outside the Group shall not without the previous sanction of an ordinary resolution of the Company exceed an amount equal to 3 times the Adjusted Capital and Reserves as defined in the Articles. The certificate of the Auditors for the time being as to the amount of the Adjusted Capital and Reserves at any time shall be conclusive and binding upon all concerned.

5. Directors' and Other Interests

- 5.1 As at the date of this document and immediately after the Placing and Admission, the interests of the Directors and the persons connected with them (within the meaning of section 346 of the Act) in the issued ordinary share capital of the Company, (all of which, unless otherwise stated, will be beneficial) which have been notified to the Company pursuant to section 324 or section 328 of the Act or are required pursuant to section 325 of the Act to be entered in the register referred to therein:

Director	Number of Ordinary Shares held before Admission	% of issued share capital held before Admission	Number of Ordinary Shares held on Admission	% of issued* share capital held on Admission
John van Kuffeler**	2,314,820	92.6	2,314,820	21.53
John Clarke	185,180	7.4	185,180	1.72
Timothy Benn	—	—	757,575	7.04
Christina Benn	—	—	757,576	7.05

* based upon the Maximum Issue.

** these shares include the following Ordinary Shares of which John van Kuffeler is the registered holder and which he holds for the following people beneficially: Aileen de Blocq van Kuffeler (15,000 Ordinary Shares), Hugo de Blocq van Kuffeler (3,000 Ordinary Shares), Venetia de Blocq van Kuffeler (3,000 Ordinary Shares) and Alexander de Blocq van Kuffeler (3,000 Ordinary Shares).

- 5.2 Save as disclosed above, none of the Directors, nor (so far as can with reasonable diligence be ascertained by the Director concerned) persons connected with any Director within the meaning of section 346 of the Act, will at Admission have any interest whether beneficial or non-beneficial in any of the share capital of the Company or any of its subsidiaries.
- 5.3 No outstanding loans or guarantees have been granted or provided to or for the benefit of any Director by the Company or any of its subsidiaries.
- 5.4 Save as disclosed above and in the table below the Company is not aware of any person who is interested (within the meaning given to this expression in Part VI of the Act), or any person who will, immediately following Admission directly or indirectly, jointly or severally, exercise or could then exercise control over the Company or any person who will then be interested, whether directly or indirectly, in 3 per cent. or more of the issued share capital of the Company.

Name	Number of Ordinary Shares	Percentage of issued* Ordinary Shares
Jupiter Asset Management Limited	1,500,000	13.95
Legg Mason Investors Limited	900,000	8.37

* based upon the Maximum Issue.

- 5.5 The interests of Timothy Benn and Christina Benn in the share capital of the Company on Admission are being acquired by each of them at the Placing Price on equivalent terms to the Placing.
- 5.6 Other than a directorship of the Company, the directorships and partnerships held over the previous five years by the Directors are as follows:

<i>Director</i>	<i>Current directorships or partnerships</i>	<i>Past directorships or partnerships held during the last 5 years</i>
John van Kuffeler	Provident Financial PLC The Fleming Technology Trust PLC Finsbury Smaller Quoted Companies Trust PLC FSQ Investments Limited Medical Defence Union Limited MDU Investments Limited Van Kuffeler & Company Limited	Finsbury Smaller Companies Trust PLC Lancashire & London Finance Company Limited Campbell & Armstrong PLC
John Clarke	Clarke & Co. Cranzon Systems Limited Cranzon.com Limited	Widney PLC The Leighoak Management Company Limited
Timothy Benn	Dalesman Publishing Co. Limited Countryman Publishing Limited Bouverie Publishing Company Limited Ospreypress Limited	Timothy Benn Books Limited Timothy Benn Publishing Limited South Eastern Magazines Limited* Buckley Press Limited Buckley Publishing Company Limited Henry Greenwood and Company Limited Stone & Cox (Publications) Limited (renamed Nonameco Limited)
Christina Benn	Dalesman Publishing Co. Limited Countryman Publishing Limited Bouverie Publishing Company Limited Ospreypress Limited	Timothy Benn Books Limited Timothy Benn Publishing Limited South Eastern Magazines Limited* Buckley Press Limited Buckley Publishing Company Limited Henry Greenwood and Company Limited Stone & Cox (Publications) Limited (renamed Nonameco Limited)

*Note: Timothy Benn and Christina Benn were directors of South Eastern Magazines Limited which was subject to a creditors' voluntary liquidation. A liquidator was appointed on 28 January 1998. A final meeting of the company was held on 12 October 2000.

5.7 Save as disclosed in the preceding paragraph, no Director:

- 5.7.1 has any unspent convictions in relation to indictable offences; or
- 5.7.2 has been made bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director; or
- 5.7.3 has been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or
- 5.7.4 has been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
- 5.7.5 has been subject to any public criticism by statutory or regulatory authorities (including recognised professional bodies); or
- 5.7.6 has 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.

5.8 Save as disclosed in this paragraph 5, no Director of the Company, or any of its subsidiaries has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or any of its subsidiaries and which was effected by the Company or any of its subsidiaries during the current or immediately preceding financial year or which was effected before then and remains in any respect outstanding or unperformed.

6. Directors' Remuneration and Agreements

6.1 Each of the Directors has entered into letters of appointment with the Company on the terms set out below:

- 6.1.1 John van Kuffeler, Timothy Benn and Christina Benn have agreed to serve as Chairman and Directors respectively for a fee of £1,000 per annum. The appointments are terminable at 30 days, notice from either side.
- 6.1.2 John Clarke has agreed to serve as Finance Director for a fee of £5,000 per annum. The appointment is terminable at 30 days, notice from either side.

6.2 Save as mentioned above, there are no service agreements between any Director and the Company.

- 6.3 It is estimated that the aggregate amounts payable to the Directors under the arrangements in force at the date of this document which are conditional upon Admission, (including pension contributions and anticipated payments under bonus arrangements but excluding non-executive directors' fees payable by the Company) from the Company in respect of the period ending 31 December 2001 will be £1,500. It is estimated that the aggregate amount of directors' fees payable in the same period will be £1,500.

7. Material Contracts and Arrangements

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company within the period from incorporation to the date of this document and are or may be material:

- 7.1 the Placing Agreement referred to in paragraphs 12.1 to 12.5 below;
- 7.2 the Nominated Adviser Agreement referred to in paragraph 12.6 below; and
- 7.3 an engagement Letter between John van Kuffeler and Beaumont Cornish dated 31 July 2001 (the terms of which the Company ratified and accepted as binding and enforceable at a meeting of the Board on 16 November 2001) pursuant to which Beaumont Cornish has agreed to act as financial adviser to the Company in connection with the Placing for a fee of £10,000 plus VAT.

8. Litigation

The Company is not engaged in any legal or arbitration proceedings and no litigation, arbitration or claim is pending or threatened against or being brought by the Company which may have or has had during the previous 12 months a significant effect on the Company's financial position.

9. Working Capital

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

10. Significant Change

Save as disclosed in this document there has been no significant change in the financial or trading position of the Company since 9 August 2001 being the date of incorporation of the Company.

11. Taxation

The following statements are intended only as a general guide to the current tax position under UK taxation law and practice.

An investor who is in any doubt as to his or her tax position or is subject to tax in any jurisdiction other than the UK should consult his or her professional adviser without delay.

11.1 Dividends

Individual shareholders whose income is within the lower or basic rate bands are liable to tax at 10 per cent. on their gross dividend income. Individual shareholders resident for tax purposes in the UK are entitled to a tax credit of an amount equal to 10 per cent. of the aggregate of the dividend and the tax credit. The effect of this is that the tax credit attaching to the dividend will satisfy the income tax liability on UK dividends of an individual shareholder whose income is within the lower or basic rate bands. Shareholders liable to higher rate tax (currently at a rate of 40 per cent.) have a liability to income tax of 32.5 per cent. of the aggregate of the dividend and the 10 per cent. tax credit received, of which 10 per cent. will have been satisfied by the tax credit.

A corporate shareholder resident for tax purposes in the UK will not be chargeable to UK corporation tax on any dividend received from the Company and will normally be able to treat any such dividend as franked investment income.

Since 2 July 1997, pension providers and most UK corporate shareholders (including authorised unit trusts and open-ended investment companies) have not been entitled to repayment of the tax credits attaching to dividends from UK companies.

Certain overseas shareholders may be entitled to the benefit of a tax credit in respect of dividends received from the Company. Such a shareholder may be entitled to claim a payment of a proper proportion of such tax credit from the Inland Revenue but this will depend in general on the terms of any applicable double taxation convention or agreement between the UK and his country of residence for tax purposes. Any such shareholder should consult his tax adviser as to whether or not he is entitled to reclaim any part of the tax credit, the procedure for claiming payment and what relief or credit may be available in the jurisdiction in which they are resident for tax purposes.

11.2 Stamp Duty and Stamp Duty Reserve Tax

Under current UK legislation relating to stamp duty and stamp duty reserve tax:

- (a) no liability to stamp duty or stamp duty reserve tax will arise on the allotment or issue of Ordinary Shares by the Company under the Placing;
- (b) a transfer or sale of Ordinary Shares otherwise than pursuant to the Placing will generally be subject to stamp duty on the instrument of transfer, normally at the rate of 50p per £100 (or part thereof) of the amount or value of the consideration. Stamp duty will be rounded up to the nearest £5. Where an agreement to transfer such shares is not completed by a duly stamped instrument of transfer, a charge of stamp duty reserve tax (generally at the same rate) may arise;
- (c) special rules apply to market-makers, broker-dealers and certain other persons; and
- (d) transfers on sale and agreements to transfer shares to charities will not give rise to stamp duty reserve tax or stamp duty.

11.3 Taxation of Chargeable Gains

A disposal (or deemed disposal) of Ordinary Shares by a holder who is either resident or, in the case of an individual, ordinarily resident for tax purposes in the United Kingdom or who is not United Kingdom Resident but carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Ordinary Shares are attributable, may, depending on the holder's circumstances and subject to any available exemptions and reliefs, give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains.

A holder of Ordinary Shares who is an individual and who has, on or after 17 March 1998, ceased to be resident and ordinarily resident for tax purposes in the United Kingdom for a period of less than five years of assessment and who disposes of Ordinary Shares during that period may be liable, upon his return to the United Kingdom, to taxation of chargeable gains arising during this period of absence (subject to any available exemption relief).

For a holder of Ordinary Shares within the charge to corporation tax, indexation allowance should be available to reduce the amount of chargeable gain realised on a subsequent disposal (but not to create or increase any allowable loss).

12. Arrangements Relating to the Placing

- 12.1 On 11 December 2001 a Placing Agreement was entered into between the Company (1), the Directors (2) and Brewin Dolphin Securities (3) which is conditional on, *inter alia*, receipt of applications for Ordinary Shares to the value of not less than £500,000 and Admission taking place not later than 3 pm on 17 December 2001 or such later date as shall be agreed in writing between the Company and Brewin Dolphin Securities, but in any event not later than 31 December 2001. Brewin Dolphin Securities has agreed upon and subject to the terms of the Placing Agreement to place up to 6,738,000 Ordinary Shares at the Placing Price with those persons identified by the Directors and Brewin Dolphin Securities (acting in each case as agents of the Company) who have agreed to accept a Placing participation ("Placees"). Brewin Dolphin Securities is not, however, itself under any obligation to procure subscribers or itself to subscribe for any Placing Shares;

- 12.2 Under the Placing Agreement the Company has agreed to pay to Brewin Dolphin Securities the following fees:

- 12.2.1 a fee of £40,000 for corporate finance advice in connection with the Placing and Admission (less any amount already paid on account of such fee); and
- 12.2.2 a commission at the rate of 0.5 per cent. of the aggregate value at the Placing Price of those Placing Shares subscribed by Placees identified by the Directors on the Company's behalf; and
- 12.2.3 a commission at the rate of 1.5 per cent. of the aggregate value at the Placing Price of those Placing Shares subscribed by Placees identified by Brewin Dolphin Securities (or its agents) on the Company's behalf,

together, in each case, with any VAT charged on the supply of Brewin Dolphin Securities' services to the Company.

- 12.3 Under the terms of the Placing Agreement the Company and the Directors have given certain warranties and undertakings to Brewin Dolphin Securities. The Company has also given indemnities to Brewin Dolphin Securities.
- 12.4 Pursuant to the Placing Agreement, the Company has undertaken with Brewin Dolphin Securities that in the event that the Company fails to make any acquisitions or establish any material trading activity as outlined in Part II of this document by 31 December 2003, the Company will, not later than the date of the publication of the preliminary announcement of results for the Company for the year ending 31 December 2003, give notice to Shareholders of a general meeting to be held within two months of such notice for the purpose of considering a resolution to wind-up the Company. Each of the Directors has agreed in that event to vote in favour of such resolution in respect of the Ordinary Shares owned by him. In relation to any distribution to Shareholders in such winding-up, both John van Kuffeler and John Clarke have undertaken to waive the right to receive in respect of the Ordinary Shares owned by him following Admission, an amount greater than the amount he would have received had the distribution been made *pro-rata* to the amounts originally subscribed for the Ordinary Shares.

Any sum which either of them nonetheless receives in excess of such amount will be held in trust for the benefit of the other Shareholders for payment to them as soon as possible.

- 12.5 The Placing Agreement also contains undertakings by the Directors not to dispose of any Ordinary Shares for twelve months after Admission or (without the consent of Brewin Dolphin Securities) at anytime thereafter up to the date of the preliminary announcement of results of the Company for the year ending 31 December 2003. These undertakings include additional covenants by John van Kuffeler and John Clarke not to dispose of any of the Ordinary Shares held by him following Admission until the date prior to 31 December 2003 when the Company establishes a material trading activity or acquires another business and if neither such events shall occur, to hold such Ordinary Shares for so long as necessary to give effect to paragraph 12.4 above.
- 12.6 On 11 December 2001 a Nominated Adviser and Broker Agreement was entered into between the Company (1) and Brewin Dolphin Securities (2) ("the Nominated Adviser Agreement") pursuant to which the Company appointed Brewin Dolphin Securities to act as nominated adviser and Bell Lawrie White (a trading division of Brewin Dolphin Securities) to act as broker to the Company for the purposes of the AIM Rules following Admission. Under the terms of this Agreement, Brewin Dolphin Securities is paid a fee of £25,000 plus VAT per annum. The Nominated Adviser Agreement is for an initial period of 24 months terminable thereafter by either party on 3 months' prior written notice and contains undertakings and indemnities given to Brewin Dolphin Securities by the Company.

13. General

- 13.1 The gross proceeds of the Placing are expected to be up to £2,223,540. The expenses of and incidental to the Placing, (including but not limited to the commissions payable to Brewin Dolphin Securities set out in paragraph 12.2 above, the costs of preparing, distributing and printing this document, accountancy fees, legal fees and the fees and expenses of the registrars relating to the Placing), are estimated to amount to £160,000 (including VAT) and are payable by the Company. The net proceeds of the Placing, after deduction of the expenses are therefore expected to be up to £2,063,540.
- 13.2 The financial information relating to the Company set out in the Accountant's Report in Part IV of this document does not comprise statutory accounts as referred to in section 240 of the Act. The auditors to the Company are KPMG Audit Plc, 8 Salisbury Square, London EC4Y 8BB.
- 13.3 KPMG Audit Plc has given and not withdrawn its written consent to the inclusion of its report in Part IV of this document and inclusion of references to such report in the form and context in which they are respectively included and for the purposes of paragraphs 45 (8)(b) of Schedule 1 of the POS Regulations, accepts responsibility for its report.
- 13.4 Brewin Dolphin Securities has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 13.5 The Ordinary Shares being placed or sold have a nominal value of 10p and the premium on issue pursuant to the Placing will be 23p per share.
- 13.6 Save as disclosed in this Part V, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:
- (a) received, directly or indirectly, from the Company within 12 months preceding the date of this document; or
 - (b) entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:
 - (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; or
 - (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- 13.7 In the opinion of the Directors the minimum amount which must be raised for the purposes mentioned in paragraph 21 (a) of Part IV of Schedule 1 to the POS Regulations by the allotment of Placing Shares pursuant to the Placing is £500,000 which will be applied as follows:
- (a) approximately £160,000 in respect of preliminary expenses and commissions payable under the Placing to any person in consideration of his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for any shares in the Company;
 - (b) the balance in respect of working capital;
 - (c) nil in respect of the purchase price of any property purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the Placing; and
 - (d) nil in respect of the repayment of any money borrowed by the Company in respect of any of the foregoing matters.

- 13.8 Save as disclosed in this document the Directors are not aware of any exceptional factors which have influenced the Company's activities.
- 13.9 The Directors are not aware of any patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Company's business.
- 13.10 Save as disclosed in Part II of this document, the Directors are not aware of any significant trends concerning the development of the Company's business since the date of its incorporation.
- 13.11 Subject to Admission it is expected that definitive share certificates in respect of Ordinary Shares in certificated form will be despatched by first class post at the risk of the person entitled thereto by 31 December 2001 and that Ordinary Shares in non-certificated form will be credited to Shareholders' CREST stock accounts by 17 December 2001.
- 13.12 The accounting reference date of the Company is 31 December.
- 13.13 The Placing is not underwritten.

14. Availability for Inspection

Copies of the following documents will be available for inspection free of charge at the offices of Eversheds, Senator House, 85 Queen Victoria Street, London EC4V 4JL during normal business hours on any weekday (Saturdays and public holidays excepted) for the period from the date of this document to one month after the date of Admission.

- (a) This document;
- (b) The material contracts referred to in paragraph 7 above; and
- (c) Directors' letters of appointment referred to in paragraph 6.1 above.

11 December 2001